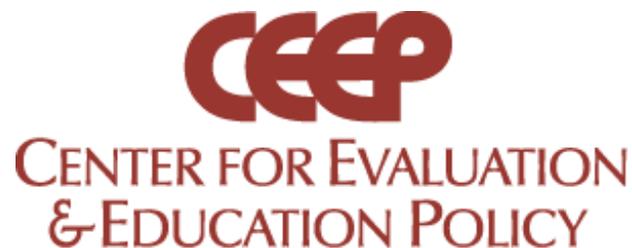


# **Study of the Effectiveness and Efficiency of Charter Schools in Indiana**

**Prepared for the Indiana General Assembly**

**October 31, 2008**



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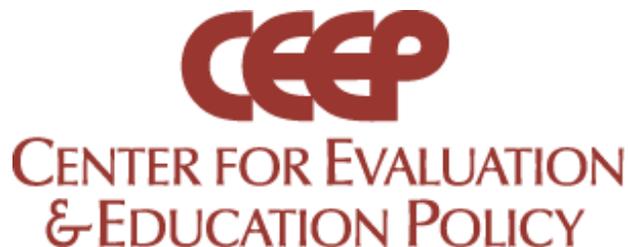


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---

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## Introduction and Background

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In July of 2007, the Center for Evaluation and Education Policy (CEEP) at Indiana University was contracted to conduct an evaluation of the Indiana charter schools. The evaluation has been designed to ensure that all objectives of the provisions of HEA 1001-2007 are fulfilled. In addition, the framework of the study is based in IC 20-24-2-1, Purposes of Charter Schools, and IC 20-24-2-2, Discrimination Prohibited. The two sections of the Indiana Code lay out the purposes for charter schools and emphasize that students cannot be discriminated against regarding disability, race, gender, etc.

### Evaluation Questions

The evaluation addresses a set of specific evaluation questions related to charter school process effectiveness and efficiency and nearly all of the questions framing the study (listed below) fit into these two sections of the Code. The goal of the report is to use the framework to provide more useful results to policymakers and education leaders by presenting the findings according to the legislatively defined purposes of Indiana charter schools.

Specifically, the evaluation addresses research questions with respect to charter school enrollment patterns and policies, funding patterns and sources, innovations in charter schools, impacts on neighboring school corporations and the educational landscape in general, accountability and performance of charter schools on achievement measures, and the effectiveness of the support provided by charter school authorizers. The guiding questions to be addressed in the following sections are listed below.

### **Charter School Enrollment**

1. What are the charter school enrollment trends and projections compared to traditional public schools in the same community?
2. Who are the students attending charter schools with respect to grade levels, minority status, socioeconomic status, and gender compared to traditional public schools in the same community?
3. Are charter schools complying with the open enrollment and lottery provisions of the charter school law?
4. Do charter schools educate a proportionate number of special education and limited English proficient students?
5. What is the demand for charter schools? Are there waiting lists?
6. Are students leaving charter schools after the start of the school year? How long are students attending charter schools?

### **Funding and Expenditures**

7. What are the funding trends for charter schools and conversely, school corporations as a result of the student enrollment trends?
  - a. How do charter schools get their funding? How do charter school and school corporation revenue compare over time?
  - b. How do charter school expenditures compare with those of school corporations? How do the expenditures between charter schools and school corporations compare as a function of ADM over time?
8. What impact has the lack of Capital Projects, Debt Service, Transportation Funds (and the other school corporation funds paid through property taxes) had on charter schools?
  - a. How are charter schools financing their buildings?
  - b. How extensive are the transportation services charter schools provide?

### **Charter School Innovation**

9. Are charter schools exercising the flexibility granted to them by exemption from most state statutes and administrative rules? If so, has this led to instructional or administrative innovations? Are charter schools more efficient and effective as a result of the statutory flexibility?

### **Impact of Charter Schools on Neighboring Corporations and Indiana's Educational Landscape**

10. What impact have charter schools in Indiana had on the neighboring school corporations? Does the presence of charter schools create market competition with neighboring school corporations?

### **Assessment and Accountability of Charter Schools**

11. What assessment and accountability systems are used in charter schools?
12. What is the level of parental satisfaction with charter schools?
13. What are the student achievement outcomes of charter school students? How does this compare to the performance of the students in the schools the charter school students left? Performance measures to be analyzed will include:
- a. Attendance rates
  - b. Retention rates
  - c. Graduation rates
  - d. Core 40 completion
  - e. Academic Honors Diploma completion
  - f. AP and dual credit course completion
  - g. College-going rates; and
  - h. ISTEP+ scores

### **Effectiveness of Authorizer Support**

14. What is the effectiveness of charter authorizers and the authorization process?

## **Report Structure**

The report begins with a discussion of a brief history of Indiana charter schools to establish the context of charter schools in Indiana and the nation. Next, the report follows the structure of the memorandum of evaluation questions—beginning with a discussion of charter school enrollment patterns during the 2007-08 school year—including overall enrollment trends for charter schools, demographic makeup, special populations, length of student attendance in charter schools, and the degree to which charter schools are complying with open enrollment requirements. This section is followed by a discussion of charter school revenue and expenditures compared to school corporations. The subsequent section consists of a discussion of how charter schools are using their statutory flexibility to be more innovative and efficient.

Next, the report examines the outputs and impact of charter schools. The discussion begins with the impact of charter schools on traditional public schools in Indiana and on the general educational landscape in the state with respect to enrollment, funding, school choice, and innovations. Next, a description of the accountability systems in place for charter schools is provided and the extent to which charter schools are meeting those accountability measures (e.g., parent satisfaction and student performance) is considered. A discussion of the effectiveness of charter school authorizer support is also included. Finally, the report concludes with a summary of general implications and recommendations that emerge from the earlier sections.

## **Data Sources**

The data for the findings in this report come from three major sources. All quantitative data presented in the charts and graphs of the following pages come from the Indiana Department of Education (IDOE) and from the two primary external authorizing organizations. The IDOE data used were obtained from three sources—the individual school profiles and annual accountability reports on the ASAP web-based system; extracted data from the School Data webpage; and from the IDOE’s Center for Information Systems (CIS) for data unavailable on the IDOE website. Data obtained from the two external authorizing organizations included budget information and other measures of charter school outcomes (e.g., parent survey data, waiting list numbers). All data used in the charts and tables in this report are cited according to their source.

The second data source used in the report comes from stakeholder interviews. Interviews were conducted with 30 key stakeholders, ranging from superintendents of school corporations in which one or more charter school is located within the corporation’s service area, directors or leaders of state professional organizations, IDOE staff, representatives from the Ball State University Office of Charter Schools, the City of Indianapolis Office of the Mayor, and charter school organizers and leaders. Data from the interviews are used in one of two ways—either to contextualize the quantitative information presented, or as a stand-alone source of data for qualitative findings (such as the impact of charter schools on school corporations).

When quotes from individual interviews are presented, the name of the individual source has not been cited in order to protect the confidentiality of the respondents. In addition, any identifying information (e.g., such as names, school names, communities) was removed from individual quotes to the degree necessary to protect confidentiality. The only exception to this convention is in descriptive quotes about processes or procedures

where personal opinions are not expressed and the source is important for understanding the particular description being made.

Second, quotes are presented as they were stated, with only minor modifications (shortening, verb tense changes, sterilizing for confidentiality). It is important to note that in reporting the quotes from individual respondents that are stating their perceptions, and no fact-checking of the statements was conducted. Therefore, the range of quotes will represent the differing perceptions and understandings of the stakeholders about charter schools without CEEP fact-checking the responses against the Indiana Code and/or published policies and procedures.

Finally, the third source of data comes from documents, including charter contracts and amendments, written policies and procedures of the external authorizing organizations, and Ball State University and Indianapolis Mayor's Office accountability reports. Data from these sources are used to illustrate other findings as well as to answer some of the questions set out by the Indiana General Assembly.

### **Comparison Schools and Data**

In cases where current year data (defined as the 2007-08 school year) are discussed, all charter schools that were in operation at that time (a total of 40 schools) are included. In cases where trend data are presented, only data from charter schools that have been open three or more years as of the 2007-08 school year are used. The number of schools varies from as few as three charter schools (in the case of high school outcomes) to a maximum of 20 charter schools that have been in operation for at least three years.

In several cases, the trends or current year data of charter schools are compared with those of traditional public schools and/or corporations in the same communities in which the charter schools are located. School corporations were defined as local feeders if (1) they served the same community as the charter school, and/or (2) a substantial number of students in charters came from that corporation. For all demographic and enrollment

comparisons, charter schools are compared with the school corporations in the areas in which charter schools are located. Table 1 lists the charter schools and their associated feeder corporations.

For trend level analyses (e.g., attendance, ISTEP+), comparison feeder schools were selected based on the number of students who came from a particular school to attend a charter school. Schools were selected as feeders if at least 10 students came from that school to attend at least one charter school. Feeder schools may be associated with more than one charter school. Further description of the feeder school selection process can be found in the section discussing Question 13: Impact on Student Performance.

**TABLE 1. Charter Schools and Feeder School Corporations**

Feeder School Corporations	Charter Schools Associated with Feeder School Corporations
<b>Indianapolis Area</b>	
Indianapolis Public School Corporations Metropolitan School Districts MSD Decatur MSD Lawrence MSD Perry MSD Pike MSD Warren MSD Washington MSD Wayne	<ul style="list-style-type: none"> <li>• Andrew J. Brown Academy</li> <li>• Campagna Academy Charter School</li> <li>• 21st Century Charter School Fall Creek</li> <li>• 21st Century Charter School Fountain Square</li> <li>• Charles A. Tindley Accelerated School</li> <li>• Christel House Academy</li> <li>• Decatur Discovery Academy</li> <li>• Flanner House Elementary School</li> <li>• Herron High School</li> <li>• HOPE Academy</li> <li>• Irvington Community School</li> <li>• Indiana Math and Science Academy</li> <li>• Indianapolis Lighthouse Charter School</li> <li>• Indianapolis Metropolitan High School</li> <li>• KIPP Indianapolis College Preparatory</li> <li>• Lawrence Early College</li> <li>• Monument Lighthouse Charter School</li> <li>• Southeast Neighborhood School of Excellence</li> <li>• The Challenge Foundation Academy</li> </ul>

**TABLE 1. Charter Schools and Feeder School Corporations**

Feeder School Corporations	Charter Schools Associated with Feeder School Corporations
<b>Gary/Northwest Indiana Region</b>	
Gary Community Schools School City of East Chicago Merrillville Community Schools	<ul style="list-style-type: none"> <li>• 21st Century Charter School of Gary</li> <li>• Charter School of the Dunes</li> <li>• East Chicago Urban Enterprise Academy</li> <li>• East Chicago Lighthouse Charter School</li> <li>• Gary Lighthouse Charter School</li> <li>• KIPP Lead College Preparatory</li> <li>• Thea Bowman Leadership Academy</li> <li>• West Gary Lighthouse Charter School</li> </ul>
<b>Fort Wayne/Northeast Region</b>	
Fort Wayne Community Schools East Allen School Corporation	<ul style="list-style-type: none"> <li>• Imagine MASTER Academy</li> <li>• Timothy L. Johnson Academy</li> </ul>
<b>Non-Urban Charter Schools</b>	
Southwest School District	<ul style="list-style-type: none"> <li>• Rural Academy</li> </ul>
Evansville Vanderburgh Schools	<ul style="list-style-type: none"> <li>• Joshua Academy</li> <li>• Signature School</li> </ul>
New Albany Floyd Schools	<ul style="list-style-type: none"> <li>• Community Montessori</li> </ul>
Richmond Community Schools	<ul style="list-style-type: none"> <li>• Galileo Academy</li> </ul>
Michigan City Community Schools Laporte Community Schools	<ul style="list-style-type: none"> <li>• Renaissance Academy</li> </ul>
West Lafayette Community Schools Lafayette Community Schools Tippecanoe County Schools	<ul style="list-style-type: none"> <li>• New Community School</li> </ul>
South Bend Community Schools Penn-Harris Madison Schools	<ul style="list-style-type: none"> <li>• Veritas Academy</li> </ul>
Mount Vernon Community Schools	<ul style="list-style-type: none"> <li>• Geist Montessori</li> </ul>
Carmel Clay Schools	<ul style="list-style-type: none"> <li>• Options Charter Carmel</li> </ul>
Noblesville Schools	<ul style="list-style-type: none"> <li>• Options Charter Noblesville</li> </ul>

## Background and Context: Charter Schools in Indiana

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Charter schools are publicly funded schools that have more autonomy than traditional public schools. They are often conceptualized as vehicles to promote school choice via their open enrollment policies. A “charter” establishes each school and is a performance contract that details the school’s mission, program goals, students served, methods of assessment and ways to measure success. According to Indiana Code, the entity that issues the charter is known as a sponsor or authorizer. Charter school sponsors or authorizers play a critical role in the charter school system. The sponsor serves as the public's primary formal agent for holding charter schools accountable for their performance. As a result, sponsors control the application and selection process, the charter contracts, oversight of the charter schools, and renewal and revocation decisions (Eckes & Plucker, 2004).

### National Charter School Movement

Federal support for charter schools began in 1995 with the U.S. Department of Education’s authorization of the Public Charter Schools Program (USDOE - Office of Policy and Program Studies Service, 2004). The first charter school law was passed in Minnesota in 1991, and the first charter school was established there in 1992. Since 1991, the charter school movement has grown and now 40 states, the District of Columbia and Puerto Rico have adopted charter school legislation (U.S. Charter Schools, 2008). In their Annual Survey of Charter Schools, the Center for Education Reform reports that for the 2007-08 school year, there were 4,128 public charter schools serving over 1.24 million students (Center for Education Reform, 2008).

One of the main reasons for founding charter schools was to seek an alternative vision of education that could not be realized in traditional public schools. Even though there is

significant variation from state to state in offering charter schools the flexibility to be innovative, state laws are structured so that charter schools are not typically confined to the constraints of traditional public school requirements — such as certain bureaucratic and union rules (Eckes & Rapp, 2006). In a report from June 2004, Rod Paige, the presiding U.S. Secretary of Education, described charter schools as “laboratories for innovation,” explaining that because of their relative autonomy, charter schools can be “public education’s “R&D” arm” (USDOE - Office of Innovation and Improvement, 2004).

## **Evolution of the Indiana Charter School Movement**

The Indiana General Assembly passed charter school enabling legislation in 2001 and the first charter schools in the state opened their doors for the 2002-03 school year. As of fall 2008, 49 charter schools are operating in Indiana. These schools are spread throughout the state, with the largest concentration located around the Indianapolis area, where 21 of the 49 charter schools are located. For data related purposes, this report focuses on the 40 charter schools that were operational during the 2007-08 school year, and does not include any analysis of the charter schools opening in the 2008-09 school year.

The charter school enabling legislation established three classes of eligible sponsors (IC 20-24-1-9): (1) A governing body of local education agencies; (2) A state educational institution that offers a four-year baccalaureate degree (as defined in IC 20-12-0.5-1); (3) The executive of a consolidated city (as defined in IC 36-1-2-5). In practice, these authorizers are limited to school boards, the five public universities that offer four-year degrees, and the Mayor of Indianapolis. To date, Ball State University, the Mayor of Indianapolis, and four school corporations have authorized charter schools,<sup>1</sup> with 95 percent of charter

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1. The four school corporations that have authorized charter schools include Carmel-Clay authorized in 2002 (although the district no longer an authorizer-Options Charter School is now under the oversight of the Indianapolis Mayor’s Office); MSD Steuben County authorized in 2003 (although that charter was dissolved); Evansville-Vanderburgh School Corporation has two schools (Joshua Academy and Signature School); and Lafayette School Corporation has authorized a school (Beacon Academy) that just opened in 2008.

schools operating in 2007-08 sponsored by Ball State University and the Mayor's Office (Plucker, Simmons, & Eckes, 2004).

In the 2001 enabling legislation, the number of charter schools sponsored by the Indianapolis Mayor's Office was capped at five per year, with "unused" charters carried over to subsequent years. In 2003, SB 501 and HB 1001 modified the caps, with each public university and the Indianapolis Mayor's Office. Initially, charters were limited to five per year with no accumulation. The university cap expired in June of 2005 and no longer exists (to illustrate, BSU authorized seven schools for 2008-2009). Cap legislation for the Mayor's Office (IC 20-24-3-15) states that the number of charter schools may not be more than five during the 2001 calendar year; during each year after 2001, the maximum number of charter schools is increased by five; the limits resulting from (b) and (c) are cumulative; however, there may not be any accumulation from January 2003 to December 2005 (see IC 20-24-3-15).

### **Recent Changes to Indiana Charter School Legislation**

During the 2005 legislative session, Indiana Code was changed in several ways that impact charter schools. First, the IDOE is required to include any standardized test data in the school performance reports. This applies to all schools but is considered advantageous to charter schools, many of which administer standardized tests in addition to ISTEP+. Second, the time during which sponsors must communicate application decisions to school organizers was increased from 60 to 75 days, relieving some pressure on the part of sponsors during the application process. Third, charter schools are allowed to deliver computer and Internet-based instruction in the same manner allowed in traditional public schools.

### **Charter Schools in Indiana**

Provided below is a brief description of the charter schools that were in operation during the 2007-08 school year in Indiana. As of the end of the 2007-08 school year, a total of 40 schools were operational, with an additional nine schools opening for the first time in 2008-09. Table 2 shows a listing of the charter schools, their targeted grade levels, when they were opened, their sponsor, their location, and their 2007-08 enrollments.

As of the end of the 2007-08 school year, the Indianapolis Mayor's Office had sponsored 16 schools, Ball State University had sponsored 22 schools, and the Evansville-Vanderburgh School Corporation sponsored two schools. Of the 40 Indiana charter schools, 29 charter schools are located in the metropolitan or urban areas in and surrounding Indianapolis, Gary, and Fort Wayne, with the remaining schools in smaller towns and communities across the state.

**TABLE 2. Charter Schools Operating in Indiana as of the 2007-08 School Year**

Charter School	Levels Served	Year Opened	Sponsor	Location	2007-08 Total Enrollment
Campagna Academy Charter School	Secondary	2002-2003	Ball State University	Schererville	105
Community Montessori	Elementary and Middle	2002-2003	Ball State University	New Albany	443
Irvington Community School	Elementary, Middle, Secondary	2002-2003	Ball State University	Indianapolis	527
New Community School	Elementary and Middle	2002-2003	Ball State University	Lafayette	90
Timothy L. Johnson Academy	Elementary	2002-2003	Ball State University	Fort Wayne	187
Veritas Academy	Elementary and Middle	2002-2003	Ball State University	South Bend	167
Options Charter School	Secondary	2002-2003	Ball State University	Carmel	127
Fall Creek Academy	Elementary, Middle, Secondary	2002-2003	Mayor of Indianapolis	Indianapolis	321
Flanner House Elementary School	Elementary and Middle	2002-2003	Mayor of Indianapolis	Indianapolis	233
Christel House Academy	Elementary and Middle	2002-2003	Mayor of Indianapolis	Indianapolis	414
Signature School	Secondary	2002-2003	Evansville-Vanderburgh School Corp	Evansville	300
Charter School of the Dunes	Elementary and Middle	2003-2004	Ball State University	Gary	437
Thea Bowman Leadership Academy	Elementary and Middle	2003-2004	Ball State University	Gary	649
Andrew J. Brown Academy	Elementary and Middle	2003-2004	Mayor of Indianapolis	Indianapolis	624
KIPP Indianapolis College Preparatory	Middle	2003-2004	Mayor of Indianapolis	Indianapolis	250
Indianapolis Metropolitan High School <sup>a</sup>	Secondary	2004-2005	Mayor of Indianapolis	Indianapolis	342
Southeast Neighborhood School of Excellence	Elementary	2004-2005	Mayor of Indianapolis	Indianapolis	253
Charles A. Tindley Accelerated	Middle and Secondary	2004-2005	Mayor of Indianapolis	Indianapolis	325
Rural Community Academy	Elementary and Middle	2004-2005	Ball State University	Graysville	124
Joshua Academy	Elementary	2004-2005	Evansville-Vanderburgh School Corp	Evansville	219

**TABLE 2. Charter Schools Operating in Indiana as of the 2007-08 School Year**

Charter School	Levels Served	Year Opened	Sponsor	Location	2007-08 Total Enrollment
East Chicago Urban Enterprise Academy	Elementary	2005-2006	Ball State University	East Chicago	331
Gary Lighthouse Charter School	Elementary and Middle	2005-2006	Ball State University	Gary	553
21st Century Charter School of Gary	Middle and Secondary	2005-2006	Ball State University	Gary	315
Decatur Discovery Academy	Secondary	2005-2006	Mayor of Indianapolis	Indianapolis	135
Indianapolis Lighthouse Charter School	Elementary and Middle	2005-2006	Mayor of Indianapolis	Indianapolis	381
Fountain Square Academy	Middle	2005-2006	Mayor of Indianapolis	Indianapolis	237
Galileo Charter School	Elementary	2005-2006	Ball State University	Richmond	221
Options Charter School - Noblesville	Secondary	2006-2007	Ball State University	Noblesville	129
Geist Montessori Academy	Elementary and Middle	2006-2007	Ball State University	McCordsville	87
East Chicago Lighthouse Charter School	Elementary	2006-2007	Ball State University	Gary	204
West Gary Lighthouse Charter School	Elementary and Middle	2006-2007	Ball State University	Gary	420
KIPP LEAD College Preparatory Charter School	Middle	2006-2007	Ball State University	Gary	148
Lawrence Early College High School	Secondary	2006-2007	Mayor of Indianapolis	Indianapolis	164
Hope Academy	Secondary	2006-2007	Mayor of Indianapolis	Indianapolis	40
The Challenge Foundation Academy	Elementary	2006-2007	Mayor of Indianapolis	Indianapolis	338
Herron High School	Secondary	2006-2007	Mayor of Indianapolis	Indianapolis	212
Imagine MASTER Academy	Elementary and Middle	2007-2008	Ball State University	Fort Wayne	476
Renaissance Academy Charter School	Elementary and Middle	2007-2008	Ball State University	LaPorte	95
Monument Lighthouse Charter School	Elementary	2007-2008	Mayor of Indianapolis	Indianapolis	316
Indiana Math and Science Academy - Indianapolis	Middle	2007-2008	Ball State University	Indianapolis	182

<sup>a</sup> The Indianapolis Metropolitan High School was formed in 2007-2008 as a result of the merger between Indianapolis Metropolitan Career Academy 1 (Corporation 9470) and Metropolitan Career Academy 2 (Corporation 9475). The data presented in these analyses reflect the sums for both expenditure totals and average daily membership counts of the two predecessor charter schools.

## Charter School Enrollment Trends and Projections (Question 1)

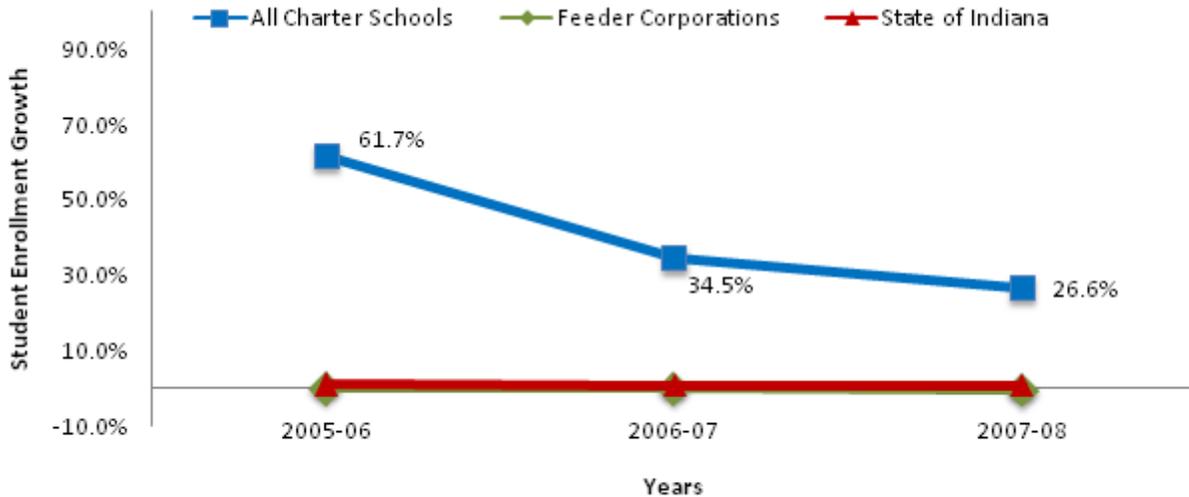
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In the following section, an examination of the enrollment trends and potential projections of charter school enrollment patterns, both across all students, and by grade level is provided. Figure 1 shows the growth rate for charter schools, their associated feeder corporations, and the state of Indiana by grade span and for all students.

According to Figure 2, charter school enrollments have nearly tripled over the last four years (from 4,040 students in 2004-05 to 11,121 students in 2007-08—a net gain of 7,081 students over the four years) while state and feeder corporation enrollments at all grade levels have remained relatively stable. The rate of growth for charter schools has been approximately 2,300 new students per year.

The pattern of growth in Indiana charter schools has shifted slightly over the last four years. Initially, three-fourths of the students in charter schools (in 2004-05) were elementary students, and the growth of elementary enrollment has continued to climb, with a 124 percent increase over the past four years (representing 3,694 new students). The rate of growth for middle and high school students has been even higher—348 percent, and 294 percent, respectively (translating to 1,601 new secondary-level students).

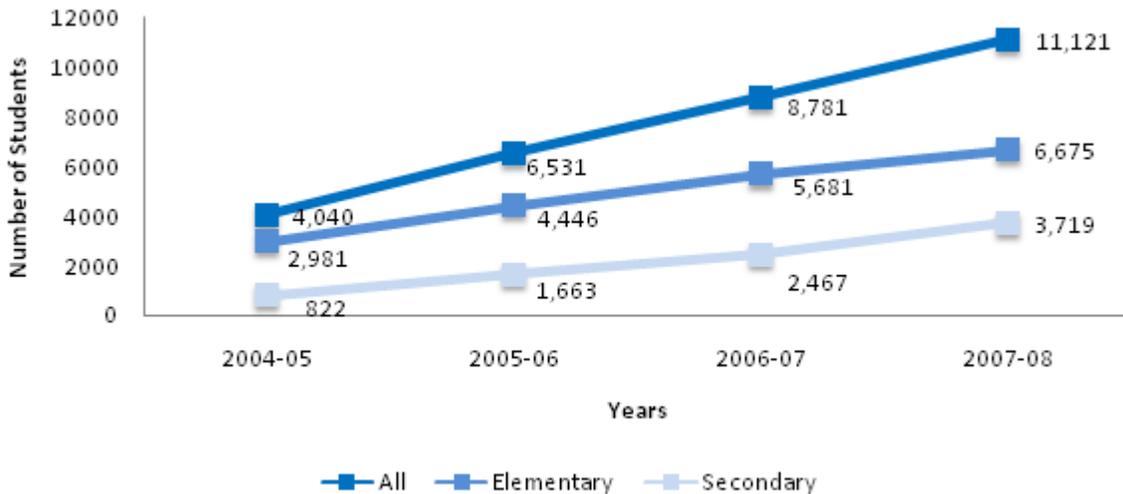
**FIGURE 1. Percentage Growth in Total Student Enrollment for Charter Schools, Feeder Corporations, and the State of Indiana**



Note: Charter school enrollment increased from 4,040 students in 2004-05 to 11,121 students in 2007-08 (173.3 percent). Feeder school enrollments decreased from 325,126 students in 2004-05 to 324,425 students in 2007-08, a net decline of -.2 percent. Total enrollments in the state of Indiana increased 2.5 percent during the same time (1,020,707 to 1,046,159).

Source: Retrieved on August 28, 2008, from school and corporation snapshots, Indiana Department of Education website, ASAP Search Engine, <http://mustang.doe.state.in.us/SEARCH/search.cfm>

**FIGURE 2. Change in Total Student Enrollment for Elementary and Secondary Students Attending Charter Schools**



Source: Retrieved on August 28, 2008, from school snapshots, Indiana Department of Education website, ASAP Search Engine, <http://mustang.doe.state.in.us/SEARCH/search.cfm>

## **Enrollment of Charter Schools Compared to Local Traditional Public Schools**

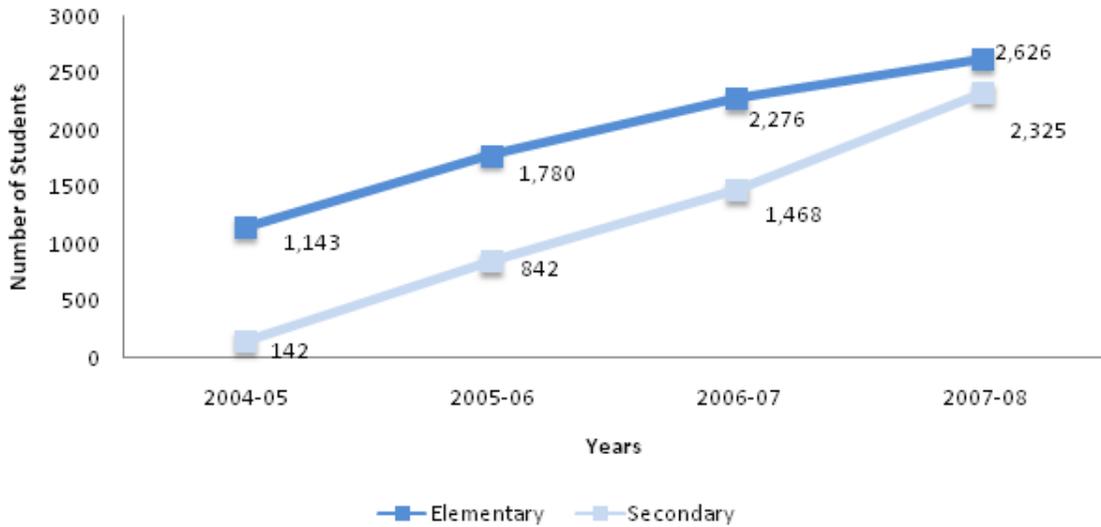
Below is an examination of the enrollment patterns for each of the three “urban” areas of Indiana (Indianapolis, Gary/Northwest Indiana, and Fort Wayne) as well as for the combined non-urban charter schools.

### **Indianapolis Charter School Enrollments**

Figure 3 shows the pattern of growth for elementary and secondary grades for Indianapolis charter schools. There were 19 charter schools serving the Indianapolis metropolitan area in 2007-08). The pattern of growth in Indianapolis charter schools has shifted slightly over the last four years. Initially, nearly 90 percent of the students in charter schools (in 2004-05) were elementary students, and the growth of elementary enrollment has continued to climb, with an average growth rate of 33 percent per year over the past four years (representing 1,483 new students). The rate of growth for secondary students has been even higher—with an average growth rate over the last four years of nearly 150 percent per year—from 142 students in 2004-05 to 2,325 students in 2007-08, a net gain of 2,183 students.

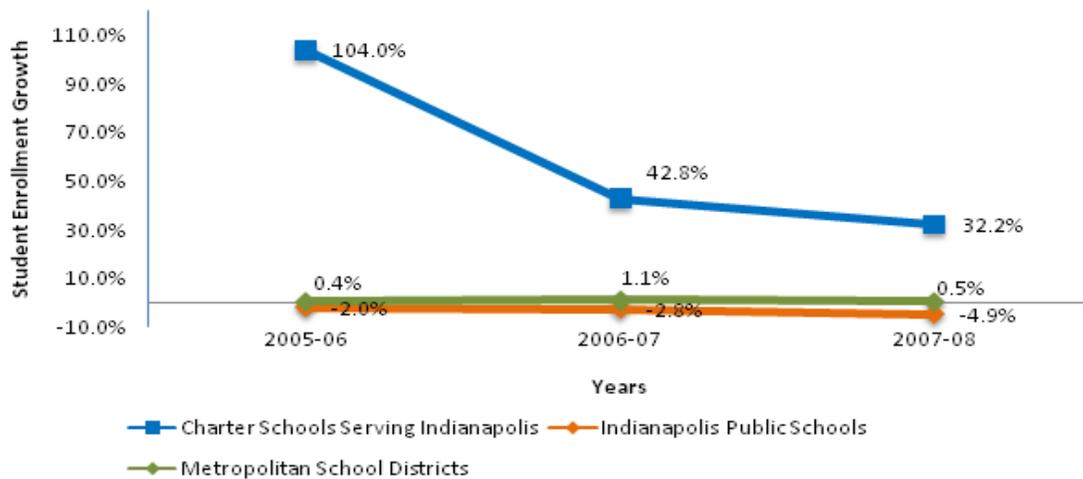
Figure 4 shows the rate of enrollment growth for Indianapolis area charter schools compared to the Indianapolis Public Schools and to the Metropolitan School Districts surrounding the Indianapolis metropolitan area. According to Figure 4, charter school enrollments have nearly quadrupled over the last four years in Indianapolis (from 1,285 students in 2004-05 to 4,951 students in 2007-08), while IPS and MSD enrollments at all grades have remained relatively stable. The rate of growth for charter schools in Indianapolis has been, on average, slightly more than 1,200 new students per year.

**FIGURE 3. Change in Total Student Enrollment for Elementary and Secondary Students Attending Indianapolis Charter Schools**



Source: Retrieved on August 28, 2008, from school snapshots, Indiana Department of Education website, ASAP Search Engine, <http://mustang.doe.state.in.us/SEARCH/search.cfm>

**FIGURE 4. Percentage Growth in Total Student Enrollment (from Previous School Year) for Indianapolis Charter Schools, Indianapolis Public School District, and Combined Metropolitan School Districts**



Note: Charter school enrollment increased from 1,285 students in 2004-05 to 4,951 students in 2007-08 (283.3 percent). Enrollment in IPS decreased from 38,931 students in 2004-05 to 35,257 students in 2007-08, a net decline of 9.4 percent. Total enrollments in MSDS increased 2.1 percent during the same time (83,304 to 85,014).

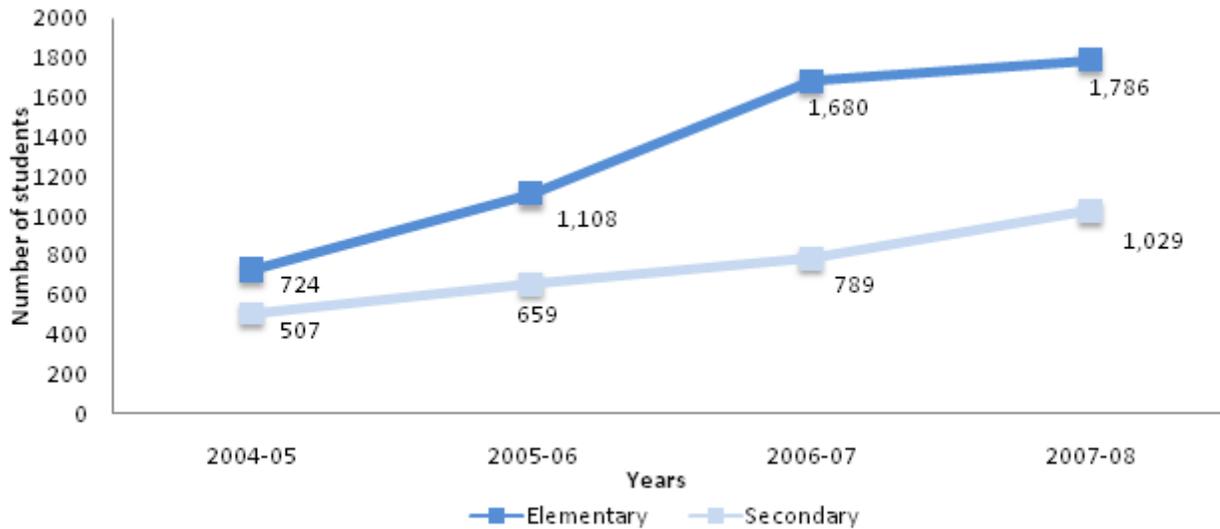
Source: Retrieved on August 28, 2008, from school snapshots, Indiana Department of Education website, ASAP Search Engine, <http://mustang.doe.state.in.us/SEARCH/search.cfm>

### **Northwest Indiana Urban Region Charter School Enrollments**

Figure 5 shows the pattern of growth for elementary and secondary grades for the Northwest Indiana area charter schools. There are eight charter schools serving the Northwest Indiana area. The pattern of growth in Northwest Indiana charter schools has remained somewhat stable over the last four years. Elementary students make up nearly two-thirds of the charter school population in Northwest Indiana, with 1,786 students enrolled in 2007-08. In breaking down the grade levels further, the highest growth rates are for elementary and middle school grades, with an average growth rate per year of 37 percent and 45 percent respectively. High school enrollment has grown more slowly, with an average growth rate of 17 percent.

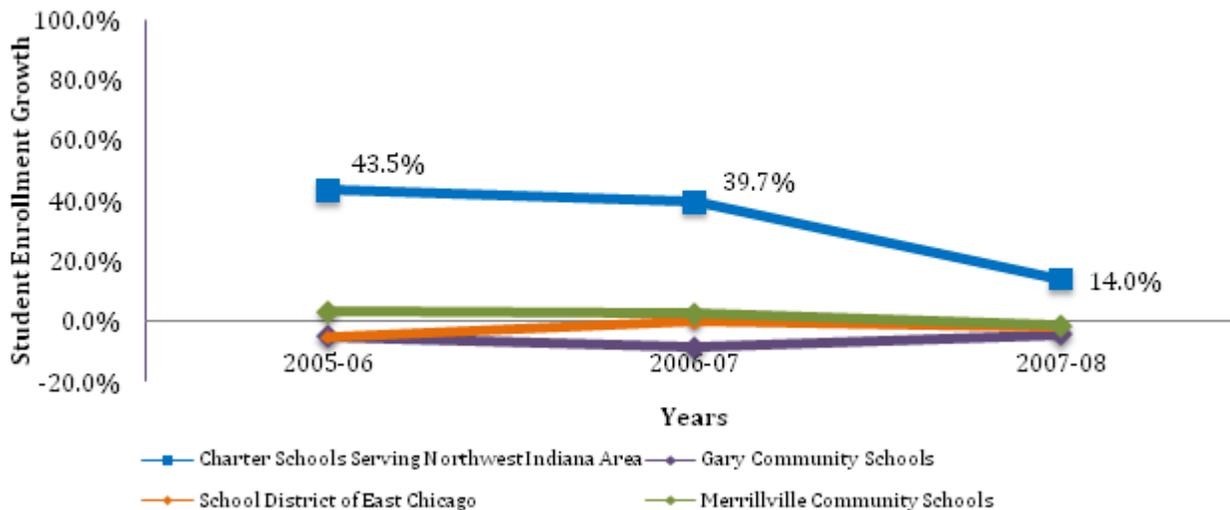
Figure 6 shows the rate of enrollment growth for Northwest Indiana area charter schools compared to the Gary and East Chicago school districts as well as Merrillville Community schools (which supplies a substantial number of students to the Northwest Indiana area charter schools from a different demographic than the other two districts). According to Figure 6, charter school enrollments have more than doubled over the last four years in Northwest Indiana (from 1,231 students in 2004-05 to 2,815 students in 2007-08), while Gary Community Schools and School City of East Chicago enrollments at all grades have declined (Gary) or remained relatively stable (East Chicago). There has been a slight increase in enrollment in Merrillville Community Schools (4.5 percent). The rate of growth for charter schools in Northwest Indiana has been, on average, around 528 new students per year.

**FIGURE 5. Change in Total Student Enrollment for Elementary and Secondary Students Attending Northwest Indiana Charter Schools**



Source: Retrieved on August 28, 2008, from school snapshots, Indiana Department of Education website, ASAP Search Engine, <http://mustang.doe.state.in.us/SEARCH/search.cfm>

**FIGURE 6. Percentage Growth in Total Student Enrollment (from Previous School Year) for Northwest Indiana Charter Schools, Gary Community Schools, School City of East Chicago, and Merrillville Community Schools**



Note: Charter school enrollment increased from 1,231 students in 2004-05 to 2,815 students in 2007-08 (128.7 percent). Enrollment in feeder corporations decreased from 30,067 students in 2004-05 to 27,057 students in 2007-08, a net decline of 10 percent.

Source: Retrieved on August 28, 2008, from school snapshots, Indiana Department of Education website, ASAP Search Engine, <http://mustang.doe.state.in.us/SEARCH/search.cfm>

### **Fort Wayne Area Charter School Enrollments**

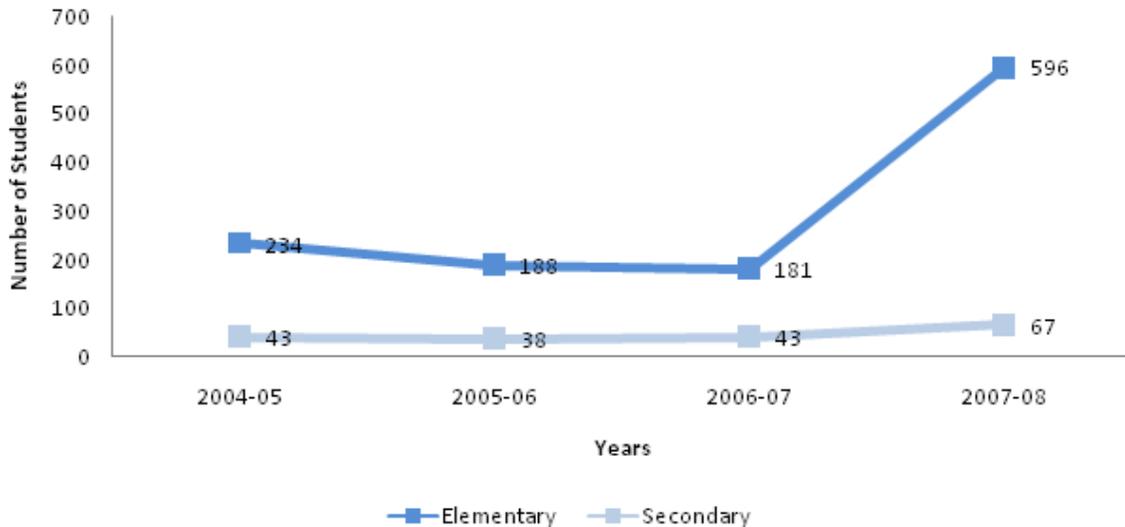
Figure 7 shows the pattern of growth for elementary and secondary school grades for Fort Wayne charter schools. There are two charter schools serving the Fort Wayne area—the Timothy L. Johnson Academy and the Imagine MASTer Academy. According to Figure 7, the pattern of growth in Fort Wayne charter schools is one of slight declines from 2004-05 to 2006-07 years in overall enrollment and in elementary school enrollment. However, in 2007-08, there was a sharp increase in the number of elementary students enrolling in charter schools (415 students), while middle school enrollment has remained relatively stable.<sup>2</sup> Elementary students make up nearly 90 percent of the charter school population in Fort Wayne, with 595 of the 663 students enrolled in elementary grades during 2007-08. There are no high school students attending charter schools in the Fort Wayne area.

Figure 8 shows the rate of enrollment growth for Fort Wayne area charter schools compared to the Fort Wayne Community Schools and the East Allen School District surrounding the Fort Wayne metropolitan area. Charter school enrollments have more than doubled over the last four years in Fort Wayne (from 277 students in 2004-05 to 663 students in 2007-08) with the majority of that increase being in the 2007-08 school year. Fort Wayne Community Schools and East Allen School District enrollments at all grades have remained relatively stable during that time. The rate of growth for charter schools in Fort Wayne has been, on average, around 129 new students per year, although the majority of those students began attending Fort Wayne charter schools in 2007-08.

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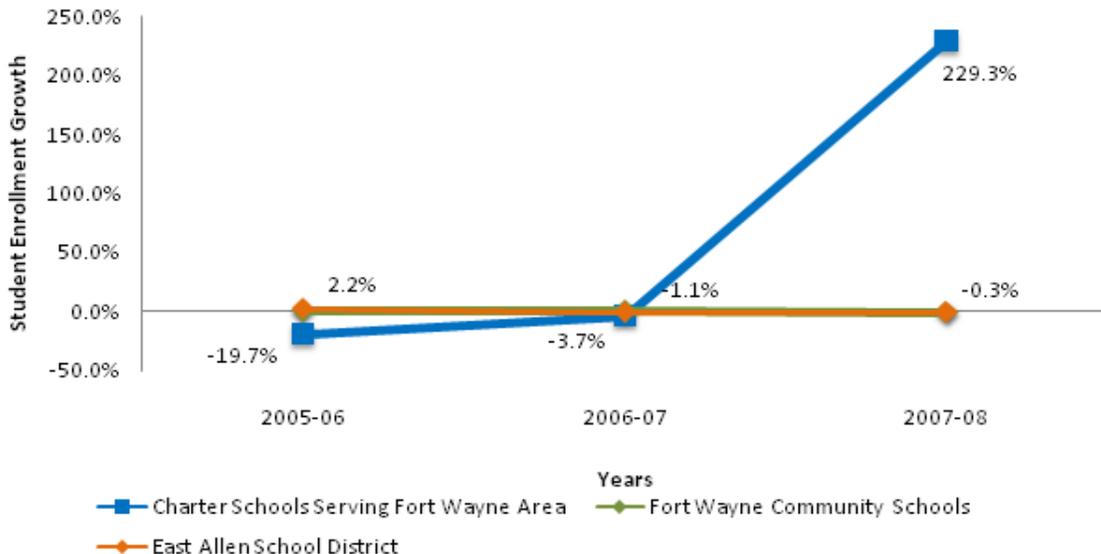
2. This stability may be due in large part to the fact that Timothy L. Johnson Academy was required to close its middle school in 2006-07, but the Imagine MASTer opened in 2007-08 with a Grade 6.

**FIGURE 7. Change in Total Student Enrollment for Elementary and Secondary School Students Attending Fort Wayne Charter Schools**



Source: Retrieved on August 28, 2008, from school snapshots, Indiana Department of Education website, ASAP Search Engine, <http://mustang.doe.state.in.us/SEARCH/search.cfm>

**FIGURE 8. Percentage Growth in Total Student Enrollment (from Previous School Year) for Fort Wayne Charter Schools, Fort Wayne Community Schools, and East Allen School District**



Note: Charter enrollment increased from 277 students in 2004-05 to 663 students in 2007-08 (139.4 percent). Enrollment in FWCS remained stable, from 35,510 students in 2004-05 to 35,561 students in 2007-08, a net increase of .2 percent. Total enrollments in EASC increased .7 percent during the same time (10,119 to 10,193).

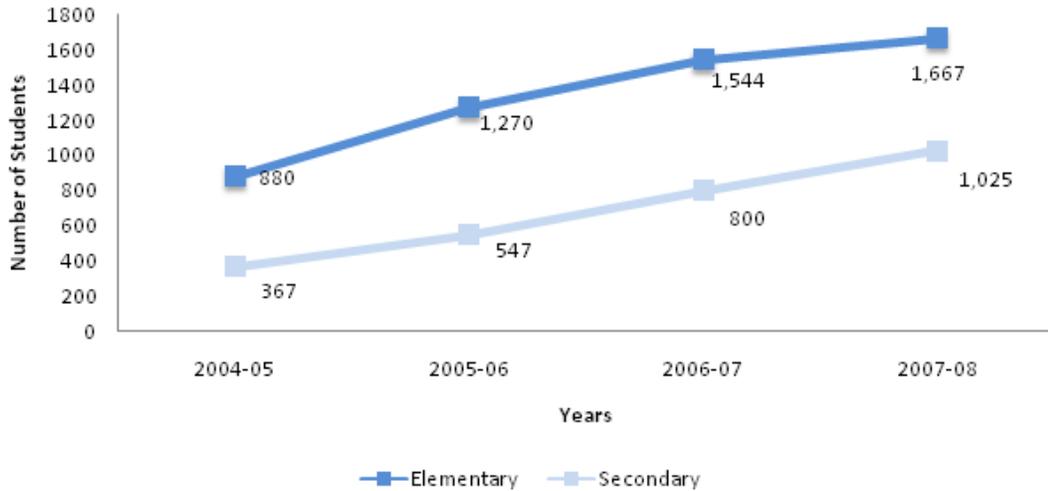
Source: Retrieved on August 28, 2008, from school snapshots, Indiana Department of Education website, ASAP Search Engine, <http://mustang.doe.state.in.us/SEARCH/search.cfm>

### **Non-Urban Charter School Enrollments**

Figure 9 shows the pattern of growth for elementary and secondary grades for Indiana's non-urban charter schools. There are 11 charter schools that are classified as non-urban in 15 communities across the state. The pattern of growth in non-urban charter schools has remained somewhat stable over the last four years. Elementary students make up approximately 60 percent of the charter school population in these schools, with 1,667 students enrolled in 2007-08. Breaking down grade levels further, the highest growth rates are for middle school grades, with an average growth rate per year of 57 percent. High school and elementary enrollment has grown more slowly, with average growth rates of 25 percent and 24 percent, respectively.

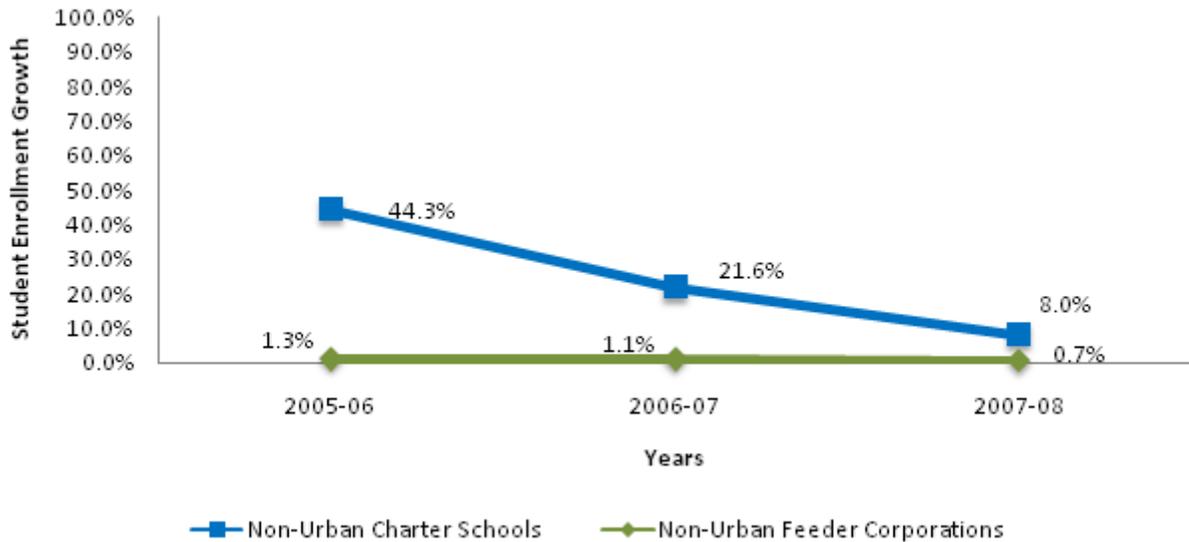
Figure 10 shows the rate of enrollment growth for non-urban charter schools across the state compared to their respective community traditional public school districts. Charter school enrollments have more than doubled over the last four years in non-urban communities (from 1,247 students in 2004-05 to 2,692 students in 2007-08). Enrollments in the associated feeder corporations of these non-urban charter schools have remained relatively stable at all grades during that time. The rate of growth for charter schools in non-urban communities has been, on average, around 482 new students per year.

**FIGURE 9. Change in Total Student Enrollment for Elementary and Secondary School Students Attending Non-Urban Charter Schools**



Source: Retrieved on August 28, 2008, from school snapshots, Indiana Department of Education website, ASAP Search Engine, <http://mustang.doe.state.in.us/SEARCH/search.cfm>

**FIGURE 10. Percentage Growth in Total Student Enrollment (from Previous School Year) for Non-Urban Charter Schools and their Associated Feeder Corporations**



Note: Charter enrollment increased from 1,247 students in 2004-05 to 2,692 students in 2007-08 (115.9 percent). Non-urban enrollment increased from 131,195 students in 2004-05 to 135,263 students in 2007-08, a net increase of +3.1 percent.

Source: Retrieved on August 28, 2008, from school snapshots, Indiana Department of Education website, ASAP Search Engine, <http://mustang.doe.state.in.us/SEARCH/search.cfm>

## Charter School Enrollments by Demographic Groups (Question 2)

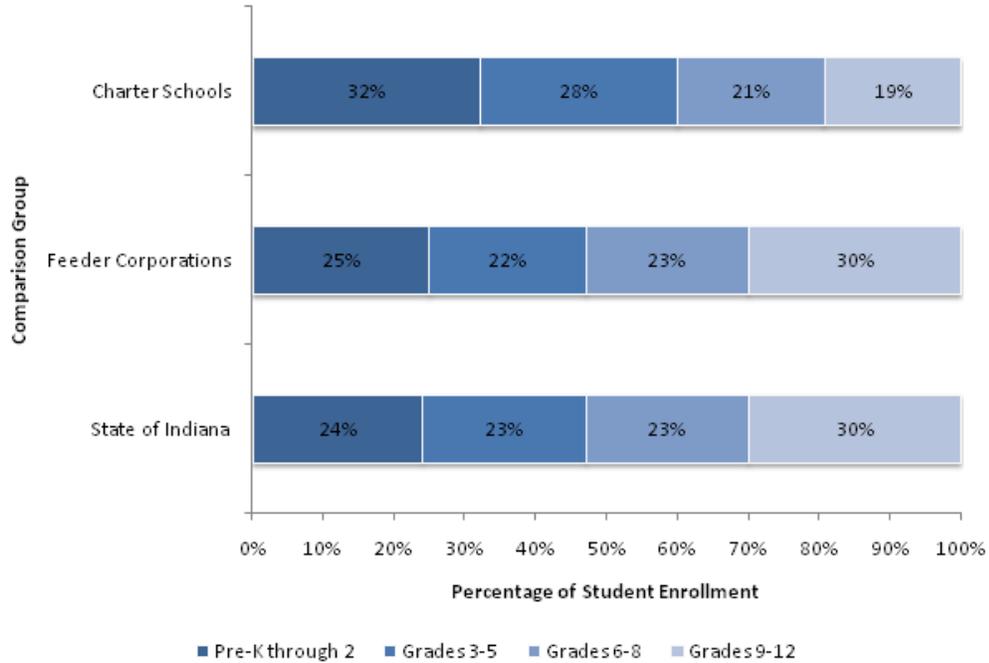
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In this section, a description of the current distribution of charter school students across grade levels, ethnic groups, socioeconomic status, gender and special needs students is provided. In the following discussion, data are shown for 2007-08 for all charter schools combined, as well as for their associated feeder corporations and state demographic breakdowns.

### Grade Levels Served

Charter schools serve all grade levels of students, though the largest groups of students served by charter schools are younger students (see Figure 11). Approximately 32 percent of students enrolled in charter schools are in the Prekindergarten, Kindergarten, or Grades 1 or 2, and about 28 percent are in Grades 3 through 5. The lowest numbers of students are served in Grades 9 through 12—only 19.3 percent of the total charter school population. In contrast, feeder school corporations and the state of Indiana have relatively balanced numbers for each level, though the highest percent of students served—30.3 percent—are in Grades 9 through 12.

**FIGURE 11. Distribution of Grade Levels Served in Charter Schools, Feeder Corporations and Across the State of Indiana, 2007-08**

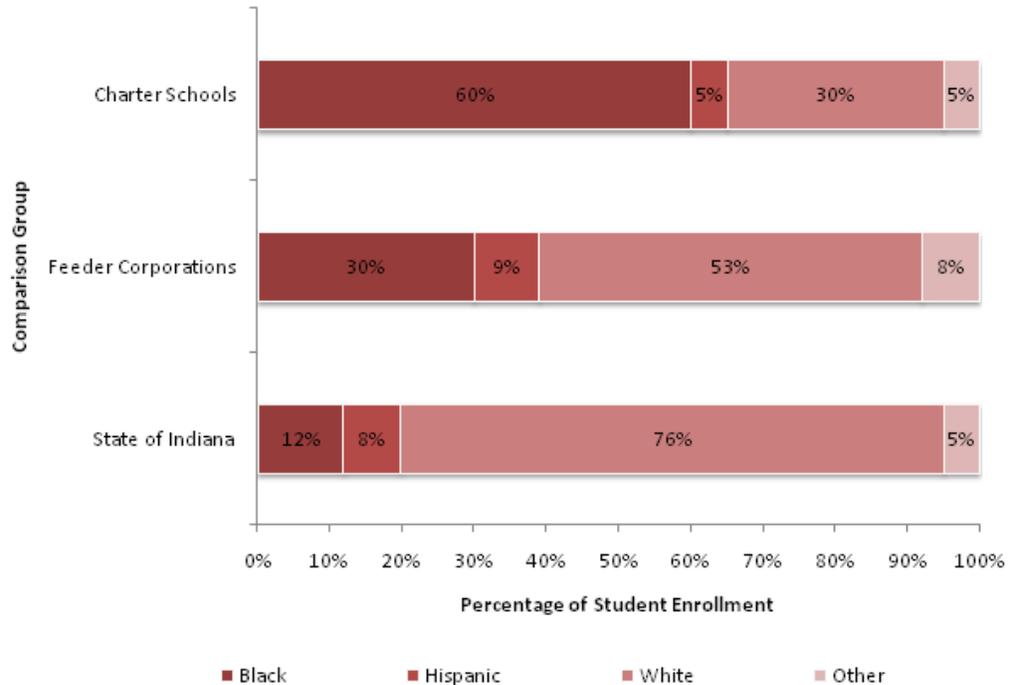


Source: Retrieved on August 28, 2008, from school snapshots, Indiana Department of Education website, ASAP Search Engine, <http://mustang.doe.state.in.us/SEARCH/search.cfm>, Extracted Indiana Education Data, <http://mustang.doe.state.in.us/SAS/sas1.cfm>

## Ethnicity

The majority of the students served by charter schools across the state—approximately 70 percent—are members of an ethnic minority (Black, Hispanic, Asian, Multi-race, or other) (see Figure 12). In contrast, about 47 percent and 24 percent of the students served by all schools in associated feeder corporations and in the state of Indiana (respectively) are members of an ethnic minority. Across the state, charter schools serve a higher proportion of minority students than the corporations in their areas.

**FIGURE 12. Racial Distribution of Students in Charter Schools, Feeder Corporations and Across the State of Indiana, 2007-08**

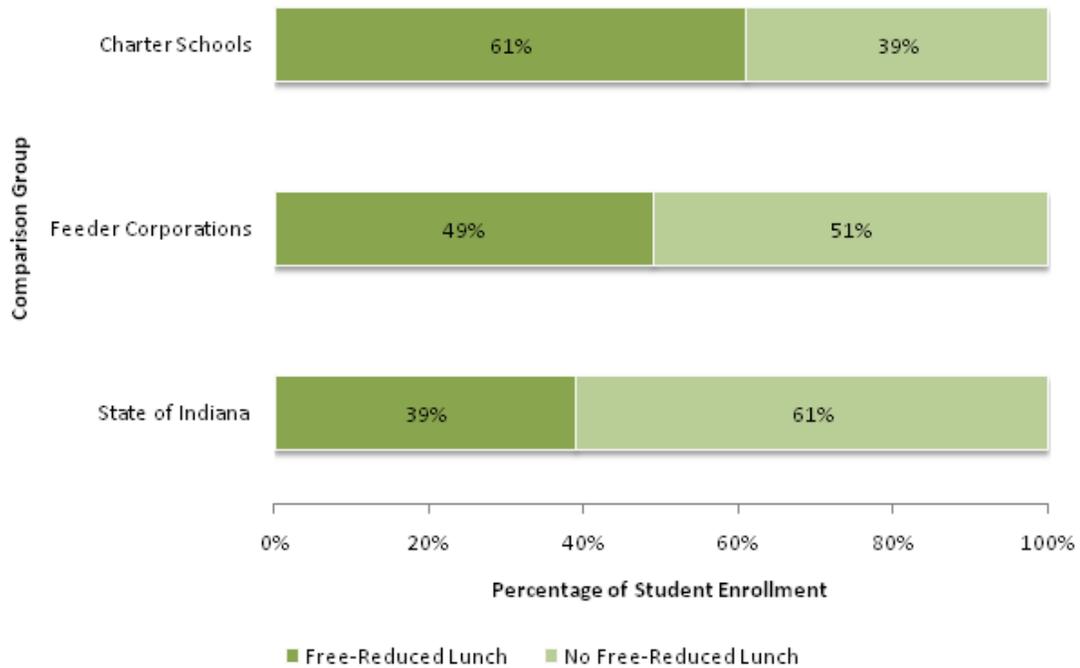


Source: Retrieved on August 28, 2008, from school snapshots, Indiana Department of Education website, ASAP Search Engine, <http://mustang.doe.state.in.us/SEARCH/search.cfm>, Extracted Indiana Education Data, <http://mustang.doe.state.in.us/SAS/sas1.cfm>

## Free-Reduced Lunch

Free and reduced lunch numbers are often used to represent the socioeconomic status of students. The percent of students who received free or reduced lunch services in the state of Indiana during the 2007-08 school year was 39.1 percent, while the percentage of low-income students in the feeder corporations was 49 percent (Figure 13). In 2007-08, over 60 percent of students attending charter schools received free or reduced lunch—20 percent more than students receiving free or reduced lunch across the state and about 10 percent more than the feeder corporations in the areas served by the charter schools.

**FIGURE 13.** Percentage of Free-Reduced and Paid Lunch Students in Charter Schools, Feeder Corporations and Across the State of Indiana, 2007-08

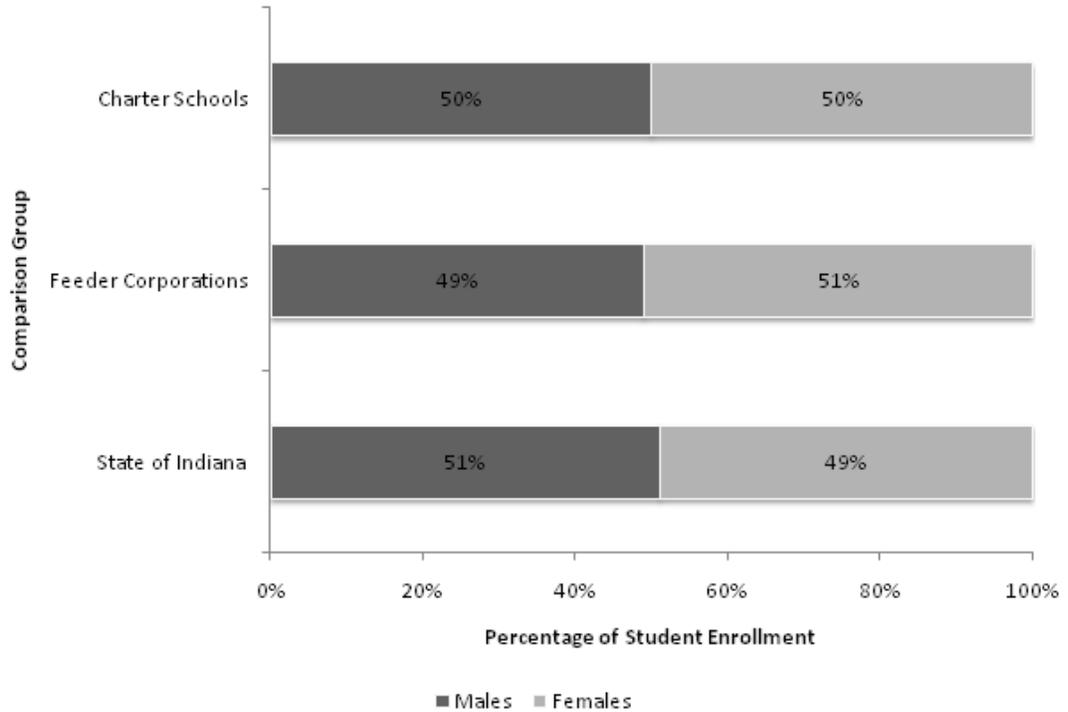


Source: Retrieved on September 10, 2008, from school snapshots, Indiana Department of Education website, ASAP Search Engine, <http://mustang.doe.state.in.us/SEARCH/search.cfm>

## Gender

There is no significant difference in the percentage of male and female students enrolled in charter schools when compared to students in the feeder corporations in the same area or in the entire state during 2007-08 (see Figure 14). The distribution of males and females in charter schools, feeder corporations, and across the state of Indiana is evenly split.

**FIGURE 14. Gender Distribution of Students in Charter Schools, Feeder Corporations, and Across the State of Indiana, 2007-08**

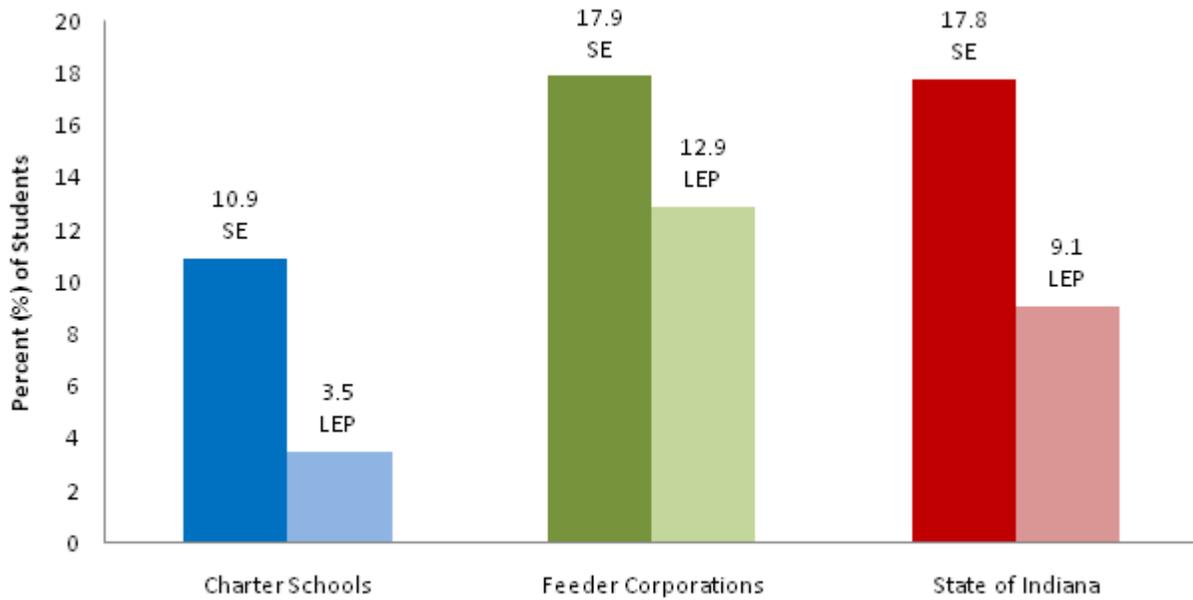


Source: Retrieved on September 12, 2008, from school snapshots, Indiana Department of Education website, ASAP Search Engine, <http://mustang.doe.state.in.us/SEARCH/search.cfm>

## Special Education and Limited English Proficient Students

In 2007-08, only 10.9 percent of students enrolled in charter schools received special education services (see Figure 15). In contrast, for all Indiana schools and for feeder corporations, 17.8 and 17.9 percent, respectively of students enrolled received special education services—a difference of about seven percent. An even larger disparity can be found when examining the enrollment of LEP students: 3.5 percent of students enrolled in charters during 2007-08 were LEP students, while 9.1 and 12.9 percent of students enrolled in Indiana schools and feeder corporations were classified as LEP.

**FIGURE 15.** Percentage of Special Needs Students Served Including LEP and Special Education (SE) in Charter Schools, Feeder Corporations, and Across the State of Indiana, 2007-08



Source: Retrieved on September 19, 2008, from school snapshots, Indiana Department of Education website, ASAP Search Engine, <http://mustang.doe.state.in.us/SEARCH/search.cfm>, and Indiana Department of Education, Annual Performance Reports, 2007-2008, <http://www.doe.state.in.us/htmls/performance.html>

## Charter School Compliance with Open Enrollment and Lottery Statutory Provisions (Question 3)

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Although state laws may be written such as to allow charter schools to increase diversity in the student body, some charter schools must follow additional, federal guidelines for recruitment. Specifically, schools that receive funds from the federal Charter Schools Program (CSP) must hold a lottery, or random selection process (see IC 20-24-5-5 for Indiana's lottery provision with specific exemptions), if they have more applications than slots available (Dolle & Newman, 2008; U.S. Department of Education [USDOE], 2004). Currently 61 percent of charter schools nationally receive CSP start-up funds (Office of Management and Budget, 2005). For those charter schools that receive CSP funds, giving preference to certain types of students is allowed in some instances, but not in others. For example, a weighted lottery may be held when necessary to comply with the following: Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, Section 504 of the Rehabilitation Act of 1973, the Equal Protection Clause of the Constitution, or applicable state law (USDOE, 2004). Separate lotteries may not be held for males and females, although schools are allowed to make "additional recruitment efforts toward male or female students" (USDOE, 2004, p. 5). Of course, if a school district is under a court ordered desegregation decree, more leeway would be permitted in considering race in student assignment plans (Eckes, 2006).

For those charter schools that do not receive CSP funding and are therefore exempt from the additional guidelines, diversifying a student body may be possible if permitted by state law. In an attempt to avoid racial segregation in charter schools, 19 states have created specific racial/ethnic balance enrollment guidelines for their charter schools (Frankenberg & Lee, 2003). Other states have enacted more general legislation, often including regulation of recruitment and admissions processes at charter schools (see Martin, 2004). These

laws permit charter schools to create more racially and ethnically integrated schools, encouraging diversity to varying degrees: while some states specifically require diversity, others simply suggest it (Oluwole & Green, 2008).

Due to fears of charter schools that attract primarily one or another group of students (such as all minority, high socioeconomic status, etc.), 19 states have passed legislation that encourages the consideration of race and other factors in charter schools. For example, North Carolina's statute clearly provides for increased student body diversity. North Carolina's law (2008) states:

[T]he school shall reasonably reflect the racial and ethnic composition of the general population residing within the local school administrative unit in which the school is located or the racial and ethnic composition of the special population that the school seeks to serve residing within the local school administrative unit in which the school is located. The school shall be subject to any court-ordered desegregation plan in effect for the local school administrative unit (§ 115C-238.29F).

New Jersey's law (2008) also includes language about diversity and requires that “The admission policy of the charter school shall, to the maximum extent practicable, seek the enrollment of a cross section of the community's school age population including racial and academic factors” (§ 18A-8-e).

Minnesota's law similarly states that:

[R]esidents of a specific geographic area where the percentage of the population of non-Caucasian people of that area is greater than the percentage of the non-Caucasian population in the congressional district in which the geographic area is located, and as long as the school reflects the racial and ethnic diversity of the specific area (Minnesota Statute, § 124D.10(9)(3), 2008).

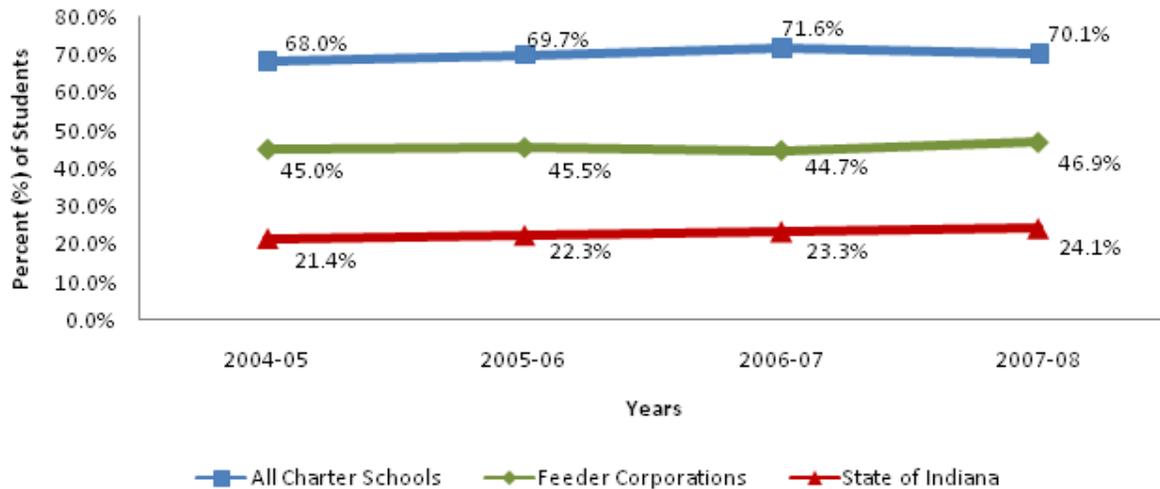
However, these laws may be open to legal challenge in light of a recent U.S Supreme Court case, *Parents Involved Community Schools v. Seattle School District No. 1* (2007) (PICS). The PICS decision limited the use of race as a factor in K-12 student assignment plans. As a result, charter schools will have an easier time diversifying their student bodies by considering the socioeconomic status of their students instead of race.

## **Racial and Ethnic Diversity**

Indiana’s law does not discuss racial and ethnic diversity in charter schools. Indiana’s law requires that “[A] charter school may not establish admission policies or limit student admissions in any manner in which a public school is not permitted to establish admission policies or limit student admissions” (Indiana Code, 20-24-5-4, 2008). Although each student must be given an equal chance of admission, the law permits those students who currently attend a charter school to enroll in that school in subsequent years, and the law allows the siblings of a current student attending the charter school to attend the school.

The data (see Figure 16) reveal that Indiana’s charter schools are similar to the racial and ethnic diversity in charter schools nationwide. As noted above, nationally charter schools have slightly higher racial group concentrations (e.g., enrolling higher numbers of one racial group) than traditional public schools (Rapp & Eckes, 2007). Approximately 70 percent of students attending charter schools are members of an ethnic minority group (e.g., Black, Hispanic, Asian, Multi-racial, or other), compared to slightly less than half of the students in feeder districts, and less than a quarter of the students across the entire state. The percentage of minority students in charter schools has remained relatively stable over the last four years.

**FIGURE 16. Percentage of Minority Students Attending Charter Schools, Feeder Corporations, and the State of Indiana**



Source: Retrieved September 16, 2008, school and corporation snapshots from Indiana Department of Education website, ASAP Search Engine, <http://mustang.doe.state.in.us/SEARCH/search.cfm> and Extracted Indiana Education Data, <http://mustang.doe.state.in.us/SAS/sas1.cfm>

Examining the percentages of minority students in Indianapolis charter schools serving the larger urban districts (see Appendix, Figures A.1 to A.4) compared to their local school corporations suggests that charter schools in these areas are serving the same or a higher percentage of minority students than their associated feeder corporations.

The percentage of minority students in charter schools (approximately 70 percent) has remained relatively stable over the last four years, and is commensurate with the percentage of minority students in IPS and the Metropolitan School Districts in Marion County combined, indicating that they are representative of the communities they serve. The percentage of minority students in Northwest Indiana charter schools has increased slightly over the last four years, and is slightly lower than the percentage of minority students in Gary Community Schools and the School City of East Chicago combined. The percentage of minority students in Fort Wayne-area charter schools has decreased substantially

over the last four years (with a more than 40 percent drop between 2006-07 and 2007-08, bringing it closer to the overall percentage of minority students in the Fort Wayne Community School district. Approximately 60 percent of students attending non-urban charter schools in 2007-08 are members of an ethnic minority group (e.g., Black, Hispanic, Asian, Multi-racial, or other), compared to approximately 38 percent of the students in their associated feeder corporations.

## **Socioeconomic Status**

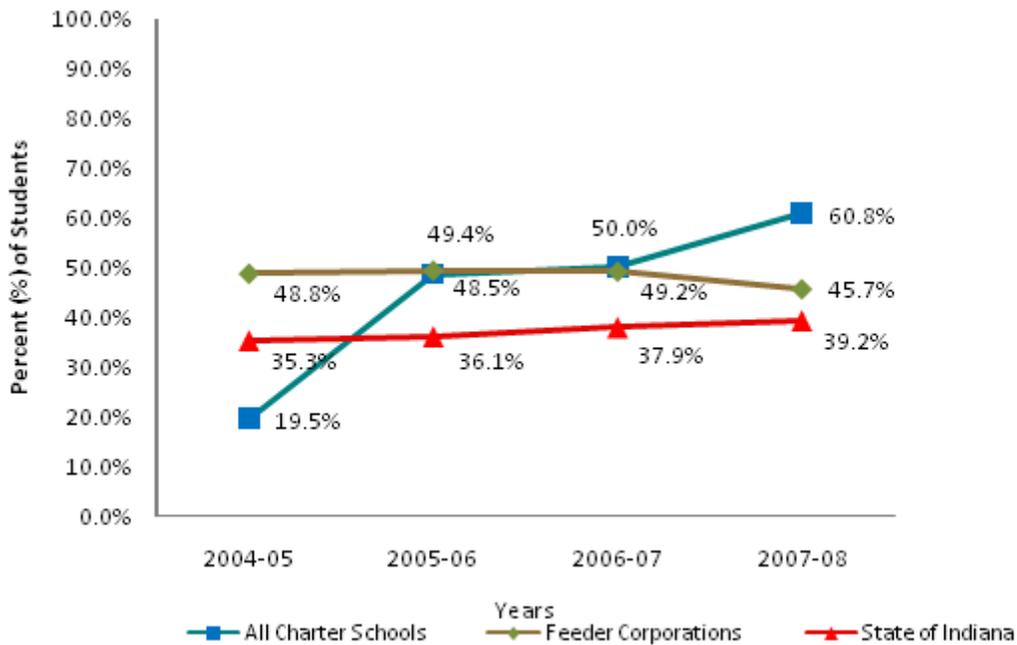
Socioeconomic status (SES) is often measured by how many students attending a particular school receive free or reduced lunch status (Mickelson, Bottia, & Southworth, 2008). Due to the fear of legal challenges, some charter school laws aim at diversifying student enrollment based on SES. Specifically, there is a more relaxed test used by courts when SES is considered in charter school admissions. Under the law, for the state (e.g., a public school district) to treat people differently based on SES, school officials must demonstrate that there is a rational reason to do so. In contrast, when the state treats students differently based on race, a compelling reason for doing so must be demonstrated. Thus, considering SES in student assignment plans is a much easier standard to meet than the standard for the treatment of individuals based on race. However, Indiana charter schools are not permitted, under Indiana law, to use SES under any circumstances as a criterion for admission. By law, Indiana charter schools must admit any student who is a resident of Indiana and has submitted a timely application for admission.

The data in Indiana regarding the enrollment of students from low-income backgrounds are similar to the national trend in charter schools. In 2004-05, charter schools were serving a smaller percentage of low-income students (as classified by receiving free or reduced lunch support) than their respective feeder corporations and the state of Indiana (see Figure 17). During the 2005-06 and 2006-07 school years, charter schools were serving approximately the same percentage of low-income students as feeder schools and about

15 percent more than the state of Indiana. However, during the 2007-08 school year, charter schools served at least 20 percent more low-income students than the state of Indiana; the gap between the feeder corporations and charter schools also expanded — charter schools served about 15 percent more low income students than feeder schools in 2007-08. Over the past four years, the number of low-income students in charter schools has grown, while those in the feeder corporations and the state of Indiana have remained relatively stable—with a slight dip for the feeder corporations in 2007-08.

Examining the percentages of low-income students served by charter schools (see Appendix, Figures A.5 to A.8) compared to their local school corporations suggests that charter schools in these areas are serving the same or a higher percentage of low-income students than their associated feeder corporations.

**FIGURE 17. Percentage of Students Who Receive Free or Reduced Lunch Attending Charter Schools, Feeder Corporations, and Across the State of Indiana**



Source: Retrieved on August 29, 2008, school and corporations snapshots from Indiana Department of Education website, ASAP Search Engine, <http://mustang.doe.state.in.us/SEARCH/search.cfm>

## Gender

Indiana’s charter schools enroll the following students by gender (Table 3):

**TABLE 3. Gender Distribution of Students Over Time for Charter Schools, Feeder Corporations, and Across the State of Indiana**

	2004-05	2005-06	2006-07	2007-08
All Charter Schools	50.6%	50.7%	50.3%	49.6%
Feeder Corporations	51.4%	51.1%	51.0%	51.1%
State of Indiana	50.1%	51.4%	51.3%	51.3%

Source: Retrieved on August 29, 2008, school and corporations snapshots from Indiana Department of Education website, ASAP Search Engine, <http://mustang.doe.state.in.us/SEARCH/search.cfm>

There are no significant differences in gender distributions over time for charter schools, feeder corporations, or the state. In general, about 51 percent of the students enrolled are male. However, in the charter school movement, the KIPP schools are an example of schools enrolling single genders into academies to as a method of school reform.

## How Are Charter Schools Ensuring That They Meet Open Enrollment Requirements?

The interviews and an analysis of enrollment materials revealed that school leaders in Indiana follow the law when admitting students to their schools. The following procedures were cited as ways of ensuring non-discriminatory enrollment:

- Collecting limited information on application forms; such as name, address, and contact information;
- Blinding all applications using an identifier other than names;
- Conducting random lottery draws and assignment of students from the applicant pool and waiting lists—usually supervised or conducted by an outside organization, such as an accounting firm or the authorizing office;
- Reviewing marketing and application materials to remove messages that target specific students; and
- Videotaping or otherwise documenting the lottery procedure.

### **Niche Schools or Targeting Specific Populations**

While the Mayor's Office and Ball State University affiliated charter schools seem to follow the open enrollment policy as described in Indiana law, there are certainly “niche” charter schools in operation that may target a certain demographic. For example, charter schools include a military academy, a school for students struggling with drug addiction, a school for higher achieving students, and several schools that target students who are at-risk for educational failure in traditional public schools.

Oftentimes charter schools seek to serve a specific population, thus, their designs may influence their demographics. Specifically, parents of minority children may be choosing segregated schools because their children will feel more comfortable with students from similar backgrounds (Fuller, Gawlik, Gonzales, & Park, 2003). Despite segregated settings in some charter schools, Vergari (2002) suggests that charter schools may be serving students who were currently underserved in the traditional public school system. As long as a school explicitly notes that the school is open to all students, it is permissible to market a specific type of program. For example, Hope Academy, a Mayor's Office sponsored charter school, is a four-year diploma granting high school that is designed to specifically support students struggling with drug and alcohol addiction. While anyone may apply and attend, its services are more appropriate for a specific population of students.

Many stakeholders, including several critics, agree that if a charter school serves a specific “niche” population, then charter schools have a unique place in the public education system. Especially in urban communities, where at-risk students are more likely to “fall through the cracks,” charter schools are helping students succeed or at least keep up with their peers in an alternative setting. One public school superintendent mentioned Hope Academy as a “perfect example” of a school that serves a niche population, serving students with drug and alcohol addictions.

As charter school law stands currently, with non-discriminatory and open enrollment mandates, charter schools are not able in all circumstances to serve the students that their missions seek to serve. One charter school leader explained, “because we’re looking to target low income kids and the lottery process prevents us from discriminating, we’re trying to fight this gentrification effect where we have a lot more students of a higher economic status who have applied to us...we’re trying to keep our services for the low income kids, because that’s our mission...it is just not something we can necessarily control.”

Some stakeholders disagree with the niche model for fear that “the cream of the crop” may be taken from the traditional public schools. One respondent expressed concern that if a specific demographic group of students is pulled from the traditional public schools, then traditional public school populations may become too homogenous, and in turn, that could have a negative impact on the variety or quality of programs offered. This respondent suggested the case of Herron High School as an example: if a charter school is created with a focus on the arts, like Herron High School, how might that impact arts programs in the neighboring traditional public schools? Rather than spreading funds to charter schools, this respondent suggested pouring that money back into the traditional public school setting, to innovate and improve existing programs and curriculum.

## Charter School Special Education and Limited English Proficient Students (Question 4)

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A major concern about charter schools in Indiana is that they do not educate a proportionate number of special education or limited English proficient (LEP) students. In this section, the enrollment patterns of special education and LEP students are examined.

### Students with Disabilities

Similar to statutory language based on race and SES, some state charter school laws address the enrollment<sup>3</sup> of students with disabilities. Students with disabilities have had a history of being segregated from other students in the public school system (Yell, 2006). The Individuals with Disabilities Education Act (IDEA), formerly called the Education for all Handicapped Children Act, gave students with disabilities legal protections from such discriminatory segregation. When charter schools were still relatively new, some commentators suggested that charter schools may skim the more talented students away from the traditional public schools, leaving students with special needs behind (Metcalf, Theobald, & Gonzalez, 2003). Thus, several state statutes specifically prohibit charter schools from excluding students with disabilities. In so doing, the statutes refer to federal laws prohibiting such conduct. For example, North Carolina's law provides:

Except as otherwise provided by law or the mission of the school as set out in the charter, the school shall not limit admission to students on the basis of intellectual ability, measures of achievement or aptitude, athletic ability, disability, race, creed, gender, national origin, religion, or ancestry (North Carolina Statute § 115C-238.29F(5), 2008).

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3. Some states (e.g. Florida and Ohio) have laws that encourage charter schools to focus on students with disabilities. As a result, some charter schools have been created to serve students with autism. In fact, there are 71 charter schools nationwide that predominantly serve students with disabilities (Mead, 2008).

Indiana’s law is similar to North Carolina in that it prohibits discrimination based on disability (as well as other factors such as race, gender, and socioeconomic status). Charter schools serve a somewhat lower percentage of special education students than do their respective feeder corporations or schools in the state of Indiana in general (Table 4). Approximately 11 percent of the students in charter schools receive special education services, compared to approximately 17 percent in other schools and across the state.

**TABLE 4. Percentage of Students Who Receive Special Education Services Attending Charter Schools, Feeder Corporations, and the State of Indiana**

	2004-05	2005-06	2006-07	2007-08
All Charter Schools	11.0%	10.7%	11.6%	10.9%
Feeder Corporations	16.8%	17.1%	17.0%	17.0%
State of Indiana	18.1%	18.1%	17.6%	17.4%

Source: Retrieved on September 12, 2008, from school snapshots, Indiana Department of Education website, ASAP Search Engine, <http://mustang.doe.state.in.us/SEARCH/search.cfm>

The percentage of students with disabilities that are being served by charter schools in Indiana is stable. Last year, charter schools sponsored by the Mayor's Office served 11 percent of students with disabilities — IPS serves about 19 percent of students with disabilities. The Mayor’s Office could not explain why students with disabilities are under-represented in their charter schools. The Mayor’s Office suggested that “it could be that parents of children with disabilities are a little leery of these new schools.” This study also revealed that as a result of the recent change in the law, it appears that most charter schools have a special education teacher of record, instead of working through a special education cooperative or other arrangement. Nationally, charter schools tend to attract fewer students with severe disabilities than their surrounding traditional public schools (Fuller et al., 2003a; Miron et al., 2002).

The provision of special education services was identified widely in the stakeholder interviews as a significant challenge facing charter schools in Indiana-related to the hypothesis

that parents may not choose to send their special needs child to a charter school because of the quality and quantity of services available to their child. School leaders lament that providing special education services is demanding in terms of cost and expertise, and that the limited resources that charter schools have are stretched thin to meet the needs of diverse special needs students. Several attempts have been made to consolidate special education service provision across the charters—most notably the Virtual Special Education consortium sponsored by Ball State, which is declining in operation. Several opinions exist about its decline—ranging from difficulties in on-time services provided to schools all over the state, administrative issues, and a shift in the special education laws that free charters from having a special education director of record. With this statutory change, charter schools can now serve students by having an on-site teacher of record, but no director.

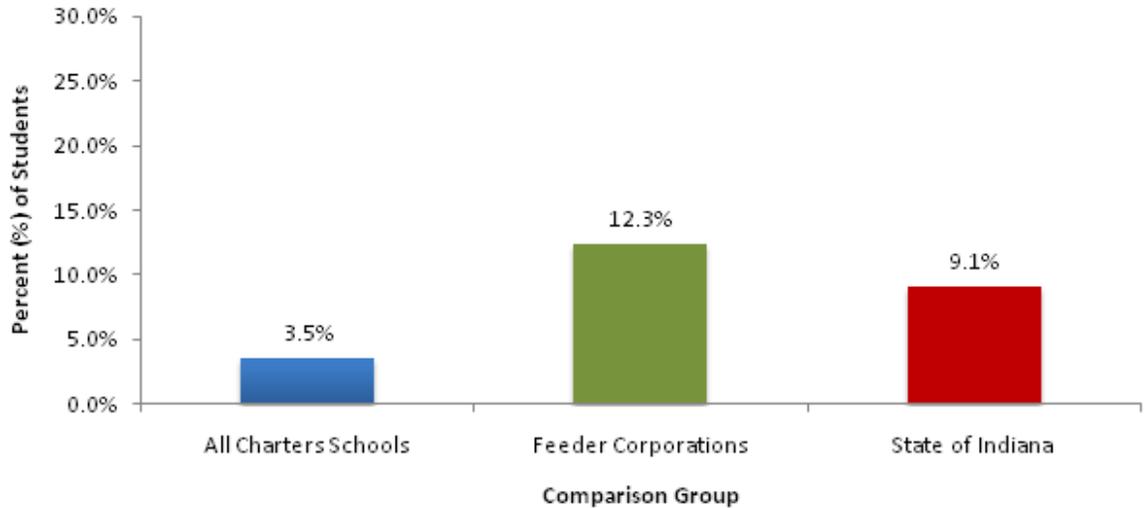
On the other end of the spectrum, some charter schools have begun to specifically serve gifted and talented students. Gifted and talented charter schools tend to be disproportionately white (Mickelson, Bottia, & Southworth, 2008). Approximately 30 percent of charter schools have gifted and talented themes (Gruber et al., 2002). Indeed, when serving gifted students, charter school leaders must ensure that they are not excluding certain groups. In Indiana, there are a few charter schools that draw higher performing students. For example, the Signature School in Evansville-Vanderburgh School Corporation enrolls students who have traditionally performed well in school.

## **Limited English Proficient Students**

There is limited research on charter school enrollment patterns based on students who are classified as LEP. Nationally, there are certainly charter schools that do cater to these populations specifically.

Indiana's charter schools enroll the following students by LEP (see Figure 18):

**FIGURE 18. Percentage of Students Who Receive LEP Services Attending Charter Schools, Feeder Corporations, and the State of Indiana in 2007-08**



Source: Retrieved September 19, 2008, charter and feeder corporation snapshots from Indiana Department of Education website, <http://www.doe.state.in.us/asap/> and Annual Performance Reports, <http://www.doe.state.in.us/htmls/performance.html>

In the past year, charter schools served substantially fewer students who were classified as LEP than their respective feeder districts (9 percent fewer) and the state of Indiana (5.5 percent fewer). While a few of the charter schools identified a significant population of LEP students and some had full capacity to serve these students (e.g., a teacher and/or coordinator), the majority of charter schools did not appear to enroll significant numbers of LEP students.

## Charter School Demand (Question 5)

According to stakeholder interviews and analysis of available waiting list data, demand for charter schools appears to be high for many schools and growing for some schools. When looking at waiting lists, approximately 50 percent of the Ball State University sponsored charter schools are over-subscribed, according to the Ball State authorizing office. The number of students waiting for an available opening at the Indianapolis Mayor’s Office charter schools was over 1,000 students in 2006-07. Table 5 shows a summary of the waiting list numbers for the Mayor’s Office in 2006-07.<sup>4</sup>

**TABLE 5. Charter School Waiting List Numbers for Mayor’s Office Charter Schools, 2006-07**

Charter School	Grade Levels Served	# Applicants on Waitlist
Andrew J. Brown Academy	K-8	329
Challenge Foundation Academy	K-5	199
21st Century Charter School - Fall Creek	K-11	170
Christel House Academy	K-8	100
KIPP Indianapolis College Preparatory	5-7	93
Indianapolis Lighthouse Charter School	PK-6	50
Southeast Neighborhood School of Excellence	K-5	24
Herron High School	9	20
Flanner House Elementary School	K-6	18
Indianapolis Metropolitan High School #1	9-11	17
Indianapolis Metropolitan High School #2	9-11	17
Decatur Discovery Academy	9-11	15
21st Century School at Fountain Square	5-11	0
Charles A. Tindley Accelerated School	6-11	0
Hope Academy	9-12	0
Lawrence Early College High School	9-10	0

Source: Retrieved October 15, 2008, Mayor’s Office, Indianapolis, <http://www.indygov.org/NR/rdonlyres/52B0BAF8-E7F5-4135-9460-3750BACEC174/0/AccountabilityReportUSE.pdf>

4. Ball State University does not require its schools to submit waiting list numbers as part of their accountability system. The only quantitative data available are the waiting list numbers for the Mayor’s Office from 2006-07 and earlier.

According to both sponsors and charter school leaders, elementary level grades tend to be more over-subscribed than middle and high school grades. For this reason, the open enrollment lotteries usually take place for Grades K through 4. One official suspects the lack of extra-curricular activities, especially sports, in the secondary grade levels in charter schools as a deterrent for families and students to attend charter middle and high schools. In addition, high school grades tend to be added to the school offerings as younger grade students grow older. For example, Irvington Community School began operation as a Grades K through 7 school and now currently serves students through Grade 11.

## Student Attendance Trends in Charter Schools (Question 6)

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One of the questions posed by the Indiana General Assembly asked how long students were attending charter schools once they enrolled. To answer this question, data indicating the number of years a student had been enrolled in a given charter school were analyzed. First, the average duration (in years) was examined for charter schools of different years of operation. Second, a longevity index was calculated by determining the number of eligible years a student might attend a given school depending on his or her grade level and the grade levels served by the school.

Figure 19 on the following page shows the average number of years of charter school attendance for students in schools that have been open from one to six years. In looking at Figure 19, the average duration of a student's attendance at a charter school that has been in operation two years is 1.54 years, while the average duration of a student's attendance at a charter school in operation six years is 2.75 years. The average duration of a student's attendance at a single charter school is around two years (regardless of how long the school has been open). This number fluctuates depending on the number of years a given charter school is in operation, with slight increases in the amount of time spent at a given charter school associated with longer operation of the school.

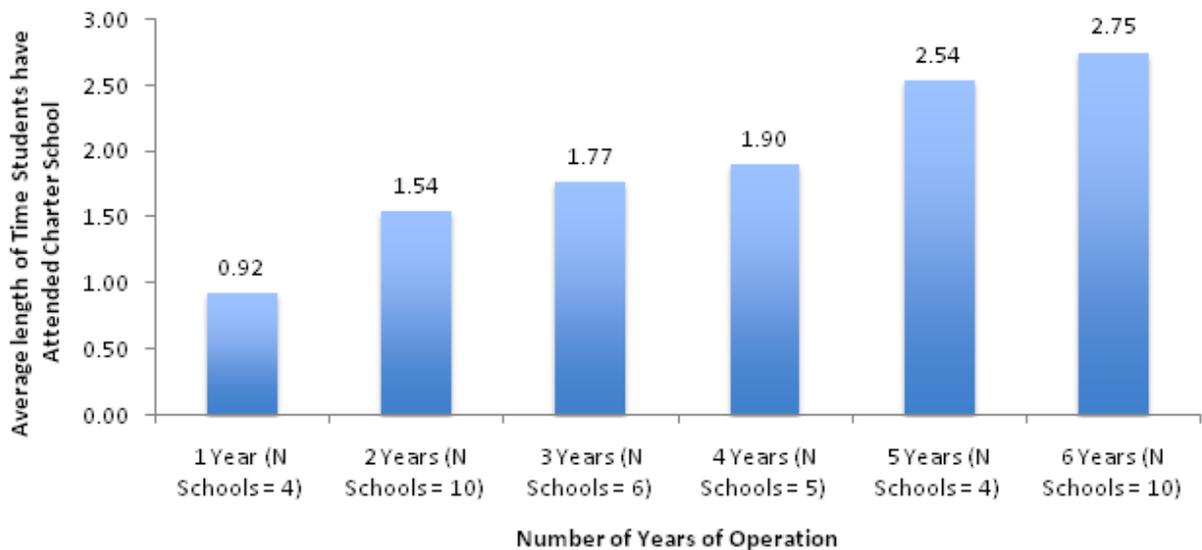
Figure 20 shows the percentage of students who have remained in the same charter school at least 75 percent of their school time (between 2003 and 2008). The data below are based on schools that have been in operation at least four years. A student may have four to six years of attendance at a charter school if they attend that charter school during the entire time of operation. However, students may attend for fewer years, depending on their grade level. For example, a Grade 6 student in a charter school serving children in Grades 6 through 8 will have only one year of attendance, while a Grade 8 student could potentially have three years of attendance. According to Figure 20, 78 percent of charter

schools students in schools that have been in operation at least four years have attended that school at least 75 percent of the time they are eligible to attend. The percentage increases with each year of operation.

Both of these data sets indicate that charter school students are attending their charter schools for at least two years, on average, and for a significant percentage of their eligible attendance time for a given set of grades that the charter school serves. On average, the amount of time spent attending a charter school increases, the longer charter schools have been in operation. In addition, taking into account the actual duration of attendance student, might be expected to have for a given charter school (based on their grade level and length of school operation), the percentage of students staying at their charter schools for at least 75 percent of that time is quite high, and becomes higher as the years of school operation increase.

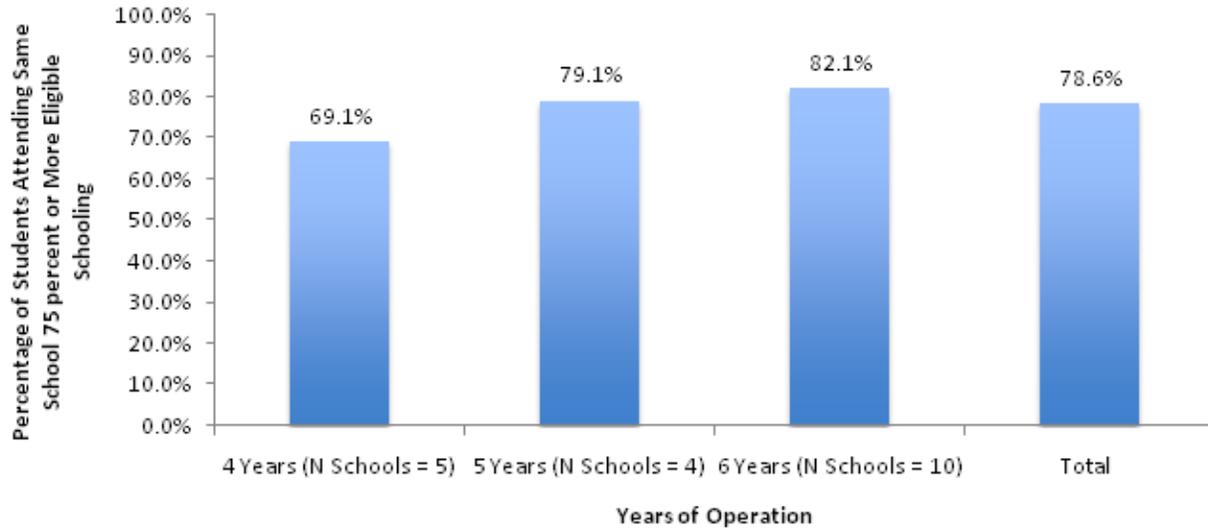
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**FIGURE 19. Average Number of Years, Students Attend Charter Schools as a Function of Years of Operation**



Source: Retrieved September 11, 2008, from school snapshots, Indiana Department of Education website, ASAP Search Engine, <http://mustang.doe.state.in.us/SEARCH/search.cfm>

**FIGURE 20.** Percentage of Students Attending Charter Schools at Least 75 Percent of Their Eligible Grade Levels as a Function of Years of Operation



Source: Retrieved September 11, 2008, from school snapshots, Indiana Department of Education website, ASAP Search Engine <http://mustang.doe.state.in.us/SEARCH/search.cfm>

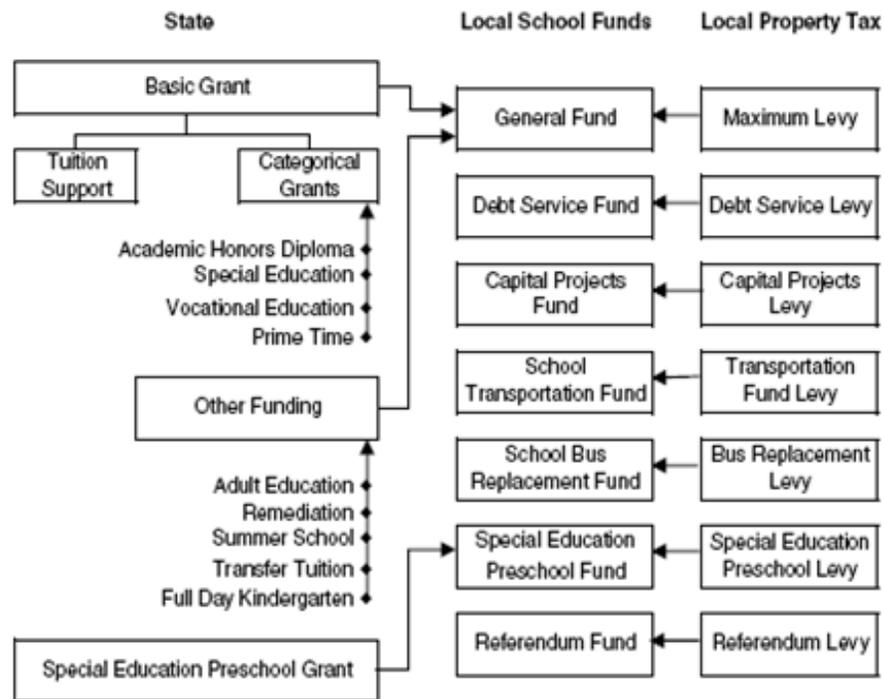
## Charter School Finance (Question 7)

In this section, the report focuses on addressing questions related to funding sources for charter schools and how charter school revenue compares to school corporation revenue, as well as a comparison of charter school and school corporation expenditures over time.

### How Do Charter Schools Get Their Funding? How Do Charter School and School Corporation Revenue Compare Over Time?

This section presents an overview of Indiana’s state and local charter school funding during the 2005-07 biennium. Seven school accounting funds established by the Indiana General Assembly are the primary sources for funding school corporations. Only one of these, the General Fund, is used for charter schools. The seven accounting funds with their local and state sources of revenue are listed in Figure 21.

FIGURE 21. School Corporation Accounting Funds and Sources of Revenue



School corporations are authorized by the Indiana General Assembly to levy the local property taxes that generate tax revenues for each of these school funds. Thus, homeowners receive a tax bill that lists the General Fund tax rate, the Debt Service tax rate, the Capital Projects tax rate, the Transportation Fund tax rate, the Bus Replacement tax rate, the Special Education Preschool tax rate, and when applicable, the Referendum Fund tax rate for the school corporation in which the homeowner resides. In contrast to school corporations, charter schools are not authorized to levy any local taxes. Further information about the Capital Projects and Debt Services Funds can be found in Theobald and Michael (2001).

The left-hand column in Figure 21, labeled “State,” shows revenues originating at the state level. These revenues are generated largely by the Indiana state sales tax and income tax. State revenues contribute to two funds only, the General Fund and the Special Education Preschool Fund.

The fund names are largely self-explanatory. Dollars from the Debt Service Fund are used for interest payments; dollars from the Capital Project Fund, for new buildings and major renovations; Transportation Fund, for operational cost of transporting students; School Bus Replacement Fund, for purchase of new school buses; Special Education Preschool Fund, for special education funding for preschoolers; and the Referendum Fund makes additional tax dollars available from a locally passed tax referendum. The largest fund is the General Fund. Revenues from this fund are used to pay teacher salaries and other instructional expenses. As shown in Table 6, about 57 percent of the expenditures made by schools are from the General Fund.

**TABLE 6. School Fund Expenditure Totals, Fiscal Year, 2007**

	Total Expenditure	Expenditure Per Pupil	Percentage of Total
General Fund	\$6,324,779,029	6,338	56.71%
Debt Service Fund	\$1,051,346,511	1,064	9.43%
Capital Projects Fund	\$843,406,710	853	7.56%
Transportation Funds (Combined)	\$546,871,695	553	4.90%
Special Education Preschool Fund	\$42,080,634	43	0.38%
Unspecified Revenues	\$2,343,966,044	2,371	21.02%
<b>Total</b>	<b>\$11,152,450,623</b>	<b>\$11,222</b>	<b>100%</b>

Source: Retrieved September 15, 2008 from <http://mustang.doe.state.in.us/SAS/sas2.cfm?type=c&tab=frfy&already=>

The “Expenditure per Pupil” column includes both traditional and charter school students for the General Fund. Only school corporation students are counted for the other funds because expenditures from those funds are applicable to school corporations but not to charter schools.<sup>5</sup>

Charter schools in their second and subsequent years of existence are funded according to the same Foundation Program formula that applies to all school corporations, with relatively minor exceptions as noted in the following section.

### Determining General Fund Revenue

A Foundation Program formula is used in Indiana to calculate the General Fund revenue for each school corporation and charter school. The overview that follows omits details that can be found in Toutkoushian and Michael (2004, 2005). Indiana’s Foundation Program begins with a dollar amount specified by the Indiana General Assembly for educating each public school student in the state. This amount is known as the Foundation

5. Revenue values were not available on the IDOE's public access website when this document was written.

Level. In 2006, the foundation level funding was \$4,517 per public school student and in 2007 was increased to \$4,563 per public school student.

The Foundation Program Formula for determining General Fund revenue consists of five major steps:

### ***Calculating Target Revenue***

The total dollars for each school corporation's (or charter school's) operation is calculated first. This amount is known as the Target Revenue.<sup>6</sup> The primary factors that enter into this calculation are the corporation's (or charter school's) previous year revenue, the weighted average daily membership (ADM) for the corporation (charter schools use actual ADM), and a weight representing certain community characteristics, such as the extent of poverty existing in the school corporation boundary. The weight assigned to the community characteristics is known as the Complexity Index.<sup>7</sup> Charter schools use the Complexity Index of the school corporation within whose boundary the charter school is located, unless otherwise noted.

### ***Calculating Local Revenue***

In the second step, the amount of wealth within a school corporation's boundary is assessed and the target tax rate for the school corporation is calculated.<sup>8</sup> Next, the General Fund tax rate and the "Tuition Support Levy"—which is the amount of dollars to be

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6. Target Revenue = Complexity Index  $\times$  Foundation Level  $\times$  School Corporation ADM

7. Community characteristics of school corporations differ from one school corporation to another. During the 2005-2007 biennium, these characteristics included the percentage of: a) adults at least 25 years of age and with less than a 12th grade education, b) students eligible for free lunch in the previous school year, c) students classified as limited English proficient in the previous school year, d) single parent families, and e) families with children less than 18 and who have a family income below the poverty level. The effects of community characteristics on student performance are investigated in Toutkoushian and Michael (2006a). The percentage for each of these community characteristics within a school corporation is multiplied by a weight that is established by the General Assembly, and then the products are summed and added to 1. This value is known as the Complexity Index, and values for the Complexity Index in 2007 ranged from 1 to 1.495. The development of the Complexity Index is explained in Bull and Michael (2003) and Toutkoushian and Michael (2006b). Charter schools use the Complexity Index value of the school corporation within whose boundary the charter school is located.

raised by a school corporation through the local property tax—is calculated. “Local revenue” is synonymous with “Tuition Support Levy.” The degree to which school corporations may raise local property taxes each year is limited by the General Assembly. Because charter schools are not authorized to levy taxes, Indiana Code 20-24-7-2 specifies that a charter school’s local revenue share is to be calculated as 35 percent of the charter school’s Target Revenue.

### ***Calculating State Revenue***

This portion of General Fund revenue is known as “Tuition Support” and refers to revenue received from the state. The amount of state revenue is determined by subtracting the local revenue from the target revenue.

$$\textit{State Revenue} = \textit{Target Revenue} - \textit{Local Revenue}$$

The state revenue calculation is simply the target revenue minus the local revenue, which consists of the Tuition Support Levy plus the previous year's motor vehicle excise tax, commercial vehicle excise tax, and the financial institution tax. The state share of revenue is referred to as “Tuition Support.” By statute, the local revenue share for charter schools is 35 percent of target revenue. Thus, the state revenue for charter schools is 65 percent of target revenue.

- 
8. The first step in determining the local share is to calculate the school corporation's target tax rate. This rate, along with the property wealth in the school corporation, is used to calculate the local share, also known as the Tuition Support Levy. Charter schools cannot tax citizens and so a levy adjustment is made in lieu of their local share. This adjustment is 35 percent of the charter school's target revenue, multiplied by the number of students from the traditional school corporation enrolled in the charter school. For example, if five students from a traditional school corporation are enrolled in Charter School A and five different students are enrolled in Charter School B, then one levy adjustment is 35 percent of Charter School A's target revenue multiplied by 5, and the second levy adjustment is 35 percent of Charter School B's target revenue multiplied by 5. This is repeated for each charter school in which students are enrolled from the traditional school corporation.

### ***Allocation of Categorical Grants***

These are additional revenues the state allocates to each corporation (and each charter school) for supplemental educational needs. Both school corporations and charter schools are eligible to receive categorical grants for the number of enrolled students who qualify. Categorical grants include:

- **Academic Honors Diploma Grant:** School corporations receive \$900 for each student who received an academic honors diploma in the previous school year.
- **Special Education Grant:** The school corporation or charter school receives \$8,246 for each student with a severe disability, \$2,238 for each student with a mild and/or moderate disability, and \$531 for each communication and/or homebound student.
- **Vocational Education Grant:** School corporations and/or charter schools are eligible for additional dollars for each student enrolled in courses classified according to labor market need and wage.
- **Prime Time:** School corporations and/or charter schools are eligible for Prime Time funding. Charter schools use the Complexity Index of the school corporation in which the charter school is located.

### ***Basic Grant***

The basic grant is the sum of state revenue and categorical grants. The dollars from these two sources constitute the state portion of General Fund revenue. For both school corporations and charter schools, the basic grant is the sum of State Revenue (tuition support) plus Academic Honors Diploma Grant, Special Education Grant, Vocational Education Grant, and Prime Time Grant. General Fund Revenue is the sum of the Basic Grant and the Tuition Support Levy, or local revenue. For both school corporations and charter schools, the General Fund revenue is the sum of the Basic Grant and the Local Revenue (Tuition Support Levy).

### **Transition to Foundation**

In previous years, some school corporations received more revenue dollars than the Foundation Program calculates as the corporation's Target Revenue. Likewise, other school corporations received less than the Foundation Program calculates as their Target Revenue. Large divergences from the Target Revenue are due to certain overlay (aka, “hold harmless”) provisions that were introduced into the formula (Toutkoushian & Michael, 2007). A third category of school corporations receive revenue that is close to the target calculated by the Foundation Program. The Indiana General Assembly introduced provisions so that all school corporations and charter schools will, within a six-year period, receive very close to the amount of revenue calculated by the Foundation Program. Charter schools in their first year of operation are exempt from the transition to Foundation calculations. The Foundation Program Formula contains a hold harmless provision that insures each school corporation and/or charter school receives at least 99 percent of the previous year's revenue. Toutkoushian and Michael (2007) demonstrate the often unintended consequences of hold harmless and overlay provisions.

### **Traditional and Charter Revenue**

In this section comparisons of school corporation and charter school revenue per pupil are presented. Table A.1 in the Appendix shows the school year in which each charter school opened, the sponsoring organization, the charter school corporation number and the school corporation within whose geographical boundary the charter school is located. Table 7 presents the number of school corporations and charter schools during the 2004-2008 interval. The first row presents the number of school corporations in Indiana. The number of first-year charter schools and charter schools existing two or more years is also included.

**TABLE 7. Number of School Corporations and Charters 2+ years, 2004-08**

	2004	2005	2006	2007	2008
School Corporations	293	293	293	293	293
First Year Charter Schools	3	7	7	9	4
Charter Schools > 1 year old	11	14	20	27	36
All Charter Schools	14	21	27	36	40

Source: Retrieved September 15, 2008 from <http://mustang.doe.state.in.us/SAS/sas2.cfm?type=c&tab=frfy&already=>

Table 8 shows the average daily membership for school corporations and charter schools along with the percentage of students in charter schools. In 2004 the percentage of students in all charter schools was 0.26 percent of the total public school ADM, and increased to 1.05 percent by 2008.

**TABLE 8. Average Daily Membership, 2004-08**

	2004	2005	2006	2007	2008
School Corporations	974,338	981,018	989,925	997,881	1,000,824
First Year Charter Schools	1,079	720	1,435	1,167	1,007
Charter School > 1 year old	1,500	3,219	4,601	7,176	9,662
Pct All Charter School Students	0.3%	0.5%	0.7%	0.8%	1.1%

Source: Data used for these comparisons were downloaded from the Indiana State Department of Education's website on September 16, 2008. <http://mustang.doe.state.in.us/SAS/sas1.cfm>

Table 9 shows the General Fund revenue per pupil for school corporations, first year charter schools, charter schools in existence two or more years, and all charter schools.

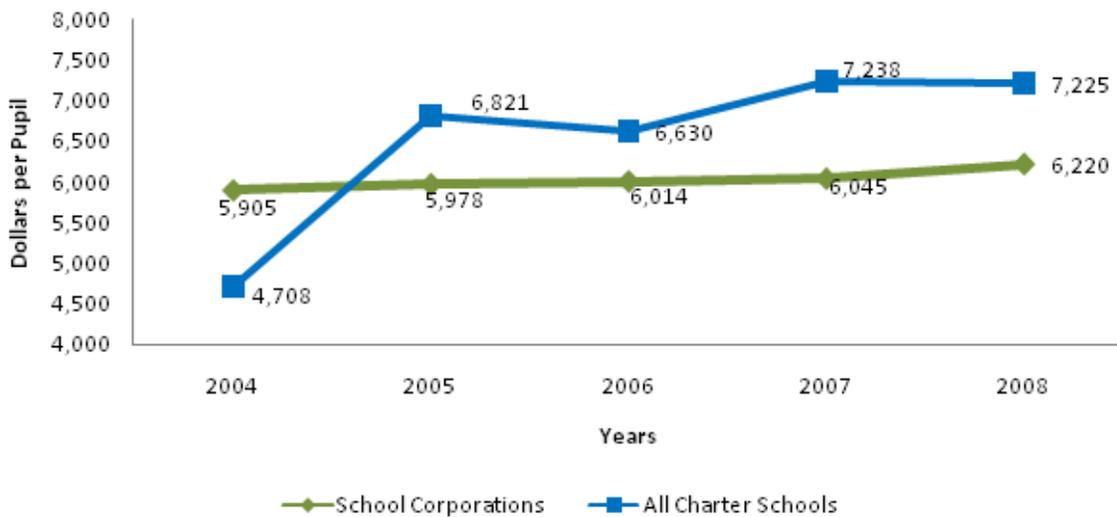
**TABLE 9. General Fund Revenue per Pupil, 2004-08**

	2004	2005	2006	2007	2008
School Corporations	5,905	5,978	6,014	6,045	6,220
First Year Charter Schools	5,021	5,182	7,598	7,227	6,511
Charter School > 1 year old	4,484	7,385	6,357	7,240	7,299
Pct All Charter School Students	4,708	6,821	6,630	7,238	7,225

Source: Data provided by Indiana Legislative Services Agency (LSA), October 16, 2007

Figure 22 depicts the average General Fund revenue per pupil for the 293 school corporations and charter schools, which vary in number from 14 in 2004 to 40 in 2008. In 2004 the average revenue per pupil for school corporations was \$1,197 more than the average revenue per pupil for charter schools. In 2008 the average revenue per pupil for school corporations was \$1,005 less than the average revenue per pupil for charter schools.

**FIGURE 22. General Fund Revenue per Pupil, School Corporations and Charter Schools, 2004-08**



Source: Data request provided by Indiana Legislative Services Agency (LSA), October 16, 2007

Table 10 shows the difference in per pupil revenue between school corporations and first year charter schools and charter schools that have existed for two or more years.

**TABLE 10. Differences in General Fund Revenue per Pupil, 2004-08**

	2004	2005	2006	2007	2008
Traditional Corporations	5,905	5,978	6,014	6,045	6,220
First Year Charter Schools	5,021	5,182	7,598	7,227	6,511
Charter School > 1 year old	4,484	7,385	6,357	7,240	7,299
Traditional minus First Year Charter Schools	884	796	-1,598	-1,182	-291
Traditional minus 2+ Year Charter Schools	1,421	-1,407	-343	-1,195	-1,079

Source: Based on data from Legislative Services Agency (LSA), October 16, 2007

The General Fund revenue amount per pupil was larger for traditional public schools in 2004 than for either first year charter schools or charter schools operating for two or more years. During 2006 to 2008, the General Revenue per pupil was larger for charter school students than for traditional public school students. Although the General Fund revenue per pupil amount often exceeds the school corporation per pupil amount, school corporations receive additional revenue from several other funds that are not available to charter schools, as detailed in a subsequent section on expenditures. Comparison of total revenues between charter schools and school corporations are not compared because the revenue reporting mechanism available to the end user does not appear to generate comparable values. Readers interested in comparing totals between charter schools and traditional schools are directed to the following section where expenditures are presented.

### **How Do Charter School Expenditures Compare with Those of School Corporations? How Do the Expenditures Between Charter and School Corporations Compare as a Function of ADM Over Time?**

Extending from revenue to expenditures, the following analysis looks at expenditures of both school corporations and charter schools for a three-year period, fiscal years 2004-05, 2005-06, and 2006-07.<sup>9</sup> Expenditures associated with the following funds are examined: General Fund (10), Debt Service Fund (20), Capital Projects Fund (35), Transportation Fund (combined 40, 41, 42), and Special Education Preschool Fund (60).

#### **Sample**

Charter schools included in these comparisons were selected based on years of operation. Twenty charter schools were selected that were in operation for at least four years. This

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9. At the time of this report fiscal year 2007-08 expenditure data were not available. At the time this study was conducted the most current school corporation expenditures data available were associated with fiscal year July 1, 2006 through June 30, 2007. Data used for these comparisons were downloaded from the Indiana State Department of Education's website on September 16, 2008.

selection criterion defines a constant set of both school corporations and charter schools over a three year time period. With the number of school corporations held constant, trends in average daily membership (ADM) and expenditures associated with the above mentioned funds can be compared over time. The charter schools that have been operating for at least four years are included in Table A.1 in the Appendix.

**Comparisons**

The common metric of per pupil expenditures will be used to compare expenditures between traditional public schools and charter schools. ADM student counts are used for these comparisons because ADM is the state aid variable used for computing the Foundation Program Formula's target revenue.<sup>10</sup> Change over time for both school corporations and charter schools' ADM is provided in Table 11.

**TABLE 11. Average Daily Membership in School Corporations and Charter Schools**

ADM	School Corporations n = 293	Absolute Change	Percent Change	Charter Schools n = 20 <sup>a</sup>	Absolute Change	Percent Change
2004-05	976,334.00	-	-	3,521.00	-	-
2005-06	982,966.50	6,632.50	0.68%	4,307.00	786.00	22.32%
2006-07	988,493.30	5,526.80	0.56%	4,943.50	636.50	14.78%

<sup>a</sup> The Indianapolis Metropolitan High School (corporation 9670) was formed in 2004 as a result of the merger between the Indianapolis Metropolitan Career Academy #1 (corporation 9470) and the Indianapolis Metropolitan Career Academy #2 (corporation 9475). Average daily membership counts for the years 2004-05, 2005-06, and 2006-07 are reported under corporations 9470 and 9475. The data presented in these analyses reflect the sums of the two predecessor charter schools.

Source: Data used for these comparisons were downloaded from the Indiana State Department of Education's website on September 16, 2008. <http://mustang.doe.state.in.us/SAS/sas1.cfm>

10. The Indiana Office of Financial Management, Analysis, and Reporting defines ADM as, "The number of students with legal settlement in the school corporation who are enrolled and attending school in the school corporation including students with legal settlement in another corporation where the parents are paying for the cost of education (cash transfer). Also, children of state employees residing on state property, children placed by the Division of Disability, Aging, and Rehabilitative Services (DARS), children placed by the Division of Mental Health (DMH), and children placed in the school corporation by county welfare, courts, or another licensed child placing agency. ADM also includes students who are enrolled in a public school and a nonpublic school, have legal settlement in public school corporations and are receiving instructional services from the public school corporation. Students who were enrolled in the corporation in a prior year but who have not been attending or receiving services from the school corporation by the official count date cannot be included as part of the ADM. The ADM count date is the second Friday after Labor Day. Kindergarten is counted as one-half ADM."

Average daily membership for both 293 school corporations and 20 charter schools increased over the three years reported. On a percentage basis, a substantial increase is found among charter schools for both the 2005-06 and 2006-07: 22.3 percent and 14.8 percent respectively. For school corporations, an increase of slightly greater than one-half of one percent is observed over the same time periods. While these percent changes in ADM indicate a much greater growth rate for charter schools, in absolute terms, school corporations report an increase in ADM approximately ten times that found in their charter counterparts.

**TABLE 12. Fiscal Year Expenditures for School Corporations and Charter Schools**

Fund	Expenditures		Expenditures per Pupil	
	School Corporations	Charter Schools	School Corporations	Charter Schools
<b>Fiscal Year 2004-05 Expenditures</b>				
General Fund	\$5,979,678,843	\$28,220,857	\$6,125	\$8,015
Debt Service Fund	\$917,133,477	\$0	\$939	\$0
Capital Projects Fund	\$737,748,218	\$16,072	\$756	\$5
Transportation Funds (Combined)	\$502,051,133	\$329	\$514	\$0
Special Education Preschool Fund	\$36,703,745	\$22,782	\$38	\$6
Unspecified Expenditures	\$2,423,009,214	\$12,266,987	\$2,482	\$3,484
<b>Total</b>	<b>\$10,596,324,630</b>	<b>\$40,527,027</b>	<b>\$10,853</b>	<b>\$11,510</b>
<b>Fiscal Year 2005-06 Expenditures</b>				
General Fund	\$6,078,400,159	\$34,585,501	\$6,184	\$8,030
Debt Service Fund	\$989,607,651	\$0	\$1,007	\$0
Capital Projects Fund	\$799,192,700	\$0	\$813	\$0
Transportation Funds (Combined)	\$537,445,628	\$332	\$547	\$0
Special Education Preschool Fund	\$38,645,296	\$14,138	\$39	\$3
Unspecified Expenditures	\$2,326,700,888	\$9,241,707	\$2,367	\$2,146
<b>Total</b>	<b>\$10,769,992,322</b>	<b>\$43,841,678</b>	<b>\$10,957</b>	<b>\$10,179</b>
<b>Fiscal Year 2006-07 Expenditures</b>				
General Fund	\$6,201,772,954	\$40,921,844	\$6,274	\$8,278
Debt Service Fund	\$1,051,346,514	\$0	\$1,064	\$0
Capital Projects Fund	\$837,855,646	\$0	\$848	\$0
Transportation Funds (Combined)	\$546,405,590	\$0	\$553	\$0
Special Education Preschool Fund	\$37,835,624	\$17,506	\$38	\$4
Unspecified Expenditures	\$2,240,322,253	\$4,929,100	\$2,266	\$997
<b>Total</b>	<b>\$10,915,538,581</b>	<b>\$45,868,450</b>	<b>\$11,043</b>	<b>\$9,279</b>

Note: For fiscal year 2004-05, a receipt exception of \$ -11,884 was recorded by corporation 9300, Campagna Academy Charter School, under the Debt Service Fund.

Source: Retrieved on September 16, 2008 from <http://mustang.doe.state.in.us/SAS/sas1.cfm>

Per pupil expenditures are compared between 293 school corporations and 20 charter schools over a three-year period in Table 12. The General Fund, Debt Service Fund, Capital Projects Fund, Transportation Fund, and Special Education Preschool Fund are included in the tables as they parallel the discussion on state and local funding in the preceding section. The ADM counts used in these ratios were taken in the fall of the corresponding fiscal year.

The most notable difference in expenditures between school corporations and charter schools is the absence, or near absence of charter school expenditures associated with the Debt Service Fund, Capital Projects Fund, Transportation Fund, and the Special Education Preschool Fund. Absence of substantial expenditures associated with these funds is consistent over the three years presented. This finding is commensurate with the state code restricting charter schools to levy local property taxes for these funds. Charter school expenditures logged under the entry of Special Education Preschool Fund may be a result of expenditures associated with state-level revenues from the Special Education Preschool Grant.

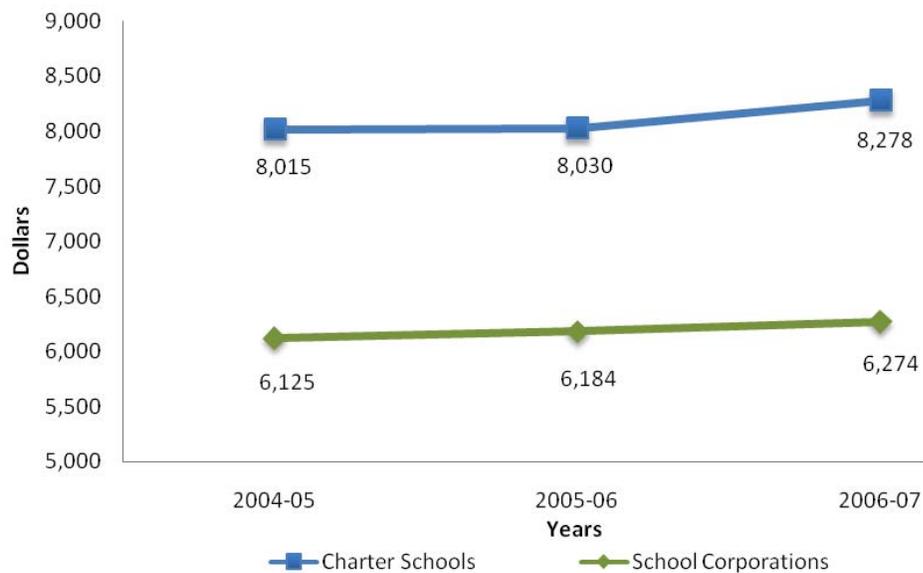
The change over time for per pupil expenditures from the General Fund and for total expenditures including all six categories is compared graphically in Figures 23 and 24. For the three-year period depicted in the graphs, charter schools' per pupil expenditures from the General Fund are consistently greater than the corresponding expenditures from school corporations. For both charter schools and school corporations, per pupil expenditures increase slightly over the three-year time period, 3.3 percent and 2.4 percent respectively.

Over the three years reported, total per pupil expenditures by school corporations increase slightly from \$10,853 to \$11,043 for an increase of 1.8 percent. A decrease in total per pupil expenditures is observed for charter schools from \$11,510 to \$9,279, a

decrease of 19.3 percent. A partial explanation for the charter schools' greater total per pupil expenditures in 2005 over 2006 may be associated with sources of alternative revenues available during their first year of operations. For the fiscal year 2004-05, these data include six charter schools that commenced operation in the fall of 2004. These alternative revenues outside of the General Fund, Debt Service Fund, Capital Projects Fund, Transportation Funds, and the Special Education Preschool Fund, may include revenue from the Common School Fund or other state or federal grants, as well as revenue from private sources (e.g., donors).

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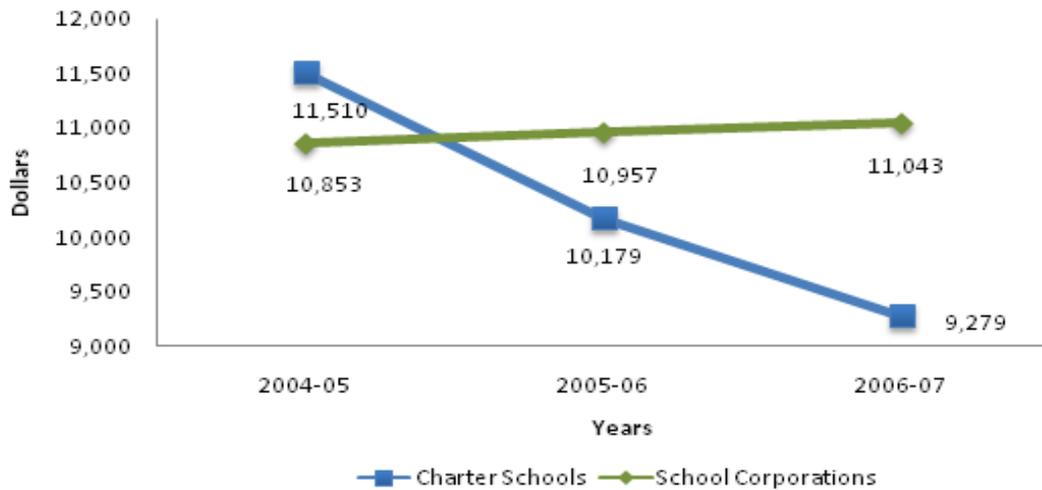
**FIGURE 23. General Fund per Pupil Expenditures for School Corporations and Charter Schools Over Fiscal Years 2005-07**



Note: School Corporations (N = 293) Charter Schools (N = 20)

Source: Retrieved on September 16, 2008 from <http://mustang.doe.state.in.us/SAS/sas1.cfm>

**FIGURE 24. Total per Pupil Expenditures for School Corporations and Charter Schools Over Fiscal Years 2005-07**



Note: School Corporations (N = 293) Charter Schools (N = 20)

Source: Retrieved on September 16, 2008 from <http://mustang.doe.state.in.us/SAS/sas1.cfm>

### **Teacher Data**

Because one of the largest expenditures in the General Fund is teacher salary, an example comparing the expenditures associated with teacher salary is provided. The same three-year time period as well as the same traditional corporations and charter schools are used. The data include the number of full time equivalent teachers as well as the total teacher salaries (base) reported by school (see Table 13 and Figure 25). These values are then summed over corporations and then grouped by school corporations or charter schools.<sup>11</sup>

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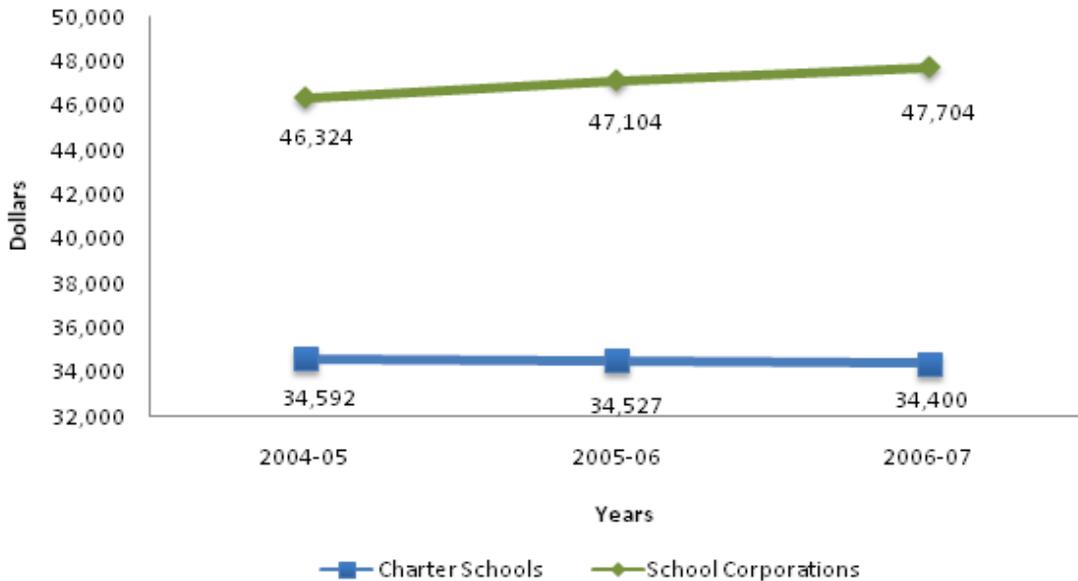
11. For years 2004-05 and 2005-06, salary and teacher data were not available from charter school 9640.

**TABLE 13. Comparison of Teacher Salary Expenditures for School Corporations and Charter Schools, 2004-07**

Year	Full Time Equivalent Teachers		Total Base Teacher Salary		Average Base Salary	
	School Corporations	Charter Schools	School Corporations	Charter Schools	School Corporations	Charter Schools
2004-05	61,123	207	\$2,831,465,335	\$7,160,626	\$46,324	\$34,592
2005-06	61,000	266	\$2,873,324,542	\$9,184,266	\$47,104	\$34,527
2006-07	60,838	320	\$2,902,195,082	\$11,008,136	\$47,704	\$34,400

For the three years in these analyses, average teacher salaries are greater in school corporations than are those found in the charter schools. For the same time period, in the school corporations, the average teacher salary increases by almost 3 percent. In charter schools, for the same time period, the average teacher salary declines slightly by 0.6 percent.

**FIGURE 25. Average Teacher Salaries for School Corporations and Charter Schools, 2004-07**



Note: School Corporations (N = 293) Charter Schools (N = 20)

Source: Retrieved on September 29, 2008 from the IDOE website, <http://mustang.doe.state.in.us/SAS>

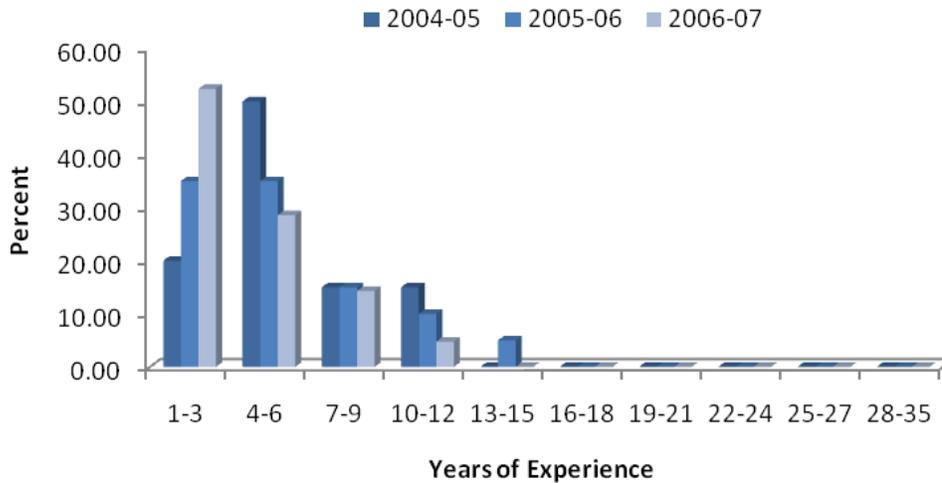
Much of the difference in average teacher salary between school corporations and charter schools might be attributed to the average years of experience teaching reported. To assess the differences between average years of experience, school-level data over the three years—from 2004 to 2007, are compared in Figures 26 and 27. The values reported in the following figures represent the percentage of schools reporting average teacher experience grouped into 10 categories for the years 2004 to 2007. For the 20 charter schools, 20 schools are represented. For the 293 school corporations, approximately 2,100 schools are represented.<sup>12</sup>

In Figure 26, the greatest percent of the 20 charter schools in the set report that the average years of teacher experience is between one and six years. No charter schools report any average values for teacher experience of 16 or more years for the time period of 2004-2007. Of the 293 school corporations represented, data were available for approximately 2,100 schools. Of these schools, the greatest number reported that the average years of teacher experience was between 13 and 18 years over the three years of data included. Average years of teacher experience within each grouping do not seem to exhibit meaningful differences among the three years reported.

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12. The reader should note that each school reports an average of all the teachers in their school. An arithmetic average is a general measure of central tendency that can be influenced by outliers that are substantially outside of the majority in the set. No other measure of central tendency was available at the time this report was produced.

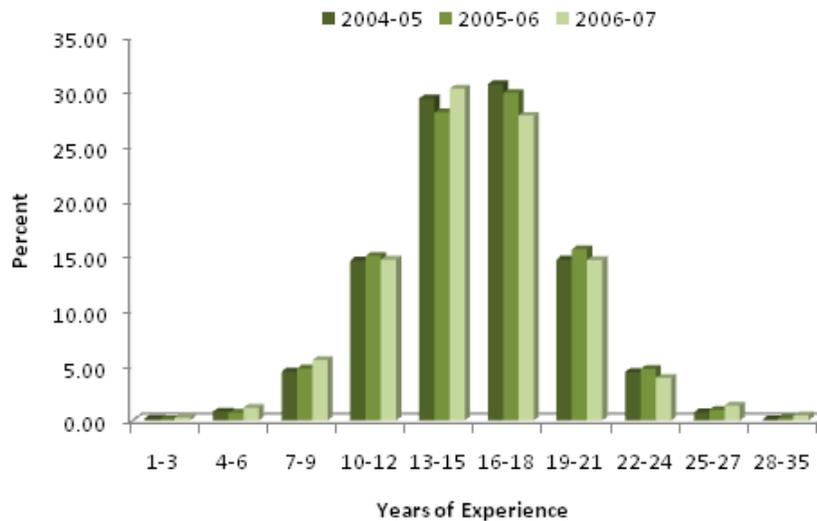
**FIGURE 26. Percentage of Schools Reporting Average Years of Teacher Experience for Charter Schools, 2004-07**



Note: Charter schools (N = 20). For years 2004-05 and 2005-06 average years of teacher experience data were not available from charter corporation 9640.

Source: Retrieved on September 29, 2008 from the IDOE website, <http://mustang.doe.state.in.us/SAS>

**FIGURE 27. Percentage of Schools Reporting Average Years of Teacher Experience for School Corporations, 2004-07**



Note: School Corporations (N = 293). For years 2004-05 and 2005-06 average years of teacher experience data were not available from charter corporation 9640.

Source: Retrieved on September 29, 2008 from the IDOE website, <http://mustang.doe.state.in.us/SAS>

## **Stakeholder Perceptions of Charter School Finance**

A number of school finance questions were asked of stakeholders in Indiana to assess their perceptions of the charter school revenue and expenditure process. A review of responses indicated that both conceptions and misconceptions exist with respect to how charter schools acquire their revenue and account for expenditures. Several themes emerged from these discussions. The primary theme was tracking dollar per pupil revenue for charter schools versus school corporations. A second theme was how charter schools pay for facilities and other capital expenditures when only the General Fund is available. In addition, questions exist about meeting the transportation needs of charter school students without provisions for charter schools to levy local taxes to fund transportation. The following summaries include information from many of the 30 interview participants. Respondent quotations are included to illustrate their varying opinions, understandings and perceptions about school funding.

### **Conceptions About Charter School Funding**

The primary revenue source for charter schools is state aid contributions to the General Fund. Charter schools do not have the authority to levy local property tax, and consequently, they do not have access to revenue from the Capital Project Fund, Debt Service, or Transportation Funds. Some stakeholders who have an understanding of the charter school funding process were concerned that to the uninformed observer, the differences in expenditures of charter schools and traditional public schools could be misconstrued by means of “expenditure ratio” readings:

*“Well charters don’t have Debt Service or Transportation Funds; everything they get is deposited into the General Fund, and everything they pay comes out of the General Fund. This inflates the expenditure ratio, because that ratio is from the General Fund, and traditional schools do not*

*pay these expenses out of the General Fund—rather out of their individual funds for CPE, Debt Service and Transportation.”*

This sentiment—that differences in expenditures for charter schools and traditional public schools can be misunderstood or exaggerated—is fairly accurate. From the interviews conducted, it appears that indeed, some stakeholders believe that charter schools receive more money because charter schools’ General Fund expenditures appear to be notably higher than the General Fund expenditures for traditional public schools.

*“The Indiana General Assembly has made it easier to develop a charter school than to improve the buildings/facilities of public schools, because charters don’t have to go to public vote. All the more frustrating is that General Fund dollars from the traditional public schools support charter schools in Indiana. On a per pupil basis, the money is transferred from our budget, directly to charter schools. Indiana superintendents often lament that our budgets are dealing with shortfalls, but the charters aren’t experiencing those same shortfalls.”*

*“Public schools are underfunded. As an example, whenever state money is not enough to provide lower class sizes and school corporations must place 30 kids in a classroom— they are not competing on a level playing field with charter schools. In contrast, charters schools have fewer kids to educate and they spend less on teacher salaries. It’s not practical to assess charter schools as more financially successful than public schools—dollars just go further in charter schools.”*

While several members of Indiana’s educational community hold these conceptions, many stakeholders may be unaware that expenditures for maintaining facilities and transporting students, purchasing textbooks and paying teachers and staff, are typically all paid via the charter school General Fund (except in the case where in-kind donations of money, buildings, or services are provided by an outside group).

Start-up charter schools have sources of revenue outside of the General Fund in their early stages. These additional revenue sources include federal grant programs (such as the

Public Charter Schools Program, one of a number of federal grants available) and state loans (Common School Loans). Some stakeholders demonstrate a thorough understanding of the available start-up funding for charter schools:

*“The PCSP [federal Public Charter Schools Program] grant money is three years—one before and two after the school opens to students. It’s for professional development, initial setup, purchase of curriculum, purchase of testing materials, consultants for policies or the setting up of programs or testing—this grant cannot be used for capital operational expenditures like transportation or buildings. The charter is eligible also for the Common School Loan in their first year of operation for six months. They take a count of students in September and don’t take payment until the following January. They’re not getting money from anybody, so they’re eligible for the Common School Loan to cover for that six-month starter period. Those loans cannot be used for capital expenditures, just for day-to-day operations (i.e., can’t build a schoolhouse). If the charter maintains a 15 percent growth rate, they remain eligible for the Common School Loan after the first year.”*

There is, however, concern about the charter schools “having to live” on the Common School Loan for the first six months, and subsequently at the beginning of each of the next two school years if their enrollment exceeds 15 percent growth—stressing “new charter schools open in September won’t get any funding until the next January; new charters have to live on the Common School Loan from IDOE—meanwhile feeder schools reap all of the funding benefits.” One stakeholder was particularly troubled by the idea that charter schools are forced to borrow money from the state:

*“The Common School Loan provides unrestricted funds for operations, but it’s very important to understand that it is a loan and not a grant. Virtually all of our schools have had to take out this loan - multiple times - from the state to educate kids for the first 6 months of operation or if they grow by 15% from one year to the next (called a growth loan). They are forced to borrow money from the state to educate kids. It’s concerning and we don’t agree with current policy that*

*forces schools to take out a loan—that has to be paid back plus interest—to do what they exist to do. Many charter schools have common school loan debt approaching or exceeding one million dollars. Coupled with the newness of charter schools in Indiana, this makes the schools very unattractive to banks and other lending institutions for facilities and other capital expenses.”*

As of January 2009, changes to the charter school law will be effective and impact how funding will be provided: on a fiscal year basis rather than a calendar year basis. While this alleviates the pressure on immediate start-up costs for new charter schools and expansion costs for growing existing charter schools, the fact remains that existing schools will continue to carry the debt accrued under the old law—an issue that raises equity concerns among several stakeholders.

When these sources of funding are not sufficient, charter schools have the option of raising funds from private donors and philanthropic organizations; however, these resources are not a significant source of revenue for charter schools. It was also noted by several interviewees that charter schools have a difficult time obtaining funding from other sources, but that every effort is made to aid the funding charter schools receive in stretching as far as possible.

*“This is the biggest challenge... Raising private dollars is difficult and we use federal and state money to do the most with it. With Title I dollars we can use \$150,000 to hire three to four math or reading teachers. Instead, we gave \$100,000 to [a local college] and got nine tutors. They are in the classrooms helping students.”*

Some charter school leaders indicated that they have received funding from private sources, but that amount is very limited: “We have done a little bit of fundraising over the years—probably \$600,000, that would be private funds.” Regardless of the difficulty involved in raising funds from the private sector, charter school leaders continue to attempt to bring in as much money as possible.

*“We do apply for grants. Right now we're receiving a grant from the Hoover Foundation for a program, a social services support network for the students—we're looking at incorporating it down here as well. Basically it's pretty much the General Fund, the basic grant, the special education money and whatever else we can generate through grants and donations. We've been working closely with Rotary Club in the community, and they're looking at providing us with money for additional books. We have to go out to work to bring in the dollars, and again, that's one of the jobs of our [administrator]. That's one of the reasons why the board was in favor of creating the president position, so he can go out to look for dollars as well. We just really haven't had the manpower to do that very effectively up to this point... If we had more of the same funding traditional schools have with the kind of drive and passion that we have, the charter school movement could grow and really flourish.”*

The lack of available funding is upsetting for some stakeholders; they consider the limited resources to be a serious problem facing the growth and success of charter schools:

*“They don't have access to capital dollars. They can't raise and have debt. They can't build facilities with public dollars and they're getting a fraction of what [traditional] public schools get, in terms of per pupil dollars funding from the state. I think that's very damaging or certainly major inhibitors to the growth of charter schools. This is going to sound harsh, but I just think it's unethical and immoral... They're still our children. People can disagree about charters, but we have an obligation to our children in our state. I believe they should have access to funding that we all have.”*

### **Conceptions About the Contrasts Between Charter School and School Corporation Funding**

One point of contention among the stakeholders interviewed is the differences in the ways that charter schools and school corporations are funded. Respondents in favor of charter schools claimed that charter schools are under-funded and those opposed claimed that charter schools are over-funded. Observe the variety of opinions:

*“The funding formula says a school corporation can take five years for any declining enrollment school corporation to lose total funding for one student. The notion that charter schools take away money from traditional public schools is wrong. Not all charter school students even come from public schools. Lots come from other non-public schools or home-schools, so they weren’t in the formula to begin with and are thus not taking money away. That notion doesn’t hold water. A misperception is that the school corporation writes a check to the charter school, i.e., ‘this is how many students left our school, so here’ your money.’ That’s not how it works.”*

*“I don't know what they [charter schools] spend; I just know what we [traditional public schools] get. Spending and getting are two different things. We [traditional public schools] are constantly reducing our expenditures in line with revenue... I do know they [charter schools] get 100 percent of money for students.”*

*“Sometimes people have asserted that charter schools receive more funding than traditional public schools. That's simply not true. The amount of operating money charter schools receive is the same as the surrounding districts get. And charters do not get the dollars district schools get for capital expenditures and transportation. So if charters get the same operating money as the districts that surround them and no capital and transportation money, I'm not sure how someone could assert they get more money. If you need further confirmation, ask the superintendents involved in running both charter and district schools and they will tell you the charters get less money.”*

*“The biggest issue for me is that our district doesn't receive all the money the state funding formula says we should. We receive about \$19 million less a year. I realize that the state doesn't have enough money to make up this funding gap, but by funding charters they are using money that could be allocated to correct this issue. Charters were started to provide options to issues public schools were not addressing—for example in Chicago and Detroit. I don't see the same needs in Indiana. I am also concerned that charters that aren't performing are allowed to stay*

*open. If a business can't compete financially, it would go out of business. The same philosophy should apply to charters."*

Whether it is due to personal judgments, misinformation, or misunderstanding, it remains clear that as long as there are opponents and advocates of charter schools, there can be no agreement among the various members of the education community interviewed for this evaluation about who is more adequately funded—charter schools or traditional public schools.

## Impact of Lack of Capital Projects, Debt Service, and Transportation Funds on Charter Schools (Question 8)

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Because charter schools are unable to levy taxes to generate revenue for Capital Projects, Debt Service, and Transportation Fund (as well as the other school corporation funds paid through local property taxes), charter schools have to be more innovative in managing capital. These innovations include finding sources of revenue outside of state and local sources and being more efficient with their expenditures. Interview respondents note that these constraints impact both the charter schools' ability to conduct day-to-day business and their ability to grow. In this section we report stakeholder responses to two specific research questions regarding buildings and transportation services:

- a. How are charter schools financing their buildings?
- b. How are charter schools providing and funding transportation?

## Impact of the Lack of Non-General Fund Sources of Revenue on Charter Schools

One of the major implications of charter schools not being able to levy local property taxes to fund expenditures on transportation, capital projects, or debt service is that revenue needed to cover these expenses is limited. Additional revenue may come either from loans or from grants provided by public or private sources. These limitations may put a financial strain on charter school resources and may limit their ability to provide some of the programming to their students as the following quotes illustrate.

*“[The impact is] huge. Our computer system or technology that most schools use Capital Projects money for—all those areas we have to draw from a General Fund. We're always on a shoestring budget. Our teachers complain that they don't have the same resources other schools have. We have to be real creative in the way we do things. For example, we offer PE class but we have no*

*gym. We're in an office building. Initially we wanted our school to be an expeditionary learning Outward Bound school, which is extremely costly, but because we don't have additional funding for other things like transportation and the building—that money can't be spent on programming for the classroom. Part of our philosophy is that we don't use a great deal of textbooks—we want the teachers to be more creative, to provide more projects—but it would be nice to have some more resources at our fingertips so that the teachers could work with the students in that way.”*

*“Huge impediment to the school. It is a significant drain on our resources. And quite honestly I think this is an equity issue here. Well if you look at IPS, they rightfully have complained about the fact that their students deserve good buildings. They shouldn't have the roofs leaking and should have air conditioning and that is absolutely true they should have the same environment as a kid in [anonymous charter school] or a kid in [our school]. But in our case, I only get \$7,000 a kid, which is already not all the money that a traditional school district gets. So now I have to take money out of that to pay for my building. Say its \$800 per kid, so now I am down to \$6,200. That is \$800 I didn't get to spent on a teacher's salary and additional aid, or another special ed teacher or whoever I might have hired and is being sucked out of our classroom. And so our students are being punished and denied more education opportunities because of it. And I am not one who runs around saying, “oh, I should have as much money as IPS or I should have as much money as [the local corporation].” But I think structurally it should be the same and we should have access to construction funds.*

Other stakeholders commented that financial limitations restrict their ability to house their growing populations or in some cases to provide the maintenance and upkeep needed.

*“It's been a huge problem. We're looking at trying to expand to a high school and our problem right now is we've got the enrollment and the demand, but we can't build the buildings if we don't have the capital resources to do it. We continue to look for private fenders who want to make donations but we're really not in a position to assume any more debt than we currently have. It's*

*a challenge. We've been here now for a number of years, and to move out and find a different building would just really not be an option for us. There is space on our campus to expand if we had money to do it. I suppose if you're a new charter start-up school it might be a little bit different. I suspect most schools would have the same problem we have, in that you establish yourself in your neighborhood and the chance of finding a bigger building down the road as you grow, in the same neighborhood, is pretty remote.”*

Another impact of these financial limitations is that charter schools have to take on debt for operational costs. Most charter schools have found it necessary to borrow money from the Common School Loan Fund to finance their operational expenditures. Charters are eligible to re-apply for these funds up to three years if they have at least 15 percent growth from year to year. While these funds cover operational expenditures, the implication of carrying large debt on the school's books is reduced credit by availability from commercial banks when seeking loans for capital projects such as building construction or improvements.

*“The Common School Loan provides unrestricted funds for operations, but it's very important to understand that it is a loan and not a grant. Virtually all of our schools have had to take out this loan— multiple times— from the state to educate kids for the first six months of operation or if they grow considerably from one year to the next. They are forced to borrow money from the state to educate kids. Its concerning and we don't agree with current policy that forces schools to take out a loan—that has to be paid back plus interest—to do what they exist to do.”*

## **How Do Charter Schools Finance Buildings?**

For the most part, according to the stakeholder interviews, charter schools lease their buildings. A few charter schools own their buildings, which are financed through traditional mortgages. In a couple of cases, building ownership is financed through the Mayor's Bond Bank, or donated by private foundations and educational management organizations (e.g., Andrew J. Brown Academy, where the building is provided by the

National Heritage Foundation—the Educational Management Group that is contracted to oversee the operations of the school).

*“There are a variety of ways [charter schools provide buildings]—they can buy their own building (but usually in these cases, the money comes from donors); find an entity or person who will guarantee a loan from them and then they pay rent on a facility; not-for-profit and for-profit foundations specifically can help them find loans for buildings; some go to local banks for loans at fairly high interest rates. The Mayor’s Bond Bank also provides opportunities for loans.”*

*“Right now we’re leasing. We’re working on our five year strategic plan and looking at the possibility down the road of purchasing our own land and building something, but not right now. Financially, renting was the most feasible thing we could do when starting up these schools.”*

Charter schools attempt to generate revenue from non-traditional sources with varying results. The following stakeholder comments illustrate.

*“Trying to be creative about ways to provide those services in ways they have to for financial reasons—facility financing—we have one school that used a new market tax credit to finance its building. What that meant was that they were able to get a loan, and use their tax credits to erect a building where they only paid interest on that building for seven years and after that principal interest kicks in.”*

*“The Indianapolis Facility Finance Program is one way the Mayor’s Office supports the overall movement. This program is a partnership between the Indianapolis Bond Bank, JP Morgan Chase, the Annie E. Casey Foundation, the Local Initiatives Support Corporation, and the United States Department of Education to provide lower interest facility financing for charter schools authorized by the Mayor’s Office. Mayor sponsored charter schools that make it through a rigorous loan application process can receive a lower interest loan from the Indianapolis Bond Bank for expenses related to its facility. Loan guarantees and credit enhancement grants provided by the Casey Foundation, LISC, and the USDOE mitigate the City’s risk. Typical*

*inquiries for the program have ranged between \$500,000 to \$2.5 million. But its very important to remember that this is a loan, albeit a lower interest rate loan, that has to be paid back plus interest from general fund dollars that charter schools receive. It is not uncommon for charter schools that try to access facility loan funding from traditional lenders to either be laughed at or quoted an interest rate upwards of 15 percent.”*

*“We also have a relationship with a private foundation in town, so our shortfalls with our Capital Projects, the foundation helps us through grant-making, direct contributions to the school as well as seeking relationships with other entities to provide either services or direct funding. We'll receive about \$500,000 in total from this organization which basically pays for our building. We don't have funding for it otherwise. They've also gone out and solicited funds for Account Service—which is something we wanted but was unfunded—that was through a donation of a private individual. They do a lot of that legwork that we just can't do, we don't have the time or resources to do it.”*

*“The grant that we received goes to Capital Projects... we were rebuilding a building so a lot of that has just paid off that loan.” Well the bank owns it now. [Prior to this facility] we started in a strip mall, we used a daycare center and then later we expanded into two different areas, at the end of an elementary school about six miles away from either school and then we were planning on building for about five and a half, about six and a half years now and so it still seems foreign, we've lived in it for about two years now.”*

Other charter schools have external organizations or private donors which provide the funding to lease or purchase a building.

*“Goodwill's developed some successful charters and had some success with kids. But they (Goodwill Industries) provided the physical site. It seems you may have to limit the facility and funding issues with a benefactor who can provide those additional resources.”*

*“A private foundation helps with Capital Projects. We lease the building. This is paid through private donations.”*

*“In some cases, outstanding community organizations in Indianapolis have partnered with charter schools and provided exemplary educational facilities at a dramatically reduced cost. For example, Goodwill Industries of Central Indiana has developed and renovated a school for the Indianapolis Metropolitan High School at little cost to the school. The same is true of Fairbanks and its relationship with The Hope Academy.”*

## **How Are Charter Schools Providing and Funding Transportation Services?**

Unlike traditional public schools, charter schools do not receive revenue associated with the Transportation Fund. Charter schools must find other sources of revenue to provide transportation services.

Some charter schools operate their own busing services, however these services are not as comprehensive as the services provided by traditional public schools. Some common transportation alternatives include carpools and shared transportation service among a few schools. A few charter schools have transportation paid for by sponsoring organizations. Charter schools are innovative in addressing the transportation issue, but the lack of funding may impede a charter school's capacity to attract the student living afar. Below are stakeholder responses about transportation:

*“Most of the elementary schools do provide yellow school-bus transportation or have carpool systems. The schools that provide school-bus transportation typically have satellite locations around the city based on where students are coming from. Most of the high schools pay for IndyGo [Indianapolis public transportation corporation] bus passes or carpools. Some schools have come together to form transportation cooperatives or shared transportation services for kids. When schools are applying for a charter through the Mayor's Office, we require them to have a trans-*

*portation plan so that distance is not a significant barrier for attendance, but we do not require them to provide yellow school bus transportation—we don't think its ethical to require that given that they don't get funding for transportation. And for those schools that do provide transportation, remember that comes from the school's General Fund.”*

*“Parents, family members, neighbors, carpooling, some walk, not a whole lot. No formal transportation. We lease buses for field trips. But we do not have a bus that runs. [It] comes out of General Fund.”*

*“We designed a carpool process for our families. They fill out information about geographic information and the age level of their kids. We have three different times. We help families connect with other families in similar geographic areas.”*

*“That all comes out of our operating budget. We do have a small bus with limited service - we can't go around and pick up kids the way traditional schools do. We just don't have the money to fully transport our kids. If we could access Capital Project Funds to take care of our buildings—we have a hard time keeping it in good working order. Our computer system or technology, that most schools use Capital Projects money for—all those areas we have to draw from a General Fund. We have to be real creative in the way we do things.”*

*“About two thirds of parents drive their kids to school. There is limited bus service—collect students from public collection points and bring kids in—but it's relatively limited. It is paid for out of the General Fund.*

*“Transportation is not funded as it is in a [traditional] public school. With the price of fuel today, a parent has choice—if I send to school district school, the bus comes by house and picks [the] student up; In a study, they found that the parent was willing to take children to the charter school, but maybe the charter is K-8, and now they have a child in charter or high school somewhere else, public school in another direction...they simply can't afford it. Some charters bit the*

*bullet and said we'll actually do better financially and funded a school bus from the General Fund. We have a school that bought a school bus, and the parents volunteer and drive the bus.”*

## Use of Statutory Flexibility (Question 9)

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Charter schools have freedom from many statutes written into school legislation (e.g, they do not need to apply for a “waiver” for instructional time—they can simply make those changes because this statute/rule does not apply to them). These exemptions from state statutes and administrative rules that apply to school corporations can allow charter schools to be more flexible in how they operate. Many charter schools are using the flexibility allowed to them by the Indiana charter school code in terms of the scheduling of instructional time, the length and number of instructional days, and the flexibility to choose curriculum not from the list of texts/materials approved by the IDOE. However, from the interview data, it does not appear that the overall level of innovation is significantly higher than traditional public schools or alternative schools.

*“The great majority of them [innovations in charter schools] I think are indistinguishable from the traditional [public schools] in the same neighborhood.”*

*“Well, that’s supposed to be why we have charter schools, so they don’t have to meet the many state regulations [statutory obstacles] faced by regular ed schools and I think the information about what waivers charters are taking advantage of would be very useful. I asked the question, not as a critic of charter schools, but in preparation for making an argument to the General Assembly, that if several charter schools choose to bypass a regulation, why would [traditional] public schools continue that practice? But at that time they didn’t identify a single regulation that they had chosen to waive.”*

Charter schools are technically able to use statutory flexibility and smaller bureaucratic structures to make changes more quickly and to more easily attempt innovations with their students. For example, one sponsor stated that:

*“Flexibility is central to the charter school movement. If a school identifies that something isn’t working and can justify the need for change by presenting a well thought-out plan of how to*

*improve, we'll allow the school to amend its charter. There are very few layers of approval to go through allowing for a streamlined and fairly expeditious process.”*

Sponsors also talked about the complexity of asking for amendments to the charter school contracts—a process which may preclude charter schools from making significant changes. Both sponsoring organizations require their schools to apply for an amendment to the charter for any substantial program or structural changes. If approved, these amendments become part of the charter contract.

## **Flexibility of Instructional Time**

An area in which charter schools are exercising their statutory flexibility is in the amount of instructional time provided to the students. Several charter schools have changed their school calendar or their instructional programs—often utilizing calendars and schedules that lengthen the school year or add instructional time to the day itself. In analyzing the difference in instructional days and in length of instructional time between charter schools and the IDOE reported feeder schools that the students came from (traditional public and private schools combined), it is apparent that charter schools have on average somewhat longer days (nearly half an hour per day) than do their associated feeder schools, with an average of 6.5 hours per day in charters and an average of 6.1 hours per day in associated feeder schools (Table 14). Schools like Irvington Community School and the KIPP Academies are charter schools that are lengthening their school day to better serve the needs of their students.

**TABLE 14. Length and Number of Instructional Days for Charter Schools and Their Associated Feeder Corporations**

	Average	School Day
Instructional Days	Days	SD
Charter Schools	187.31	7.49
Feeder Corporations	180.77	0.81
Instructional Time	Hours	SD
Charter Schools	6.57	0.71
Feeder Corporations	6.10	0.33

Source: Retrieved on September 25, 2008 from Extracted Indiana Education Data, <http://mustang.doe.state.in.us/SAS/sas1.cfm> for all charter schools open in the 2007-08 school year

Charter schools also have approximately six and one half more days (on average) in their school calendar than do their associated feeder schools—a significantly higher number (see Table 14 above). When looking at the instructional days for the charter schools (see Table 15), a fourth of them (10) have calendars similar to traditional public school calendars of approximately 180 days. More than half add an additional one to 10 days to their instructional calendar, and nearly a fourth add more than 10 days to their instructional calendar.

**TABLE 15. Number of Instructional Days for Charter Schools**

Number of Instructional Days	Number	Percent
180 Instructional Days	10	25.0%
181-190 Instructional Days	21	52.5%
191-200 Instructional Days	6	15.0%
More than 200 Instructional Days	3	7.5%

Source: Retrieved on September 25, 2008 from Extracted Indiana Education Data, <http://mustang.doe.state.in.us/SAS/sas1.cfm> for all charters open in the 2007-08 school year

## Other Innovations Implemented by Charter Schools

Reactions from stakeholders are mixed about whether or not charter schools are taking advantage of their statutory flexibility and being innovative. Several stakeholders felt that charter schools were not as innovative as they could be, and that they were very similar in approach and structure to traditional public schools. Others felt that because of their limited resources, and smaller bureaucracies, charter schools could and were much more flexible and responsive in their programming to students. A number of stakeholders also gave neutral responses, stating that it depended on the school, the leadership, and the target group of students being served.

In a few cases, curricular innovations are being made in Indiana’s charter schools—sometimes as a matter of efficiency and maximizing resources, and sometimes as an approach to better reach the charter schools’ population of students. Table 16 shows examples of some of the innovative curriculum programs being implemented by charter schools. According to both sponsoring organizations, many of the schools are able to be more innovative because of their increased statutory flexibility. For example, one stakeholder remarked,

*“A big one is curriculum. Schools are able to quickly adapt and change their curriculum if they see that something is not working. If a school realizes that their reading program, for example, isn’t getting the desired outcomes, schools can quickly tweak or completely overhaul their program—provided they present a credible plan with evidence to support this new approach. In a traditional public school, there may be several layers of approval to do something like that—if it’s possible at all—making rapid change more difficult.”*

With respect to efficiency, charter schools are sometimes forced to be innovative out of necessity. To illustrate, some Indianapolis charter schools utilize the INDY GO system for their transportation. Some of the charter schools purposely locate near an INDY GO

bus stop or near a public park or public library to increase their resources for recreation and library services. Other charter schools have developed strategic partnerships with neighborhood organizations to increase the resources available to students. For example, the Southeastern School of Excellence (SENSE) was chartered to explicitly serve kids and families in their local neighborhood. They recently partnered with Making Connections in Indianapolis (a non-profit group aimed at community development through resident empowerment and education), to offer a financial planning course for parents in that neighborhood as well as partnering with other neighborhood development initiatives.

Other reported innovations are related to sustaining teaching faculty. Some of the charter schools are using a merit pay system or employing a bonus structure to sustain their teaching faculty. Because of scheduling flexibility in some charter schools, up to half a day a week is provided for teacher professional development. For the most part, charter school teachers are not under a master contract, even though they have the right to organize under Indiana law.

**TABLE 16. Examples of Innovative Programs in Charter Schools**

Charter School	Innovations
<b>Irvington Community School</b>	<ul style="list-style-type: none"> <li>• Extended school year - open 202 days</li> <li>• Expanded daily schedule</li> <li>• Art, music, Spanish rotation</li> </ul>
<b>KIPP</b>	<ul style="list-style-type: none"> <li>• Extended school days 7:30 am-5 pm Monday-Thursday, 8:00 am-1:30 pm Friday</li> <li>• Saturday school twice per month</li> <li>• Male or female only schools</li> </ul>
<b>Gary Lighthouse Charter School</b>	<ul style="list-style-type: none"> <li>• Partnership with Gary Artworks. Students are exposed to six weeks each of visual arts, story-telling, drama, and African dance</li> <li>• Great books curriculum</li> <li>• Latin instruction</li> <li>• Early intervention grants</li> <li>• 8:00 am-4:00 pm extended day</li> </ul>
<b>Community Montessori</b>	<ul style="list-style-type: none"> <li>• Montessori curriculum and approach</li> <li>• Multi-age environments</li> <li>• Assessment is conducted through observations, tracking of skills, and age-appropriate computerized assessment - no letter grading for summative student assessment</li> <li>• Four Parent Partner Conferences scheduled throughout the year to communicate growth and goals at home and school</li> <li>• Parents are expected to spend 10 minutes a week with their child in the classroom to further understand his/her growth and progression</li> </ul>
<b>Hope Academy</b>	<ul style="list-style-type: none"> <li>• Students are required to attend Recovery Management courses</li> <li>• Supports provided for youth recovering from substance addictions</li> </ul>
<b>Options Charter Schools - Carmel/Noblesville</b>	<ul style="list-style-type: none"> <li>• Senior Institute - Community Based Practicum</li> <li>• Practical Applications - internships, service learning primary research</li> </ul>
<b>Indianapolis Metropolitan High School</b>	<ul style="list-style-type: none"> <li>• 5th or 6th year added on to High School if needed for Core 40 graduation</li> <li>• Students spend the day with one teacher in one classroom</li> <li>• Innovative scheduling - flexibility of seat time and experiential learning through internships</li> </ul>
<b>Rural Community Academy</b>	<ul style="list-style-type: none"> <li>• "Placed based" curriculum where academics are taught in context of local community</li> </ul>

Source: Retrieved from individual school websites and authorizer interviews on September 26, 2008, <http://fairbanksd.org/high-school.htm>, <http://www.optionsined.org/Home/Curriculum.html>, <http://www.shiningminds.com/GrowthInfo.html>, <http://www.lighthouse-academies.org/gary.htm>, <http://www.ics-charter.org/about/>, <http://www.kipp.org/01/fivepillars.cfm>

## Impact of Charter Schools on Neighboring Public School and the Indiana Educational Landscape (Question 10)

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A specific area of concern and/or interest has been the impact of charter schools on the neighboring school corporations in which charter schools are located—particularly in areas where they are concentrated, such as Indianapolis, Northwest Indiana, and Fort Wayne metropolitan regions. To examine this question, interviews were conducted with school corporation superintendents whose districts have been proximally affected by charter schools in their communities, as well as other stakeholders.

The impact of charter schools on surrounding school corporations and the Indiana educational landscape is debated among stakeholders. Consensus exists that charter schools have some impact on enrollment, funding, market demand, and traditional school programs—however, stakeholders are mixed about whether the impacts are positive or negative. Of the 30 stakeholders interviewed for this report, many believe charter schools have had some impact on the educational landscape in Indiana—though they differ on whether that impact to be positive or negative. The stated impacts of charter schools include: student mobility, financial consequences, choice and options for families, and market-driven progress toward “best practices,” structural changes, and the offering of new services.

### Mobility of Students to and from Charter Schools

In the interviews conducted with stakeholders, perceived or actual mobility of charter students in and out of traditional public schools was seen as a major impact on students and school corporations. However, the actual occurrence of high mobility in and out of char-

ter schools is difficult to determine, and the impact of such mobility—if it occurs—is somewhat debatable. Several respondents cited the migration in and out of charter schools as a significant problem—specifically to enrollment and funding issues for traditional public schools, with high numbers of students enrolling in charters, then moving back to traditional public schools after ADM count. Other stakeholders did not see charter school mobility as an issue, suggesting that charter school students are as or more likely to stay in their school as students from traditional public schools.

To examine this issue further, two sets of data were examined. First, the patterns of stability were examined for charter schools relative to the stability indices for charters' associated feeder schools. If the populations of charter schools are less stable compared to neighboring feeder corporations, then there is validity to the idea that there is significant mobility related to charter schools. Second, migration patterns in and out of charter schools were also evaluated to see if significant numbers of students were (1) coming to charters from traditional public schools, and (2) moving out of charter schools back into traditional public schools. In the analysis of migration patterns, student-level data were used to determine both feeder schools and subsequent migration schools for a single cohort of students. The analysis specifically focused on charter school students enrolled during the 2006-07 school year that had a valid, identifiable feeder school in their student records.

## **Stability of Charter School Population**

Table 17 below shows the stability index data for charter schools, their associated feeder schools, and the state of Indiana. The stability index is defined as the percentage of students enrolled in the school on the ADM count the previous school year that are actually still in the school on ADM count day in the current year, controlling for new students in kindergarten and first grade, as well as exiting students who graduated the previous year. For example, a stability index of 50 percent means that of the current students in a school,

50 percent are the same students as last year, and 50 percent are new students to the school since the previous ADM count day. The higher the stability index, the less mobility occurs among the student population.

Based on Table 17, charter school stability rates are virtually the same as their associated feeder schools. The stability rate for both types of schools is relatively high (85 percent of the students from 2005-06 were enrolled in the same charter school in 2006-07). Both the charter schools and their associated feeder schools have slightly lower stability rates than the state average (approximately 5 percent lower), indicating that they enroll slightly more mobile populations than the state public school average. Charter schools have also shown a slight decline in stability over three years (indicating increased mobility), which may be a function of the increased number of schools being opened over time.

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**TABLE 17. Stability of Charter School Enrollments, Feeder Corporations and the State of Indiana**

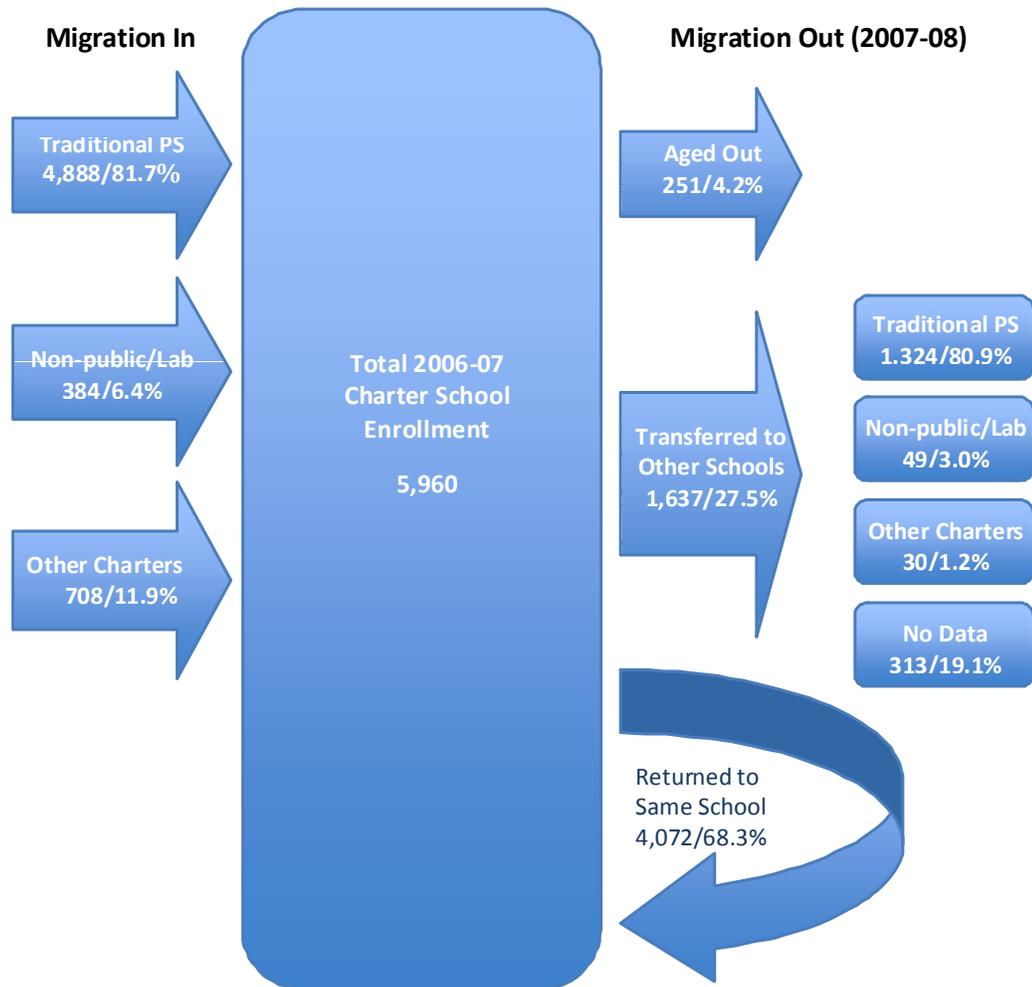
	2004-05	2005-06	2006-07
All Charter Schools	90.1%	86.2%	84.1%
Feeder Corporations	85.5%	84.5%	85.2%
State of Indiana	88.0%	88.5%	88.9%

Source: Retrieved on August 29, 2008, school and corporations snapshots from Indiana Department of Education website, ASAP Search Engine, <http://mustang.doe.state.in.us/SEARCH/search.cfm>

## **Charter School Migration Patterns**

Charter school migration patterns were examined for all charter school students enrolled during the 2006-07 school year who also had an identifiable feeder school or corporation in their student-level records. The resulting group of charter students numbered 5,960 students across 36 schools (representing 68 percent of the total reported charter school enrollment in 2006-07). To examine the patterns of feeder school students into charters during this year, feeder schools were classified into traditional public schools, nonpublic and/or lab schools, and other charter schools.

FIGURE 28. Migration of Students in and out of Charter Schools



According to Figure 28, 81.7 percent of the students in the group come from traditional public schools ( $n = 4,888$  students), 6.4 percent come from nonpublic schools or lab schools ( $n = 384$  students), and 11.9 percent transferred in from other charter schools ( $n = 708$  students). Of the 708 students who transferred in from other charters, 85 percent came from traditional public schools ( $n = 602$ ), and 12.1 percent came from nonpublic schools ( $n = 85$  students) prior to attending the feeder charter school.

Of the 5,960 students enrolled in charters during the 2006-07 school year, 4,072 remained in the same charter school the following year (a stability rate of 68.3 percent). For students who transferred out of their 2006-07 charter schools, the vast majority of them transferred to traditional public schools (80.9 percent or 1,324 students). A total of 4.2 percent transferred to nonpublic schools or other charters, and 4.2 percent aged out (either graduated or moved to a grade level higher than that enrolled by their 2006-07 charter school). Approximately 19 percent (n = 313 students) had no identifiable data about their 2007-08 school of enrollment.

These data suggest that the majority of charter school students come from the traditional public schools. It also suggests that the charter school population, overall, is relatively stable, as more than two thirds of students stay in their same school from one year to the next. Of the nearly third of the students who transfer out of charters, the majority of them go back to traditional public schools—resulting in a net loss of traditional public school students to charter schools of more than 3,500 students during the one-year period under consideration. This number may be somewhat higher, as approximately 19 percent of the students who transferred out of their charter school were not linked with a different school in 2007-08.

There are some differences in charter school migration patterns for charter schools in different areas. In particular, Tables 18-20 show charter school migration patterns for three separate regions: (1) charter schools in the Northwest Indiana region; (2) charter schools in the Indianapolis urban core; and (3) charter schools in the Fort Wayne area.

**TABLE 18. Charter School Migration Patterns for Northwest Indiana Charter Schools**

	Feeder Schools of Charter School Students Enrolled in 2006-07 <sup>a</sup>	Migration Out of Charter Schools	Net Change (Number Stayed in Same School)
<b>Northwest Indiana Charter Schools</b>			
Total	1,953	470	1,483
Traditional Public Schools	1,691	356	1,335
Nonpublic or Lab Schools	62	8	564
Other Charter Schools	200	68	132
Aged Out	NA	5	-5
Not Identified	NA	33	-33
<b>Gary Community Schools Only</b>			
Total	1,339	330	1,009
Gary Community Schools	1,339	184	1,155
Other Traditional Public Schools	NA	78	-78
Nonpublic	NA	8	-8
Other Charter Schools	NA	65	-65
Not Identified	NA	NA	NA

<sup>a</sup> Enrollment numbers are based on those students who had links to a feeder school in the available database.

Source: Data provided by Indiana Department of Education, CIS, September 26, 2008

In Northwest Indiana, 1,953 students were enrolled in charter schools and had valid feeder school information (representing 79.1 percent of the total reported charter school enrollment in 2006-07 and 8 schools). The vast majority of these students came from surrounding traditional public schools (86.7 percent or 1,691 students). Of those coming from traditional public schools, 1,339 (68.6 percent) came from Gary Community Schools alone (about 13.3 percent of the total enrollment in Gary Community School Corporation in 2006-07). Approximately 13 percent came from other charters (200 students) and nonpublic schools (62 students).

When looking at migration patterns from charter schools to other schools, approximately 24 percent of the 1,953 charter students left to go to other schools for 2007-08 (470 students). Of the 24% of students who left charter schools, the vast majority of them trans-

fer to traditional public schools (75.7 percent or 356 out of 470 students), while 14.5 percent transfer to other charter schools (68 students). However, when looking at students who came from Gary Community School Corporation alone, only 13.7 percent of the students coming into charters from GCSC returned to the school corporation (184 out of 1,339 students), while the remaining students transferring back to traditional public schools went to other districts (78 students).

**TABLE 19. Charter School Migration Patterns for Indianapolis Urban Core Charter Schools**

	<b>Feeder Schools of Charter School Students Enrolled in 2006-07<sup>a</sup></b>	<b>Migration Out of Charter Schools</b>	<b>Net Change (Number Stayed in Same School)</b>
<b>Indianapolis Urban Core Charter Schools</b>			
Total	2,522	789	1,733
Traditional Public Schools	1,844	610	1,234
Nonpublic or Lab Schools	194	12	182
Other Charter Schools	484	11	473
Aged Out	NA	NA	
Not Identified	NA	157	-157
<b>Indianapolis Public Schools</b>			
Total	1249	428	829
Indianapolis Public Schools	1249	195	1054
Other Traditional Public Schools	NA	145	145
Nonpublic	NA	8	8
Other Charter Schools	NA	7	7
Not Identified	NA	73	73

<sup>a</sup> Enrollment numbers are based on those students who had links to a feeder school.

Source: Data provided by Indiana Department of Education, CIS, September 26, 2008

In charter schools operating within the boundaries of the Indianapolis Public School Corporation (IPS) in 2006-07, 2,522 students were enrolled in charter schools and had valid feeder school information (representing 67.3 percent of the total reported charter school enrollment in 2006-07 and 13 schools). Nearly three-fourths of these students came from surrounding traditional public schools (73.1 percent or 1,844 students). Of those coming from traditional public schools, 1,249 (67.7 percent) came from IPS alone (about 6.8 percent of the total enrollment in IPS in 2006-07). Approximately 19 percent of the students

came from other charters (484 students) and 7.7 percent from nonpublic schools (194 students).

When looking at migration patterns from charter schools to other schools, approximately 32 percent of the 2,522 charter students left to go to other schools for 2007-08 (789 students). However the new school location for 157 of these students transferring out of charters could not be identified. Of the students who left charter schools to an identified school, 96.7 percent of them transferred to traditional public schools (610 out of 632 students), while the remainder of them transferred to other charter schools (11 students) and nonpublic schools (12 students). When looking at students who came from alone, 15.6 percent of the students coming into charters from IPS returned to the school corporation (195 out of 1,249 students), while the remaining students transferring back to traditional public schools went to other districts (145 students).

**TABLE 20. Charter School Migration Patterns for Fort Wayne Area Charter Schools**

	<b>Feeder Schools of Charter School Students Enrolled in 2006-07</b>	<b>Migration Out of Charter Schools</b>	<b>Net Change (Number Stayed in Same School)</b>
<b>Fort Wayne Charter Schools</b>			
Total	80	44	36
Traditional Public Schools	72	31	41
Nonpublic or Lab Schools	2	1	1
Other Charter Schools	6	7	-1
Aged Out	NA	NA	
Not Identified	NA	5	-5
<b>Fort Wayne Community Schools</b>			
Total	53	31	22
Fort Wayne Community Schools	53	9	44
Other Traditional Public Schools	NA	9	-9
Nonpublic	NA	1	-1
Other Charter Schools	NA	NA	
Not Identified	NA	12	-12

<sup>a</sup> Enrollment numbers are based on those students who had links to a feeder school.

Source: Data provided by Indiana Department of Education, CIS, September 26, 2008

The total number of students enrolled in Fort Wayne charter schools that had valid feeder school information during 2006-07 was 80 students (all enrolled in Timothy L. Johnson Academy-representing about 35 percent of the total reported charter school enrollment in the Fort Wayne area during 2006-07). A total of 90 percent of these students came from surrounding traditional public schools (72 students). Of those coming from traditional public schools, 53 (66.3 percent) came from Fort Wayne Community Schools alone (less than 1 percent of the total enrollment in Fort Wayne Community Schools in 2006-07). Approximately 7.5 percent of the students came from other charters (6 students) and 2.5 percent from nonpublic schools (2 students).

When looking at migration patterns from charter schools to other schools, approximately 55 percent of the 80 charter students left to go to other schools for 2007-08 (44 students). Of the students who left charter schools to an identified school, 70 percent of them transferred to traditional public schools (31 out of 44 students), while the remainder of them transferred to other charter schools (7 students) and nonpublic schools (1 student). When looking at students who came from Fort Wayne Community Schools alone, 29 percent of the students coming into charters from Fort Wayne returned to the school corporation (9 out of 31 students), while the remaining students transferring back to traditional public schools went to other districts (9 students).

The majority of the students entering charter schools come from traditional public schools. At the same time, a considerably smaller number of charter students transfer back to the public schools each year (nearly all transfers out of charter schools appear to migrate to traditional public schools). This is consistent with earlier discussions that students, for the most part, appear to have longevity in their attendance at charter schools.

It appears also that the three major urban school districts of Gary Community Schools, IPS, and Fort Wayne Community Schools are impacted to some degree by charter school mobility patterns, although the impact is not as high as some have indicated in stake-

holder interviews. In general, while a significant number of charter school students in these areas do come from these three districts (around two-thirds), there are not a large proportion of these students returning to the three districts. About a third of students in charter schools transferred out in 2007-08 to different schools, but for IPS and Gary, only about 13 to 16 percent of the students transferring out of charter schools from these feeder corporations returned to the districts. The percentage is higher for Fort Wayne, but the numbers represent such a small proportion of the students enrolled, it is difficult to determine the true impact on this district.

Finally, there seems to be some mobility between charter schools themselves. A total of 708 students enrolled in 2006-07 who could be tracked came from other charter schools—about 12 percent.

## **Stakeholder Views on Mobility to and from Charters**

A number of critics believe that students who are more mobile receive an inferior quality of education, particularly if they move in and out of charter schools (where it is perceived there is more irregularity in curriculum and programming than in the traditional public school). In particular districts, the mobility is higher than others, and some argue that the lower income students tend to be more mobile - both between different traditional public schools and between charter schools and traditional public schools. This mobility between charter and district schools can lead to gaps in curriculum (because of charter school flexibility in curriculum and instructional programming) and a lack of cohesion for specific subjects and concepts that are covered in strict scope and sequence in many traditional public schools. Those mobile students are then more likely to fall behind if, as the critics fear, they attend a charter school that is not providing the same scope and sequence of curriculum or the same expectations for performance as their local school corporation.

“As long as there is student mobility among our [district] schools, we're coordinating literacy programs, so that moving from school to school, students experience the same content and process. The charter curriculum is not the same as ours; consequently, some students coming from there are not at the same place as our students. In a single community, we could be doing our more mobile students a disservice due to the inconsistent actual content we're presenting. We assume we're doing what is necessary to meet expectations of the Indiana General Assembly, but I'm not sure we're helping our children in those communities where they have so many charters and little, if any, regulation or synchronization.”

Critics also expressed an opinion that parents would move their children if the “public school wasn't working,” that “they went to charter schools thinking ‘this might work... this will finally make them pay attention.’ Their expectations may have been too great at the time.” After enrolling their children in charter schools, some respondents reported that a few parents found that their children were having the same behavioral or academic problems as in the traditional public schools and re-enrolled their children back in district schools. These multiple moves increase the risk that students will have academic difficulties, primarily because of gaps or breaks in curriculum content and expectations. Any student who moves multiple times is more at risk for academic problems—and if charter schools (or traditional schools for that matter) do not provide an academic environment that meets the needs of the students, the risk for academic difficulty increases as they move from school to school.

Conversely, the charter school leaders that we spoke to explained why the impact of mobility or migration between schools can be a positive thing for the system in general:

“We help the area high schools by taking the students that would have been on dropout rolls or pulled their testing starts down— those are the kids we're taking into our school. So we're benefiting area schools both financially and academically. If they start losing stu-

dents, they've got access to funding to support them, they have the ability to increase taxes, to fit that loss they have in student population. We don't have that. Charter schools aren't allowed to be a taxing entity. I think we're helping, especially our particular school, are helping community by serving the students who would have been dropping out of their schools, which they would not have gotten funding for anyway.”

## **Financial Concerns**

Financial concerns related to migration of students to charter schools seemed to outweigh concerns about the quality of charter school educational programming according to some stakeholders. In the interviews with traditional public school superintendents, they expressed concerns about losing dollars per pupil due to declines in enrollment—which necessarily translates into consequences of losing students: issues with staffing and maintaining facilities.

*“We’re dealing with a declining enrollment and this [the charter school movement] has thrown one more variable into the mix. It makes it more difficult now to forecast the enrollment. At this point, we’re not replacing positions at the end of a school year. If teaching positions are vacant, we’re not filling them. We’ve found that we’ve been overstaffed because of the charter’s recruiting practices. We have to think about how we market ourselves. We’ve refrained from using tax dollars for recruiting. The charter, however, has hired people to do billboards, banners (big ones that run the length of a building)—a very expensive promotion. At first, we were reluctant to use tax dollars, but are reconsidering our position now.*”

From a financial standpoint, there is consensus among most superintendents that they are suffering from the loss of students and revenue and that this impact may be compounded by the mobility issues discussed above. The school corporations hardest hit by declining enrollment numbers—and are therefore most likely to experience these financial strains—are the corporations with the greatest concentration of charter schools. How-

ever, it should be noted that even though these school corporations have a number of students who attend charter schools, they have lost a higher number to other school corporations. Charter schools are a small part of the difficulties experienced by these declining enrollment districts.

Another perceived financial impact related to charter schools is potential loss of dollars for students the school corporations may end up serving anyway.

*“Yes, one thing for sure that impacts us greatly is certainly the loss of revenue from students transferring from [our] schools. So many of them, they go out at a certain time so charters get that money, then they [the students] return [to our district schools]. Charters get 100 percent of their dollars for students, but we don’t get 100 percent for our students, regardless of other expenditures that may be incurred, but we do not. The money is not returned when the student comes back. It’s hard to anticipate that unless we cut off the return of charter students. We can’t remedy this.”*

According to some stakeholder perceptions, the per pupil funding does not follow students who leave charter schools and return to traditional public schools after the ADM date. For students who leave charter schools and return to traditional public schools after the ADM date, the per pupil funding does not follow. For example, one school corporation reported that between 250 and 300 students returned to district schools from charter schools last year after the ADM count. The perception is \$8,000 to \$9,000 per student multiplied by the number of returning students for whom the district does not receive credit results in significant, unfair financial costs to the school corporations.

However, as discussed in the financial chapter, the perceptions of loss of funding are highly variable with respect to their understanding of the actual funding formula and/or how charter schools receive their money. The Indiana General Assembly has been sensitive to the concerns expressed by districts, and has implemented a pilot proposed solution to these ADM count issues. The pilot solution has been to conduct multiple count dates

to account for student mobility—a process put in place as a pilot by the Indiana General Assembly. In this pilot process, ADM counts are taken three times a year—once in the fall as usual, once in mid-year, and once in the spring. Presently, only the fall count is applicable for funding while the other two are informational counts. It is not clear whether or not the additional counts are benefiting the declining enrollment school corporations.

Not all traditional public school officials saw charter schools as having a particularly negative effect on traditional public school enrollment and subsequently on district financial concerns. One leader explained that mobility does not necessarily impact the traditional public schools as negatively as others would assert. With regard to a charter school in the corporation's locale, the respondent explained:

*“This year, their [local charter school] enrollment is the highest it's ever been—with 140 children. I would anticipate at least half of the children are from our school district. This leaves us with 70 fewer children. Multiply the ADM by the funding and do the math—it translates to a loss of revenue. Adding those children back into our system, however, they wouldn't be noticed. It would bump up the class average slightly because we can distribute them across existing classrooms—so the effect is really negligible.”*

## **Impact on Market Demand and Choice**

A third major impact of charter schools relates to the degree that charter schools can provide more school choices for families and communities. One argument for the founding of charter schools was that these schools would provide more options for students and their families. Stakeholders were strongly divided on whether or not they saw charter schools providing a viable option for their communities.

Those stakeholders in favor of school choice perceive that the option of charter schools offers parents a choice and, in doing so, drives market competition and pushes traditional

public schools to perform at a higher level. Supporters of choice believe that when competition enters the debate, an incentive to improve schools and keep students arises; traditional public schools are forced to examine where they are, and the competitive aspect “pushes them a little harder.” Some see choice as offering one more option for students who are not achieving at their highest potential; if a student is not responding to teachers or programs in a specific school, parents can choose to do what best suits that student's needs. Supporters of choice also argue that charter schools have the ability to catch students that would have otherwise “fallen through the cracks.”

*“Certainly it has caused public school districts to pay attention to what they’re doing and to not take the children and their families for granted...I think from a consumer—driven market standpoint, having so many different school options available to families is beneficial to kids—people feel like they have some options they just didn't have before.”*

Those who argue against school choice seem to believe that even though charter schools are public schools and all students have an equal opportunity to attend charter schools, the option to choose is not always truly present.

*“I have a problem with ‘choice’ right now. Primarily, only parents with the financial means can make a choice. Whether the parents will take the initiative is up to them. It is my belief that anything that serves to divide education fractures our society. One of the major issues in the state, nation and world is the increasing schism between the haves and the have-nots, and it’s continuing to grow.”*

Several interviewees expressed similar views concerning choice—even using the same language of “haves and have-nots.” They explained that charter schools have become a choice for some parents, but certainly not all parents due to issues of access. In certain cases, parents do not have sufficient information to make an informed choice, while others who would like to send their children to charter schools do not have the time or resources to transport their children to those schools (transportation is often not pro-

vided by charter schools). However, charter schools are serving low-income and minority students (70 percent of charter school population), which suggests these access barriers may have limited scope.

There are still others who believe that the option of charters has no impact on traditional public schools at all and that the argument for choice is empty, especially in urban areas (where the majority of charter schools are located):

*“In general in the metropolitan districts...we have long ago competed with many choices for parents: private, parochial, public...Parents in our vicinity [of Indianapolis] have a lot of choices to make—including at an early age, pre-school...The onset of charters didn't create any great threats for us, because we experienced this before. We're used to competition. Charter schools didn't create any exceptional conflict—except when they launched into taking funding away from the traditional public schools.”*

These interviewees claim that choice is not a new concept for metropolitan school corporations, and therefore has no impact—that traditional public schools do not feel any more trepidation about losing students than they did before charter legislation was passed.

The charter school movement has been credited by supporters with bringing change and strength to entire communities by increasing the educational options available in local communities. In approaching the impact of charter schools on the educational community, from a broader perspective, several interviewees commented on the increased ability to attract organizations to their regions and communities as a result of the options charter schools are providing for families. “When we’re recruiting businesses and the Chamber [of Commerce] or economic development arms of our community, we can say to families, ‘There are options here.’ That has strengthened our ability to recruit industry and other business here.”

Gary was cited as an example of a community that has benefited from the charter school movement, suggesting charter schools may be part of a larger push toward urban renewal. Stakeholders noted the face of the “brand new schools” in downtown Gary—how the charter school’s “state of the art school building” and security system have encouraged other institutions to move into the area.

In describing how charter schools are helping students succeed who were previously struggling in other schools, one leader said that the charter school has been “a source of pride and a reason that a lot of families have stayed in the area, instead of moving.” Charter schools, in some cases, are partnering with neighborhood support organizations and other developmental projects to bring public grant money and industry into the community. Schools are often a factor when families are considering buying a home in a particular area; one leader confirmed, “I have had real-estate agents tell me they now tell families about all of the educational options they have to look at.”

## **Market-Driven Progress Toward “Best Practices”**

In talking with our interviewees, it appears that charter schools have played some role, through market competition, in motivating districts to make positive structural and programmatic changes. Supporters of charter schools stated that they see charter schools as driving the creation of new ideas in the education “market.” The increased competition of ideas can turn into new models. Principals and superintendents said that they are seeing more effective practices happening in their schools that really have the potential to impact other schools:

*“Some really great ideas are emerging. Ultimately, you have this innovative culture. People are always thinking about how to differentiate ourselves and meet the needs of our children. We’re seeing significant changes from a climate where everything has to be the same. The others run with*

*it and say 'we can do it too.' There are different treatments for different needs. That's where I see different ways to approach this work."*

Innovations that are happening in charters are being shared. One sponsor told us that this innovation “not only opens doors for schools and districts to engage in conversations about best practices, but also allows public policy creators to discuss the pros and cons of those practices.” With a variety of different school models and new ideas for best practices, the educational community can study the effects of initiatives such as merit-based teacher pay and extended school days. This gives people involved in education on all levels—from parents to principals to policy makers—some background and insights into which innovations can impact education in a positive way.

Another facet of innovation interviewees spoke out about was the value of the “new talent” being brought into the education sector:

*“One of the great advantages to charter schools is that they empower talented people, both within and outside public education, to innovate. And anytime that you empower talented people to innovate in ways that they otherwise could not you get good results. It's critical that we do whatever we can to draw talented people into public education, whether in district or charter schools, and empower them to creatively address the needs of kids. When we look back on Mayor Peterson's charter schools initiative, what we are most proud of is the extraordinary quality of the people and organizations that got involved in public education as a result of the initiative.”*

However, one must be cautious in correlating the advent of traditional public school improvement strategies to the presence of charter schools in the same locale, since all schools are held to rigorous standards. Although there is evidence that some traditional public schools are making innovative changes to meet the needs of their students, it is likely that the market demand created by charter schools may be more directly related to these changes, rather than innovations in programming or structure that charter schools utilize.

Several superintendents went into detail about the structural changes they are making: creating science academies within middle schools, high school magnet programs, and Spanish immersion courses. Certain public schools are imitating charter school models, and in some cases partnering with charter schools. Changes have been made in various school corporations, including moving principals to other buildings, increasing professional development, and opening early childhood centers. However, it should be noted that a number of respondents specifically pointed out that they had plans to make structural changes prior to the arrival of charters, or that they would have been innovative on their own.

## Assessment and Accountability Systems for Indiana Charter Schools (Question 11)

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Charter schools retain greater autonomy than traditional public schools and in return have greater accountability to the public if they fail to accomplish their stated educational objectives (Finn, Manno, & Vanourek, 2000). One consequence of failure is that the charter can either be revoked or not renewed (Gleason, 2007). Revocation is the withdrawal of a school's charter during its term, and nonrenewal refers to the decision by a charter—granting authority to not enter into a new contract once the term of an existing contract expires (Mead, 2003). State statutory language sets the parameters for charter school revocation and nonrenewal. In holding charter schools accountable, sponsors must have a reliable means of assessing the schools' performance and terminating their contracts when charter schools fail to meet expectations (Bulkley, 2001).

Both the Indianapolis Mayor's Office and Ball State (charter school sponsors) have detailed accountability plans in place to screen applications for charter schools and to monitor charter school performance and outcomes once charters have been issued. The accountability systems have in place charter revocation guidelines, although the policies seem to be in development for both sponsors. These accountability systems have evolved over time for both organizations, and consist of a combination of measurable outcomes and process data collected over time, which are utilized from the application and selection process to the renewal of individual school charters. Accountability data are used for both school improvement and for summative evaluation (e.g., maintenance or renewal of charters) and are designed to be ongoing and tied to specific school needs. In this section, the accountability systems for the sponsors and the issues surrounding accountability for charter schools are described. Table 21 shows an overview and comparison of the two major sponsors' accountability systems.

**TABLE 21. Summary of Mayor's Office and Ball State University Charter Accountability Systems**

Ball State University	Indianapolis Mayor's Office
<ul style="list-style-type: none"> <li>• Pre-opening checklist</li> </ul>	<ul style="list-style-type: none"> <li>• Pre-opening visits and checklists</li> </ul>
<ul style="list-style-type: none"> <li>• Five-year school board-approved strategic plan</li> </ul>	<ul style="list-style-type: none"> <li>• School accountability plans</li> </ul>
<ul style="list-style-type: none"> <li>• School accountability plans</li> </ul>	<ul style="list-style-type: none"> <li>• Expert evaluation team visits (up to two times yearly)</li> </ul>
<ul style="list-style-type: none"> <li>• Required assessments and data collection</li> </ul>	<ul style="list-style-type: none"> <li>• Governance and compliance visits (monthly)</li> </ul>
<ul style="list-style-type: none"> <li>• Annual accountability reports</li> </ul>	<ul style="list-style-type: none"> <li>• Independent, confidential surveys of parents, staff, and students</li> </ul>
<ul style="list-style-type: none"> <li>• School operation annual review with sponsor</li> </ul>	<ul style="list-style-type: none"> <li>• Expert analysis of test score data</li> </ul>
<ul style="list-style-type: none"> <li>• Onsite meeting with school leaders of schools open at least one year and review of success using rubric, followed by report of suggested improvements</li> </ul>	<ul style="list-style-type: none"> <li>• Review of school finances by external auditor (annually)</li> </ul>
<ul style="list-style-type: none"> <li>• Financial monitoring</li> </ul>	<ul style="list-style-type: none"> <li>• Annual accountability reports</li> </ul>
<ul style="list-style-type: none"> <li>• Compliance monitoring for special education</li> </ul>	<ul style="list-style-type: none"> <li>• Special education review</li> </ul>
<ul style="list-style-type: none"> <li>• Amendment application for substantial program changes</li> </ul>	
<ul style="list-style-type: none"> <li>• School closure policy (in draft and review)</li> </ul>	

## Application, Review, and Selection of New Charter Schools

A central part of the accountability and assessment process is the review and selection of new charter schools from the applicant pool. For the most recent application cycle, five organizations submitted preliminary proposal for charters from Ball State University and one was selected to submit a full proposal for consideration. Similarly, out of four applicants, the Mayor's Office granted one charter. The overall acceptance rates of new charter proposals for Ball State University and the Mayor's Office are 26 percent and 24 percent respectively.

There are differences between the two sponsoring offices with respect to accountability. Ball State's entire accountability system, including the application and selection process

for charter schools has undergone significant changes in the last year. With new staff in place—the proposal process has become more rigorous and structured and the review process more systematic. For Ball State applicants, in some instances the first step is often an exploratory meeting, where a group will present a concept and plan to the Ball State staff and are either encouraged to move forward or not move forward with a preliminary proposal. The preliminary proposal is a comprehensive document that covers finance plans for the pre-opening year and the first two years of operation, as well as plans for governance, organizational structure and charts, and curriculum. The components of the proposal on which the applications are judged come from the General Indicators of Success that explicitly set out the criteria and expectations of the charter school from the beginning.

After the proposal is reviewed, a meeting/interview takes place with the organizing group. The Ball State committee makes a recommendation to the director about which organizers to invite to submit a full proposal. Once a full proposal is submitted, the committee reviews the proposal, and makes a recommendation to the director as to whether a public meeting to discuss the proposal should occur. If the Ball State Office of Charter Schools decides the proposal merits a charter, a formal recommendation to the president of the University will be made.

For the Indianapolis Mayor's Office, the application and selection process for charter schools consists of a series of steps (see Table 22). The first step in the process is for potential applicants to submit a letter of intent. This is a "one-pager" indicating who the organizers are, where they are coming from, expected grade levels, and a brief description of their goals and mission. The second step in the process is the submittal of a prospectus. In this prospectus, applicants must cover academic programs, financial plans, staffing, etc. The prospectus is then reviewed by the Mayor's Office's internal staff, the Indianapolis Charter Schools Board (ICSB), and a few experts on education, finance and governance. Once the prospectus is reviewed, the Mayor's staff interviews the applicant to

more fully understand areas that are not clear in the prospectus. The staff then generates a report with a recommendation to the ICSB. The report is read during a public meeting of the ICSB that is also videotaped, re-aired multiple times on the Indianapolis/Marion County Public Television Channel, and available for viewing on the City's website. If the ICSB feels that the applicant has met the basic criteria, a full application is requested from the organizers. Regardless of this invitation, the report and subsequent comments by the ICSB provides detailed feedback about the prospectus regarding strengths, problematic areas, and areas that need further development or improvement. Those who are invited to submit a full application typically have 30 days to address those problem areas and submit revised plans in their full application. The applicant also has the opportunity to meet with the Indianapolis Charter Schools Director and other staff members to receive additional feedback on what the school must address in its full application. The full application is reviewed by internal staff, the ICSB, and expert reviewers. The Indianapolis Charter School Board convenes a second public meeting, where it asks additional questions of the applicant and receives any comment from the public on the school's application (e.g. public hearing). The ICSB has one additional public meeting, where it deliberates and makes a final recommendation on the school's petition to the Mayor. Finally, the Mayor makes a decision to either grant or deny a charter to the applicant. If a charter is granted, the approved proposal is forwarded on to the City-County Council for ratification (also an open public forum meeting).

**TABLE 22. Mayor's Office Selection Process for New Charter Schools**

Steps	Action
Letter of Intent	Once the letter is submitted, a timeline for subsequent submissions will be established. 25 pages maximum.
Prospectus submission and review	The basic plan for the school is outlined in the prospectus. It is reviewed and evaluated by Mayor's Office staff, various experts, and the Indianapolis Charter Schools Board.
Informal Interview	The Mayor's staff interview each applicant to more fully understand components of the applicant's prospectus that are not clear.
Invitation to submit Full Application	The Mayor's Office presents its finding to the Indianapolis Charter Schools Board. If all criteria are met, the applicant will be invited to submit a Full Application.
Feedback Meeting	Informal meetings take place with Mayor's Office staff to go over weak points prior to development of the Full Application.
Full Application	No longer than 50 pages.
Full Application Review	The school's full plan is reviewed and evaluated by Mayor's Office staff, various experts, and the Indianapolis Charter Schools Board. An interview with the school may be requested.
Charter Schools Board Review	During the second public meeting, the Indianapolis Charter schools Board receives a presentation from the applicant, engages in question and answer with the applicant, and receives any public comment from citizens. During the third public meeting, the Board deliberates on the application and makes a final recommendation on the application to the Mayor.
Applications Denied/Approve	The Mayor makes a final decision as to whether the school will receive a charter. If granted a charter, the Mayor forwards the approved charter school proposal to the City-County Council for ratification.

Source: Retrieved on September 22, 2008 from Office of the Mayor, City of Indianapolis, Charter Schools website, <http://www.indy.gov/eGov/Mayor/Education/Charter/Schools/Starting/application.htm>

## Monitoring and Accountability

The second aspect of the assessment and accountability process for Indiana charter schools is an extensive monitoring and performance assessment process. For both sponsors, schools are required to submit ongoing accountability plans as well as to conduct annual collection of core performance measures. Other compliance and school improvement requirements and supports vary across the two sponsoring organizations.

### **Ball State University Office of Charter Schools System of Accountability**

The Ball State system has been extensively revised and explicated over the last two years—largely to clarify standards and expectations that were in place prior to an overall staff change. Accountability and clear expectations have become the mantra of the new system, and its implementation has the potential to have significant positive effects on Ball State’s ability to hold their charter schools accountable and promote continuous improvement. Ball State’s accountability plan is focused on outcomes and results assessed on objective, classifiable measurements.

Ball State outlines their definitions of accountability framework and the accountability plan in their contracts with each individual charter school. According to the Ball State Charter School website:

*“[the] Accountability Framework means the detailed process the University will use to measure the success of each charter school sponsored by the University over the term of the charter school’s charter and any renewal term(s) thereof. The Accountability Framework delineates the methods and timelines the University will employ in holding the Organizer accountable for achievement of the Charter School’s accountability goals and for compliance with all other terms and conditions of this Charter and all applicable laws and regulations.”*

Ball State’s accountability system is predicated on their “General Indicators of Success”—a system of overarching statements of school success that clearly set out the expectations of charter schools in the Ball State system. The goal of the indicators is to provide a framework to measure the degree to which the charter schools are meeting these expectations, which define the outcomes, structures, and processes, that charter schools are expected to address and achieve through their charter. The indicators are specific descriptions of school outcomes and processes that are associated with successful schools (see Table 23 on the following page).

These success indicators are used as the overarching framework for charter school applicants to address in their proposals, as the foundation for the accountability rubrics used to evaluate school's success and eventually their charter renewal, and as the basis for individual school accountability plans.

**TABLE 23. Ball State University General Indicators of Success**

Indicators of Success	Definition
A clear and well articulated mission	School's mission is consistent with the intent of the Indiana charter law; The intended targeted population of students is consistent with the mission; Mission is communicated to all involved in the school
Solid governance structure	Strong, well-qualified, and diverse board; An active board with clear lines of authority; Entities responsible for decision making at the school are clearly identified
Parental/guardian participation	Parents/guardians are directly involved in the attainment of the school's mission; Parents/guardians are kept informed of the progress of their children
Sound administrative management	Qualified and experienced administrator(s) with clearly defined roles; Sufficient numbers of administrative staff to support school operations; Appropriate personnel policies and procedures; Reasonable level of staff retention If an Educational Management Organization (EMO) is working with the school:
Educational Management Organization	An appropriate contract is in place; Roles are appropriate and clearly defined; Considered other options before selecting this EMO; Fees for services are appropriate; Performance of the EMO is satisfactory
Strong educational program	Well-focused and articulated curriculum that is consistent with school mission; Strong alignment with Indiana Academic Standards and graduation requirements; Widely understood by all involved in the instructional process including parents; Educational program is adapted to students with special needs; Educational program has the capability to improve student learning and increase student performance on identified measures; Reasonable student/classroom teacher ratio
Qualified and dedicated teachers	Knowledgeable, caring, and in tune with the school's mission; Immersed in the school's curriculum and instructional approach; Meet state certification requirements; Meet Highly Qualified requirements of No Child Left Behind Act (NCLB)
Serves students with special needs	Staff is well versed in the requirements of IDEA and other laws and requirements related to students with special needs; Teachers and administrators are qualified to administer services for students with special needs; Sufficient number of certified special education teachers and teachers with skills working with students with other special needs; Students with special needs are appropriately identified; Qualified staff is available to participate in IEP teams when appropriate; Appropriate services for students with disabilities and students with other special needs are provided and are consistent with legal requirements

**TABLE 23. Ball State University General Indicators of Success**

Indicators of Success	Definition
Health and safety	Qualified staff is available to provide for the health of students and staff; Appropriate staff is knowledgeable of student medical needs and treatments; First aid and emergency services are appropriate and readily available; Medications are handled appropriately; The nutritional needs of enrolled students have been considered
Evidence of increasing student achievement	Clear annual expectations for performance on the ISTEP with evidence of annual increases in student performance; Clear annual expectations for performance on the NWEA with evidence of annual increases in student performance; Clear annual expectations for other measures of student achievement with evidence of annual increases in student performance; Student performance meets the Adequate Yearly Progress (AYP) requirements of the No Child Left Behind Act (NCLB) each year
School climate and student discipline	The school climate is conducive to a learning environment; Clear and appropriate expectations for student behavior are in place; Students and parents are knowledgeable of expectations for student behavior; Consequences for inappropriate behavior are appropriate and fairly administered
Sound financial management	Financial management team is competent; Reasonable student/staff ratio that is consistent with costs in budget; Sources of revenue are sufficient for the operation of the school; Expenditures are reasonable and appropriately monitored; Budget is balanced each year; Demonstrated understanding of the state funding formula and available federal grants; All sources of funds are identifiable
Recruitment and admissions procedures	School is open to all; Recruiting activities are fair; Lottery is utilized when necessary
School as a choice option	School follows applicable desegregation; Prospective parents and students view the school as a desirable educational setting; Sufficient numbers of students seek enrollment for the school to be financially sound; Many enrolled students remain at the school throughout the school year; Many students return to the school each year through the end of the educational program; Educational mission and program well understood and supported by the local community
Appropriate facilities	Facilities fit the educational program; Facilities are adequate in size for the enrollment and are consistent with the mission of the school; Facilities meet federal, state and local codes and provide an environment conducive to learning
Satisfactory reporting relationship	School meets reporting requirements of the state and the sponsor

Source: Ball State University Office of Charter Schools 2007-2008 Charter School Accountability Plans, September 2008

At the sponsoring level, the Ball State University Office of Charter Schools monitors organizational management, academic achievement, financial stability, school satisfaction and compliance with Ball State requirements and charter school law for each of the 35 schools that it has chartered. In this monitoring process, schools are evaluated annually using an accountability rubric comprised of core measurements, appropriate to the

school's grade offerings, for which the charter schools are defined as exceeding, meeting, approaching, or not meeting expectations. These ratings are defined by pre-determined goals or benchmarks. For example, a basic achievement requirement is that 50-75 percent of students meet the cut score with a minimum 10 percent increase from the previous year for ISTEP+ Math and English tests. If 76-100 percent meet the cut score, the school is "exceeding," at 40-49 percent, the school is approaching, and with less than 40 percent of students meeting the cut score, the school is "not meeting" expectations. Table 24 shows the core measurements required by all Ball State University sponsored charter schools. Schools receive multiple scores—one for each core measurement.

In addition to the core measurements, each charter school can develop its own objectives and measurements aligned to the school's specific purpose and goals. Each school may define up to six school-specific measurements. As an example of these school-specific goals, East Chicago Lighthouse charter school set the following school specific criterion as one of their measurements in their accountability plan:

*All students will contribute to at least one public art demonstration or performance each academic year.*

The development and annual revision of individual school accountability plans comprises the second primary accountability system component. The charter school accountability plan is structured like a typical school improvement plan, where schools report their progress on key measures, describe strengths and weaknesses based on the data, and provide a set of actionable goals to address any weaknesses or to promote growth. According to the charter contract completed by all authorized schools, the accountability plan consists of an update of the academic, non-academic and organizational goals of the charter school contained in the Proposal (IC 20-10.2). In essence, the accountability plan is consistent with the school's five-year strategic plan for continuous school improvement and academic achievement.

Each school submits its plan to the Authorized Oversight Information System (AOIS), a web-based system that automates and streamlines the collection of data for compliance and reporting (<http://www.aois.us/>). The school then operates based on the goals set out in its individual accountability plan, and in July of the following year, they submit data to track their results and progress for the year. A results document has the template where the schools set their goals and compares their results to their measurable goals. If they don't meet their goals, there's a place for them to explain why and provide a narrative on how they plan to correct it.

To aid in the process of school improvement and development, Ball State University field representatives perform site visits and classroom observations to make further assessments of school success. The sponsoring staff (beginning last year) visit each school that has been in operation for at least a year to discuss their school accountability plans and to let the schools report on how they are doing. A report is then issued (based on that visit) of how the school is doing and with recommendations of where there can be improvements. Ball State is in the process of drafting a school assessment and intervention policy that details the steps that non-successful schools must go through—beginning with programmatic changes and finally, if ultimately not successful, closure of the school. This policy is currently undergoing review and is expected to take effect later in the year.

**TABLE 24. Ball State University Core Measurements**

Core Measurement	Definitions
NWEA- Math, Reading, Language	The results is calculation by each school, identifying the students who took the NWEA test in both the fall and spring of the current school year and computing the percent of students whose RIT score improved at or above the norm for improvement-based on their RIT score in math, reading, and language.
ISTEP+ Math (Scale Scores) - Language (Scale Scores)	Each school calculates scale score improvement objectives for each student who took the ISTEP+ at the school the previous year and was promoted to the next grade. Improvement for each student is calculated in such a manner that students who passed the ISTEP+ the previous year will continue to achieve the pass cut score the following year. Students who did not pass the ISTEP+ the previous year must make substantial, measurable progress toward achieving the pass out score the following year.
AYP Achievement	This measurement is governed by how well a school achieves Adequate Yearly Progress as identified by the Indian Department of Education
AYP Participation	This measurement is determined by the % of students who were tested in the ISTEP+ in math and language arts.
GQE Requirements	Each charter school that contains a four year high school is to establish quantifiable objectives in each category, (exceeding, meeting, approaching, not meeting) for the % of students in their sophomore, junior, and senior years that have met the GQE Requirement in order to graduate.
High School Graduation Rate	Each charter school that contains a four year high school is to establish quantifiable objectives in each category.
Core 40 - High School	Each charter school that contains a four year high school is to require students who have passed a Core 40 course to take the DOE assessment for all courses for which the DOE provides such a test. Each school will establish quantifiable objectives in each category as to the percent of assessments passed. This measurement is optional for the 2007-2008 school year. Schools utilizing Core 40 curriculum are encouraged to incorporate this measurement.
Special Education - Compliance with Individuals with Disabilities	Beginning in 2007, State Education Agencies (SEA) will identify districts that are "in need of assistance" or "intervention" due to poor performance of students with disabilities. The report, soon to be developed by the Indiana Department of Education, will be utilized to determine the success of each charter school in meeting the goals of educating special education students.
Student Retention Rate	Each charter school establishes percentage goals for the students who were enrolled the last ADM count day of the previous school year and who enrolled on the first ADM count day of the new school year. Each charter school establishes a second set of percentage goals for the students who are enrolled the first ADM count day of the new school year and are still enrolled on the last ADM count day of the same school year.
Teacher Retention Rate	Each school establishes percentage goals for teachers who were under contract the first day of the previous school year and remain under contract the first day of the current school year.

**TABLE 24. Ball State University Core Measurements**

Core Measurement	Definitions
Student/Teacher Ratio	This measurement is calculated by dividing the number of teachers under contract the first day of the school year into the number of students enrolled the first ADM count day of the school year.
ADM Enrollment Compared to BSU Approved Enrollment	The measurement is calculated twice during the year, on the first ADM count day of the school year and the last ADM count day of the school year. Each measurement is calculated by dividing the number of students enrolled on the ADM count day by the number of students authorized in the charter contract.
Timely Submittal of Reports & Documentation	Utilizing AOIS percent on time measurement for providing reports by the deadline, the result measures the percent of reports submitted on or before the deadline for the school year from July 1 through June 30.
Financial Viability	This measurement is based on Ball State University Office of Charter School's coordinator of Finance's review of audits, strategic plans, and financial reports. Within the parameters of the financial viability core measurement, the school's rating will be determined by the Office of Charter Schools.
Office of Charter School Constituent Survey	Based on the parent surveys, the percent of respondents indicating the overall quality of education is "good" or better or "somewhat satisfied" or better.
Obligations to Ball State University	Payment of bills sent by Ball State University's Office of Charter Schools are submitted within ten days of the receipt of the tuition support check or property tax check for which Ball State University is billing, whichever is later.
Strategic Plan	A board approved strategic plan for the school is submitted by October 1 for the following years in the approved BSU format.
ISTEP+P.L. 221	For information only-not a measurement for which the school is held accountable by Ball State University. Identify if the school's rating by the Indiana Department of Education for P.L. 221 for the year is "exemplary," "commendable," "academic progress," or "academic probation."
School Specific Measurement	Up to six measurement and goals that are school board approved and accepted by Ball State University's Office of Charter Schools are to be included in the Accountability Plan.

Source: Ball State University Office of Charter Schools, Accountability Report, 2007-2008

### City of Indianapolis, Office of the Mayor System of Accountability

The Indianapolis Mayor's Office accountability system is somewhat different from that of Ball State's system. While many of the components and core measurements are the same across the two organizations, the Indianapolis Mayor's Office engages more process evaluation of charter schools throughout the seven-year charter cycle than does Ball State, which focuses heavily on results and outcomes. The accountability system is comprised of four major components:

- (1) frequent site visits to schools to examine school and classroom processes;
- (2) independent, confidential surveys of parents, staff, and students;
- (3) expert analysis of test score data; and
- (4) review of school finances and compliance to charter and other regulations.

### **Performance Framework**

The underlying foundation of the Indianapolis Mayor’s Office accountability and assessment system is the Indianapolis Charter Schools Performance Framework. The framework focuses the evaluation of charter school effectiveness and process on four core questions. The core questions include:

- o Is the educational program a success?
- o Is the organization effective and well run?
- o Is the school meeting its operations and access obligations?
- o Is the school providing the appropriate conditions for success?

Table 25 shows the sub-questions and performance measures that make up the framework under the four core areas. Schools are evaluated annually on the framework, and can receive four possible ratings: does not meet standard; approaching standard; meets standard; and exceeds standard.

### **Academic Performance Measures**

The Indianapolis Mayor’s Office charter schools are held accountable to the same core measurements as traditional public schools in Indiana—including ISTEP+ performance, attendance, graduation, etc. In addition, the Indianapolis Mayor’s Office requires schools to administer the Northwest Evaluation Association’s (NWEA) standardized tests twice a year to all students in order to evaluate the progress students make from fall to spring in reading, language, and mathematics. This is supplemental to Indiana’s ISTEP+ tests, and allows for an evaluation of the amount of individual student growth within one academic year. The scores are analyzed to measure whether students make enough progress to

reach proficiency by a target year in the core subjects, and the degree to which students made less, equal, or more growth compared to a sample of students in Indiana and students across the nation. Charter schools are also subject to the benchmarks on other measures set out by No Child Left Behind (congressional mandate) and Public Law 221 (State Board of Education). Finally, each school may have a range of school-specific educational goals closely aligned with the school's mission and vision.

**TABLE 25. Performance Framework for Mayor's Office Charter Schools**

Sub-Questions
<b>Question 1: Is the educational program a success?</b>
<ul style="list-style-type: none"> <li>• Is the school making adequate yearly academic progress, as measured by the Indiana Department of Education's system of accountability?</li> <li>• Are students making substantial and adequate gains over time, as measured using value-added analysis?</li> <li>• Is the school outperforming schools that the students would have been assigned to attend?</li> <li>• Is the school meeting its school specific educational goals?</li> </ul>
<b>Question 2: Is the organization effective and well-run?</b>
<ul style="list-style-type: none"> <li>• Is the school in sound fiscal health?</li> <li>• Are the school's student enrollment, attendance, and retention rates strong?</li> <li>• Is the school's board active and competent in its oversight?</li> <li>• Is there a high level of parent satisfaction with the school?</li> <li>• Is the school administration strong in its academic and organizational leadership?</li> <li>• Is the school meeting its school specific organizational and management performance goals?</li> </ul>
<b>Question 3: Is the school meeting its operations and access obligations?</b>
<ul style="list-style-type: none"> <li>• Has the school satisfactorily completed all of its organizational structure and governance obligations?</li> <li>• Is the school's physical plant safe and conducive to learning?</li> <li>• Has the school established and implemented a fair and appropriate pupil enrollment process?</li> <li>• Is the school properly maintaining special education files for its special needs students?</li> <li>• Is the school fulfilling its legal obligations related to access and services to students with limited English proficiency?</li> </ul>
<b>Question 4: Is the school providing the appropriate conditions for success?</b>
<ul style="list-style-type: none"> <li>• Does the school have a high-quality curriculum and supporting materials for each grade?</li> <li>• Are the teaching processes (pedagogies) consistent with the school's mission?</li> <li>• For secondary students, does the school provide sufficient guidance on and support and preparation for postsecondary options?</li> <li>• Does the school effectively use learning standards and assessments to inform and improve instruction?</li> <li>• Has the school developed adequate human resource systems and deployed its staff effectively?</li> <li>• Is the school's mission clearly understood by all stakeholders?</li> <li>• Is the school climate conducive to student and staff success?</li> <li>• Is ongoing communication with students and parents clear and helpful?</li> </ul>

Source: Retrieved September 22, 2008 from Office of the Mayor, City of Indianapolis, Charter Schools website, <http://www.indy.gov/eGov/Mayor/Education/Charter/Accountability/2007>

## **Evaluation Activities**

The major assessment and accountability activities and the year of charter school operation in which they occur are described below.

### ***School Accountability Plans***

Early in the process (first 12-18 months of a school's charter) schools develop an accountability plan that sets out its goals for effectiveness and growth. The Indianapolis Charter Schools Director approves the accountability plans. After the plan is approved, it is added as an amendment to the school's charter agreement, and subsequently becomes legally binding as part of the contract between the Indianapolis Mayor's Office and the charter school.

### ***Site Visits to the Schools***

The Indianapolis Mayor's Office comprehensive site visit procedure begins with a pre-opening visit to each opening school. During this visit and subsequent meetings with each new school, the Indianapolis Mayor's Office staff ensures that each school is meeting the requirements of the detailed pre-opening checklist. The pre-opening checklist consists of items in the categories of governance and management, staffing, curriculum and instruction, students and parents, operations, facilities, furnishing, equipment, and accountability.

In addition to the Indianapolis Mayor's Office staff, an external review team comprised of local community and evaluation experts visit each school for a full day, in both the fall and the spring, for the first two years of the charter school's existence. The purpose of these visits is to determine if the school is implementing the necessary systems for success, and in the spring to review the implementation of those systems and provide feedback on the degree of success the school is realizing in its implementation efforts.

In years three through five, each charter school undergoes an extensive self-evaluation and improvement process, and receives a summative evaluation of performance at the

midpoint of its charter term. In its third year, each charter school performs a self-evaluation in which it compares its achievement to the performance framework standards, using an evidence-based process—examining the degree to which the school is meeting those standards. The Indianapolis Charter Schools Board, the Indianapolis Mayor’s Office, and an external site team review the self-evaluation for rigor of process, appropriateness of evidence used to justify ratings on standards, and school plans for improvement where necessary. This self-evaluation is designed to build evaluation capacity within the school, and prepare the school for its high-stakes evaluation that takes place in year four. During the Fourth Year Charter Review (FYCR), an independent evaluation team conducts a three-day summative evaluation of the school’s performance relative to standards outlined in the performance framework. The Indianapolis Mayor’s Office publishes a detailed report following the FYCR, allowing for a summative picture of the school’s performance mid-cycle of their charter. During the fifth year of operations, the external evaluation team conducts a follow-up evaluation to any areas that the school was found to have not met standard in the previous year.

Finally, in the sixth and seventh years of operation, the schools prepare for the charter renewal process. Each school must submit a petition for renewal describing why the school should be able to continue its charter. Decisions about recommending a charter school maintain its charter beyond year seven are made by the Indianapolis Mayor’s Office and the Indianapolis Charter Schools Board by evaluating not only the petition for renewal but also previously collected information from the self-evaluation, the site visit reports, other government reports, academic testing performance, and financial audits.

### ***Reporting and Compliance***

The Indianapolis Mayor’s Office conducts monthly governance and compliance visits at all schools to ensure that all local, state, and federal requirements are met. Annual budgets are also submitted and the Mayor’s Office contracts with an outside accounting firm to audit each school’s finances annually. The finances of the newer schools are analyzed quarterly

to ascertain if schools are using their money appropriately and if they are fiscally responsible and strong. Every year, the schools are required to submit data reporting annual progress on all performance indicators to the Indianapolis Mayor's Office by June 1.

***Surveys of Stakeholders***

Parents, staff, and students participate in annual surveys, coordinated by an external group, to rate their satisfaction with the charter schools. These results are reported annually in the accountability report published by the Indianapolis Mayor's Office.

## Parental Satisfaction with Charter Schools (Question 12)

According to the latest accountability reports from both major charter sponsors in Indiana, parental satisfaction with charter schools is high (Table 26). More than 85 percent of the parents said they were satisfied with their charter school and more than two-thirds indicated that their child(ren) were receiving a very good or excellent education at the charter school attended.

**TABLE 26.** Percentage of Parents Who are Satisfied Overall with Children's Charter Schools and Percentage of Parents Who Rated the Schools as Either "Very Good" or "Excellent"

Charter Sponsor	Number of Charter School	Report Time	Overall Satisfaction	Quality of Education 'Very Good' or 'Excellent'
Ball State University	19	2006-2007	88%	74%
Mayor's Office	16	2006-2007	82%	68%
Average across both authorizers	35	2006-2007	85%	71%

Note: Ball State and the Mayor's Office framed the survey questions regarding parental satisfaction slightly differently, but still in a comparable manner. The average satisfaction rates in the table above are derived from two key questions: "Overall, how satisfied are you with the charter school?" and "How would you rate the overall quality of education?"

Source: Retrieved October 06, 2008, from Office of the Mayor, City of Indianapolis, 2007 Accountability Report and Parent Survey 2007 <http://indygov.org/SiteCollectionDocuments/www.indygov.org/Mayor/Charter/PDF/Accountability%20Report%20USE.pdf>  
<http://indygov.org/SiteCollectionDocuments/www.indygov.org/Mayor/Charter/PDF/Survey%20of%20MCS%20Parents%202007.pdf2>  
 Retrieved October 06, 2008, from Ball State University 2007 Accountability Report, [http://ilocker.bsu.edu/users/chrtsrchs/world\\_shared/ballstaterport\\_07.pdf](http://ilocker.bsu.edu/users/chrtsrchs/world_shared/ballstaterport_07.pdf)

Approximately 88 percent of parents surveyed by Ball State University were satisfied overall with the charter schools. About 74 percent rated the quality of education as either "excellent" or "very good." Roughly 82 percent of parents surveyed, were satisfied overall with the Mayor's Office sponsored charter schools. Approximately 68 percent of parents rated the quality of their children's education as "very good" or "excellent."

## Student Achievement Outcomes of Charter School Students (Question 13)

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In this section, the focus is on how charter schools perform relative to the feeder schools their students would have gone to had they not transferred to charters. In the case of all outcomes except for ISTEP+ performance, only school level data were available, therefore the analyses for attendance, retention, graduation, Core 40, Honors, AP and dual credit completion, and college going rates are all conducted at the school level. For ISTEP+ outcomes, individual student data was obtained to examine how students performed relative to similar students in their associated feeder schools. For all analyses, only data from charter schools that have been open three or more years (as of the 2007-08 school year) was used. This number varies from as few as three schools (in the case of high school outcomes) to a maximum of 20 schools that have been in operation for at least three years.

In this section, the results of charter school performance for the following performance measures is presented:

- a. Attendance rates
- b. Retention rates
- c. Graduation rates
- d. Core 40 completion
- e. Academic Honors Diploma completion
- f. AP and dual credit course completion
- g. College going rates, and
- h. ISTEP+ scores

## Comparison Schools

Schools were selected as feeder schools if at least ten students came from that school to attend at least one charter school.<sup>13</sup> Feeder schools may be associated with more than one charter school in the analyses conducted to examine how charter schools compare to their feeders. For example, 97 elementary school students from IPS attended both Andrew J. Brown Academy and Christel House Academy in 2008, so it serves as a feeder school for both charter schools. Feeder values of outcomes were created by calculating a weighted average of the values for all associated feeder schools for a given charter. For example, Charles A. Tindley charter school has 12 feeder schools from which at least 10 students came. To calculate the comparative feeder school attendance rate, attendance values for each feeder school were weighted by the number of students attending the charter school. An average was then calculated across the weighted scores. In some cases, where the number of charter schools reporting performance data is small (e.g., less than 10), we report descriptive trends for those charters, rather than statistical comparisons to feeder schools.

## Attendance Rates

Table 27 shows the average attendance rates for charter schools compared to their associated feeder schools. Results are presented for 20 schools that have been in operation four or more years.

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**TABLE 27. Attendance Rates from 2004-05 to 2007-08 for Charter Schools and Their Associated Feeder Schools**

	2004-05	2005-06	2006-07	2007-08
Charter Schools	94.6%	95.2%	95.2%	96.0%
Feeder Schools	95.9%	95.9%	95.9%	96.0%

Source: Retrieved September 15, 2008, from school snapshots, Indiana Department of Education website, ASAP Search Engine, <http://mustang.doe.state.in.us/SEARCH/search.cfm>

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13. Number of students migrating out from feeder schools to charter schools was determined from the IDOE ASAP student migration tables (<http://mustang.doe.state.in.us/SEARCH/snapshot.cfm?schl=5488>, <http://mustang.doe.state.in.us/SEARCH/snapshot.cfm?schl=5874>).

According to Table 27, in 2004-05, charter schools' attendance rates were somewhat lower than their associated feeder schools (94.6 percent compared to 95.9 percent). However, by 2007-08, charter schools were at the same attendance rate levels as their associated feeder schools (96 percent for both charter and feeder schools).<sup>14</sup>

To further examine charter school attendance trends over the last four years, consideration was given as to whether or not attendance rates were a function of how long schools had been in operation. Table 28 shows the attendance data for schools in operation four years, five years and six years. According to Table 28, there is some variability as a function of how many years the schools have been in operation. Schools in operation only four years have somewhat lower attendance rates than those in operation longer. In addition, schools in operation six years have slightly lower attendance rates than those in operation five years—as well as less variation among schools.

**TABLE 28. Attendance Rates from 2004-05 to 2007-08 for Charter Schools by Years of Operation**

	2004-05	2005-06	2006-07	2007-08
Charter Schools in Operation for 4 Years	94.1%	93.5%	93.4%	95.0%
Charter Schools in Operation for 5 Years	95.0%	96.4%	96.1%	97.6%
Charter Schools in Operation for 6 Years	94.7%	95.5%	95.7%	95.9%

Source: Retrieved September 15, 2008, from school snapshots, Indiana Department of Education website, ASAP Search Engine, <http://mustang.doe.state.in.us/SEARCH/search.cfm>

### **Retention Rates**

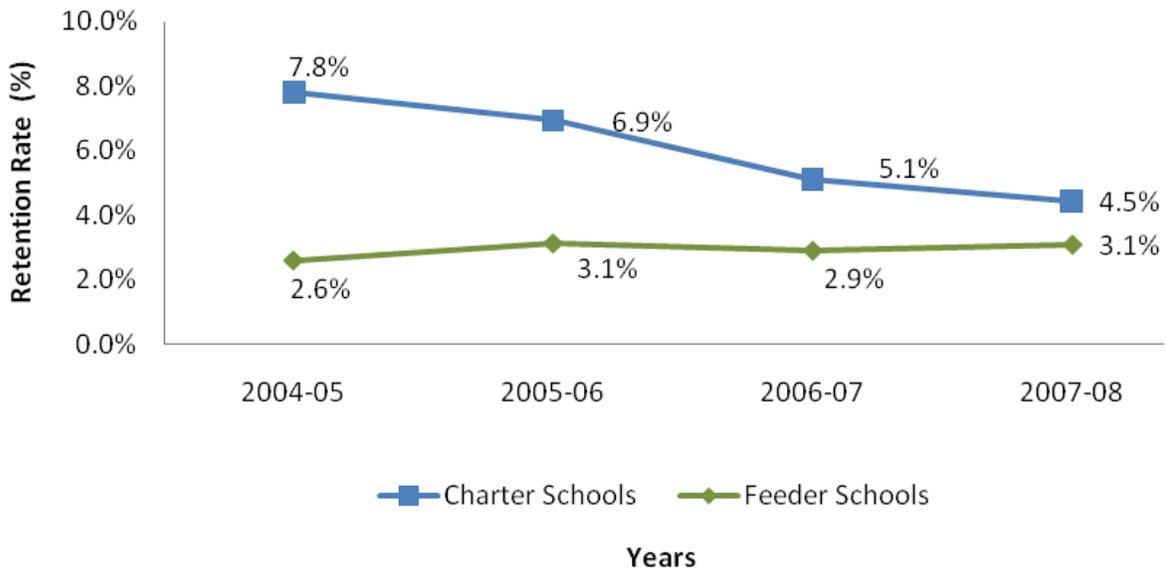
Figure 29 shows the average retention rates (the percentage of students retained in the same grade across two years) across all grade levels for charter schools in operation at least four years compared to their associated feeder schools for the last four years (2004-05 to 2007-08). In 2004-05, the charter school retention rate was three times higher than the rate for the feeder schools from which the charter school student came (7.8 percent

14. The difference in the change in attendance rates for charter schools from 2004-05 to 2007-08 is statistically significant at the .10 level ( $p = .057$ ). The associated effect size for this finding is moderately small in size ( $\eta^2 = .366$ ) (Cohen, 1988).

versus 2.6 percent). However, by 2007-08, the charter school retention rate has dropped to nearly half of its level in 2004-2005 (down to 4.5 percent), and is not notably different than the 2007-08 feeder school rate of 3.1 percent.

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**FIGURE 29. Retention Rates from 2004-05 to 2007-08 for Charter Schools and Their Associated Feeder Schools**



Source: Retrieved September 18, 2008, from school snapshots, Indiana Department of Education website, ASAP Search Engine, <http://mustang.doe.state.in.us/SEARCH/search.cfm>

### Graduation Rates

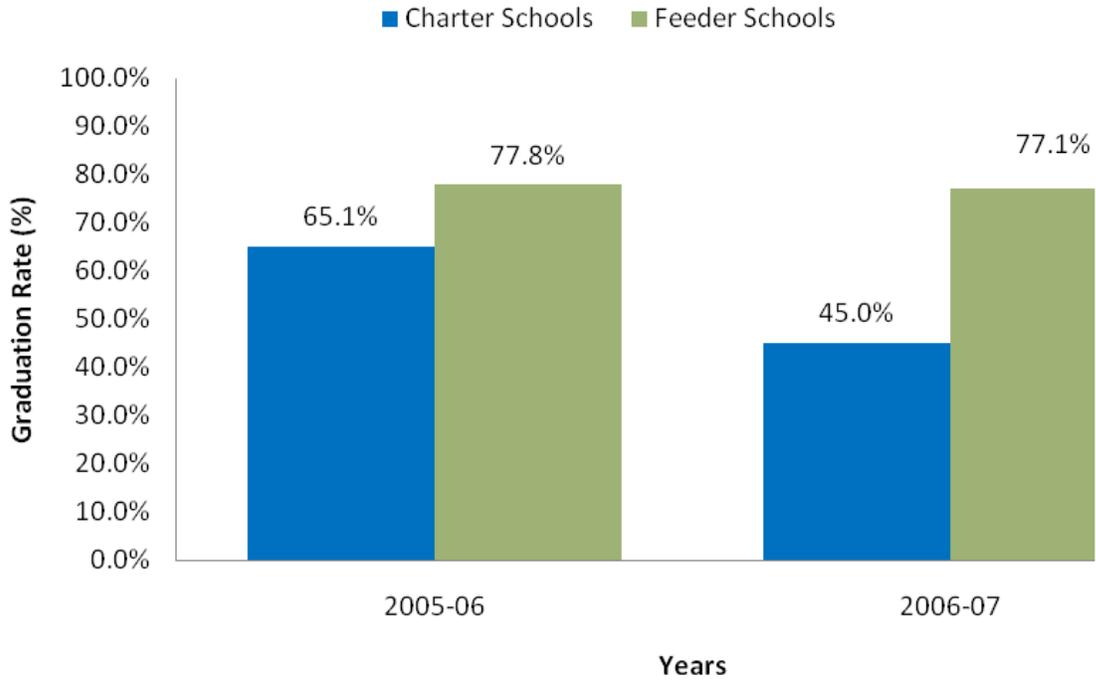
Graduation rates were also examined for the charter schools that had sufficient data, as defined by the following criteria. The graduation rates for 2005-06 and 2006-07, for the three charter schools that have been open at least four years and have reported graduation data, are compared to their associated feeder schools. The number of schools reported below is limited by two major factors. First, the growth of high school level charter schools has happened primarily in the last three years, and many of the charter schools are adding new grade levels each year. Therefore, even in charter schools that may have high school students, often the highest current grade level is Grade 10 or Grade 11. Second, graduation data are only available up through 2006-07, limiting the number of schools to

examine. Because there are only three schools with sufficient trend data, and six schools with 2006-07 data, the charts on the following page are merely descriptive, and limited to interpretation for those schools—not charter high schools in general.

Figure 30 shows the average graduation trends for Campagna Academy, Signature School, and Options Charter School of Carmel, compared to their associated feeder schools. From Figure 30, it can be seen that the charter school graduation rate is much lower than the graduation rate for their associated feeder schools. However, to gain greater understanding of why this might be the case, it is important to understand the nature of the three charter schools involved in the trend. Campagna Academy and Options Charter School of Carmel serve primarily students who are either at-risk of dropping out of traditional public schools or have already dropped out. Signature School on the other hand, serves high-achieving students. Therefore, Table 29 shows the graduation trends for all three schools compared to their feeder schools separately.

From Table 29, it is clear that Signature School has much higher graduation rates than its associated feeder schools, while the other two schools are substantially lower—quite probably reflective of the populations served.

**FIGURE 30. Graduation Rates of Charter and Associated Feeder Schools, 2005-06 and 2006-07**



Source: Retrieved September 19, 2008, from school snapshots, Indiana Department of Education website, ASAP Search Engine, <http://mustang.doe.state.in.us/SEARCH/search.cfm>

**TABLE 29. Graduation Rates for Individual Charter Schools and Their Feeder Schools**

School	Charter		Feeder	
	2005-06	2006-07	2005-06	2006-07
Campagna Academy	38%	15%	72%	70%
Signature School	98%	98%	84%	86%
Options Charter Carmel	59%	22%	78%	76%

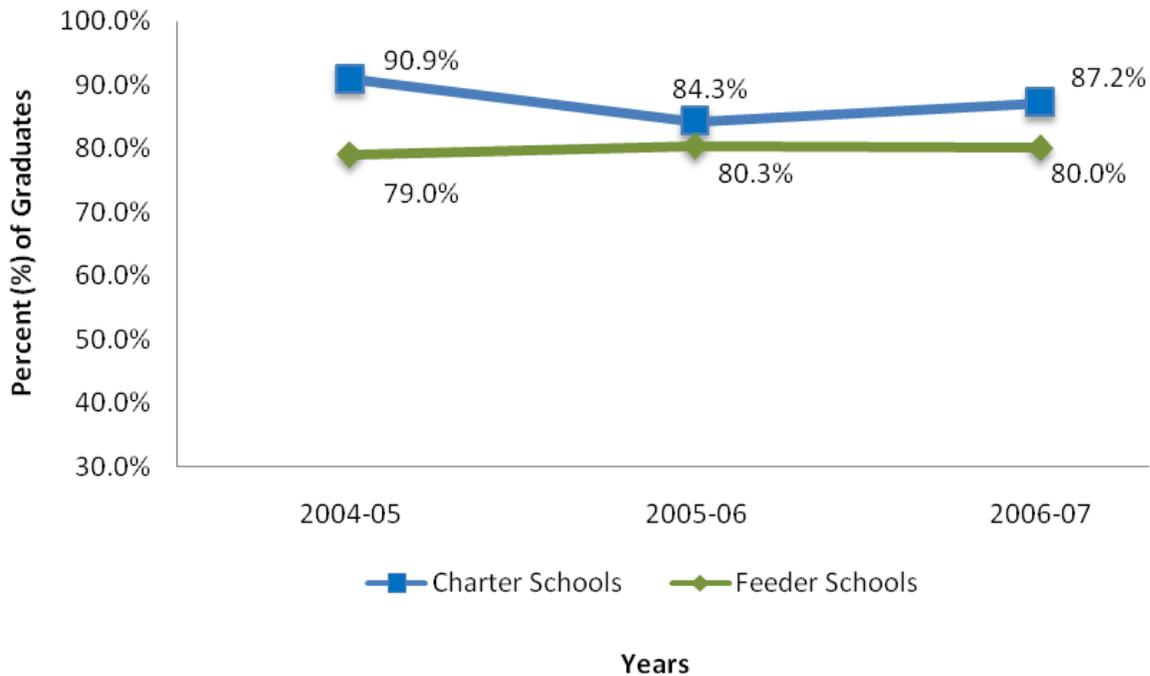
Source: Retrieved September 19, 2008, from school snapshots, Indiana Department of Education website, ASAP Search Engine, <http://mustang.doe.state.in.us/SEARCH/search.cfm>

### College Attendance Rates

College attendance rates were also examined for the charter schools that had sufficient data (as defined below). Figure 31 shows the college attendance rates for 2004-05 through 2006-07 for the three charter schools that have been open at least four years and have reported graduation data, compared to their associated feeder schools. These data are subject to the same limitations of interpretation as the graduation rates and diploma distributions in the previous two sections.

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**FIGURE 31. Percent of Graduates Going to College from Charter Schools and Feeder Schools**



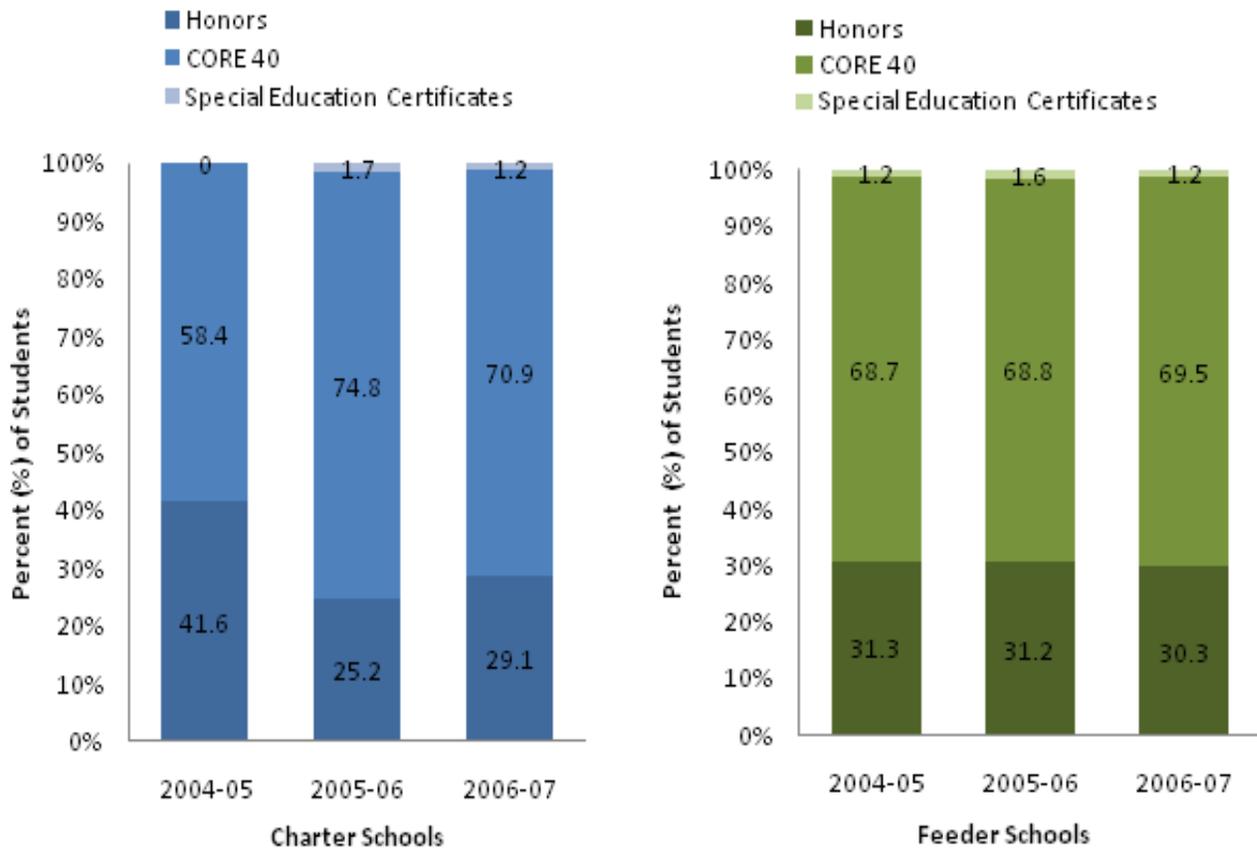
Source: Retrieved September 19, 2008, from school snapshots, Indiana Department of Education website, ASAP Search Engine, <http://mustang.doe.state.in.us/SEARCH/search.cfm>

### Graduation Diploma Types

Figure 32 shows the percentage of each type of diploma awarded for 2004-05, 2005-06, and 2006-07 for the three charter schools that had been open at least four years and had reported graduation data, compared to their associated feeder schools. As of 2006-07,

charter schools and their associated feeder schools were awarding about the same percentage of Core 40 and Honors Diplomas, as well as special education certificates.

**FIGURE 32. Distribution of Diplomas for Graduates of Charter Schools and Feeder Schools**



Source: Retrieved September 19, 2008, from school snapshots, Indiana Department of Education website, ASAP Search Engine, <http://mustang.doe.state.in.us/SEARCH/search.cfm>

### **AP and Dual Credit Enrollment**

Table 30 shows the number of Advanced Placement (AP) and dual credit enrollments reported to IDOE by individual charter schools. The number of AP enrollments has more than doubled over the last four years, largely in part because of the Signature School. Signature School is the only charter school that consistently enrolled students in AP courses over the last four years. Additionally, Signature School reported an enrollment

of 168 students in International Baccalaureate courses in 2008. In 2008, AP enrollments were reported for Community Montessori, Hope Academy and Herron Charter. Dual credit enrollments were reported for Community Montessori and Decatur Discovery Academy in 2008, and for Signature School in 2004-05.

**TABLE 30. Number of AP and Dual Credit Enrollments Reported by Charter Schools**

AP Enrollments	2004-05	2005-06	2006-07	2007-08
Community Montessori	0	0	0	46
21st Century of Gary	0	0	54	0
Hope Academy	0	0	0	1
Herron Charter	0	0	0	53
Signature School	152	255	347	295
Total AP Enrollments	152	255	401	395
Dual Credit Enrollments	2004-05	2005-06	2006-07	2007-08
Community Montessori	0	0	0	23
Decatur Discovery Academy	0	0	0	21
Signature School	43	0	0	0
Total Dual Credit Enrollments	43	0	0	44

Note: Corporations report courses taught at their schools along with a pupil count. Data may not represent all dual credit or AP enrollments if schools did not report their courses/counts.

Source: Retrieved September 19, 2008, from Department of Education <http://www.doe.state.in.us/stn/Sections/CP/CP.html>

### **ISTEP+ Performance**

Assessing academic performance of charter schools students has been a difficult task. Existing studies have found a mix of results indicating that charter schools have had positive, negative, or no academic impact on students relative to “similar” schools. One of the difficulties in assessing the progress of charter school students is that charter schools designed to target specific populations (such as at-risk for school failure) are compared to more general schools who serve a much wider range of students (Green, Forester, & Winters, 2003).

To make a valid judgment of how effective charter schools are in promoting academic achievement of their students, it is important to select a comparison group of students

who are as similar as possible to the students being served in the charter school group. One way of creating this comparison group is to select students from traditional public schools who are similar to charter school students with respect to baseline academic performance, demographic characteristics, school district attended, and grade level. This comparison group represents how charter school students would have performed if they had stayed in their regular school setting.

To frame the analysis of Indiana charter school students' academic progress (as measured by ISTEP+ performance in math and language arts), a matched comparison group of students from the associated feeder schools were carefully selected. The selection criteria for identifying the group of charter schools students were:

- (1) Students in Grades 3 through 10 who attended charter school sometime between 2002 and 2008;
- (2) At least two ISTEP+ scores in math or in language arts to provide a baseline measure of student achievement; and
- (3) Identification of grade level and free-reduced lunch status.

Applying these three criteria to the charter school data resulted in a sample of 4,853 charter school students. This group of charter school students was then matched to similar students within the feeder school and/or feeder corporation from which the charter student came. The matching procedure simulates what a particular charter student might have done if they had stayed in their feeder school.

To select a matched group of feeder school students, student-level records of all students in associated feeder schools and/or corporations (with all identifying information removed) were obtained. Feeder schools/corporations were chosen if (1) a student from the charter school records file could be linked to a particular feeder school; and/or (2) if the charter school resided in a local district and/or school boundary. The goal of the matching process was to select comparison students who were as similar to the charter

school students as possible with respect to their geographic location and potential regular public school experience.

To match feeder school students to the charter students, feeder school students were sorted by school/corporation and grade level. Charter school students were matched to a similar student within their feeder school/corporation and grade level. The matching criteria for equating students to each other were (1) baseline academic performance on language arts or math and (2) free-reduced lunch status. Students were not matched on ethnicity or gender. Charter school students were matched to the closest baseline achievement score for a regular public education student of the same free-reduced lunch status. This second level of matching resulted in a final sample of 2,894 charter school students and matched comparison students for language arts, and 2,907 charter and matched comparison students for math.

The group of charter school students and the group of feeder school students are virtually identical to each other with respect to free-reduced lunch status, ethnicity, and gender. There are slight differences among the groups with respect to the percentage of students classified as special education and limited English proficient (LEP). In the charter school student group, 7.9 percent of the students were classified as special education and 3.5 percent were classified as LEP. In the feeder school group, 12.6 percent of the students were classified as special education and 6.9 percent were classified as LEP. These differences were not statistically significant.

### ***Analysis of ISTEP+ Data***

The analysis of ISTEP+ data consisted of examining the change in ISTEP+ scores from 2006-07 to 2007-08 for seven cohorts of students. A student was assigned to a cohort based on his or her 2008 grade level and the expected year of graduation based on that grade level. For example, a fourth grade student in 2008 would be expected to graduate in

the year 2016, therefore they were assigned to the 2016 cohort. Table 31 shows the cohorts and the number of students in the language arts and math samples for each cohort. There are an equal number of charter and feeder school students in each cohort.

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**TABLE 31. ISTEP Analysis Cohorts**

Cohort	Language Arts Sample	Math Sample
2016 (Grades 3 to 4)	n = 456	n = 459
2015 (Grades 4 to 5)	n = 518	n = 522
2014 (Grades 5 to 6)	n = 450	n = 450
2013 (Grades 6 to 7)	n = 488	n = 491
2012 (Grades 7 to 8)	n = 391	n = 394
2011 (Grades 8 to 9)	n = 369	n = 379
2010 (Grades 9 to 10)	n = 222	n = 212

The analytic method consisted of examining the how much the growth in ISTEP+ performance and passing rates from one year to the next (2006-07 to 2007-08) for each charter school student differed from the same growth and passing rate for the comparison students.<sup>15</sup>

In the analytic models, statistical controls were entered into the analysis for the amount of time a student had attended the same charter school (defined as the number of years

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15. The analysis of ISTEP performance began using a multi-level perspective. In this perspective, it is assumed that students are more similar to one another within a given school than they are to students in other schools—largely because of their shared experience within a single school. This “nesting” of students within schools can cause special problems in accurately determining the statistical significance of any group differences. Therefore the analysis evaluated the degree to which ISTEP scores varied (differed) across the schools as a preliminary step. If this variation is substantial, then a multi-level analysis approach is appropriate.

The variation in ISTEP scores was examined across schools for each cohort in language arts and math. A common metric for assessing whether or not the variation between schools is meaningful is tau or the intra-class correlation coefficient (ICC)—an index that tells us how much of the difference between students' ISTEP scores is because they go to different schools relative to all of the reasons students can differ. If the ICC is large, then it is important to use more complex multi-level analytic methods to account for these differences between schools. If it is small, it is not necessary to analyze the data using a more complex approach.

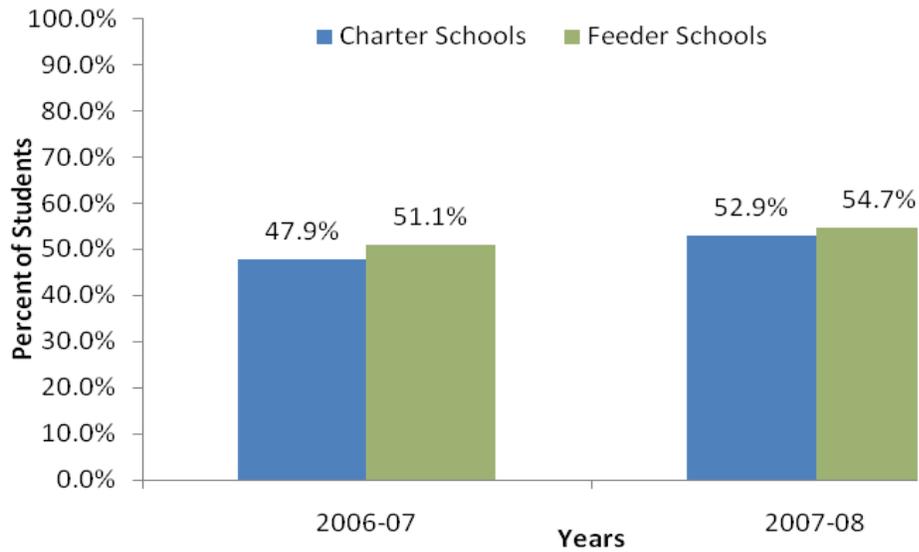
The results of these preliminary analyses suggested that there was substantial variation in student scores across schools until one took into account other student characteristics. The strongest predictors of student achievement are previous achievement levels and socioeconomic status. Therefore, the second analysis was conducted to see if there were still differences across schools in ISTEP scores if one took into account how well students performed previously as well as their socioeconomic status (defined as free and reduced lunch status). In this second set of analyses, the variation in student performance across schools dropped dramatically for all cohorts and both subject areas, with tau approaching zero in all cases. Based on this indicator, the decision was made not to analyze the data using the more complex approach, but to use a simpler standard approach of repeated measures (examining the difference from one time to the next for charter students and comparison students).

enrolled in that school), the length of operation of the school (only schools in operation four or more years were included in the analysis), and special education and LEP program participation. Gender, ethnicity, or free-reduced lunch status were not included in the analysis as controls, because the in our analysis since the two groups were very similar on these characteristics.

### ***Impact of Charter Schools on Student Performance***

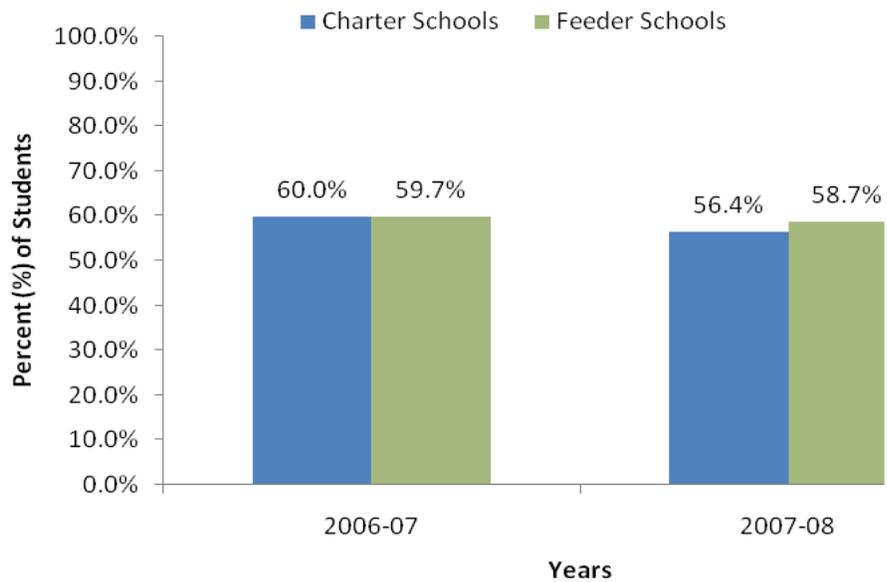
Figures 33 through 38 on the following pages show the changes in ISTEP+ passing rates for charter school and feeder school students for elementary, middle school, and high school language arts and mathematics. In general, when charter school students are compared to their peers in the schools from which they came, there is virtually no difference between charter school performance and school corporation performance. Both sets of students make about the same level of gains, and there are no statistically significant differences in level of performance for any grade level. These results suggest that there is no practical difference in ISTEP+ performance for charter and feeder school students.

**FIGURE 33. Percentage of Elementary Students Passing Language Arts ISTEP+ in Charter Schools and Feeder Schools**



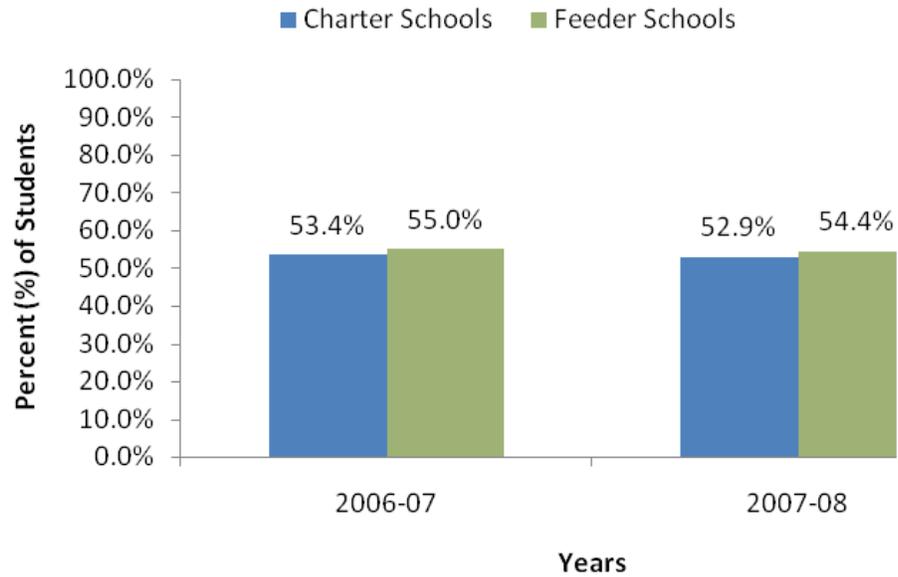
Source: Data provided by Indiana Department of Education, CIS, September 26, 2008

**FIGURE 34. Percentage of Elementary Students Passing Mathematics ISTEP+ in Charter Schools and Feeder Schools**



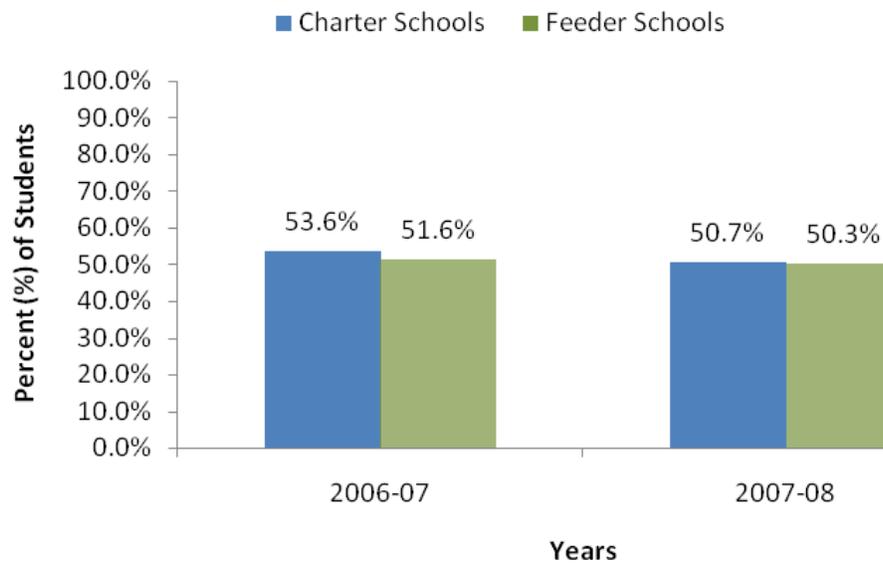
Source: Data provided by Indiana Department of Education, CIS, September 26, 2008

**FIGURE 35. Percentage of Middle School Students Passing Language Arts ISTEP+ in Charter Schools and Feeder Schools**



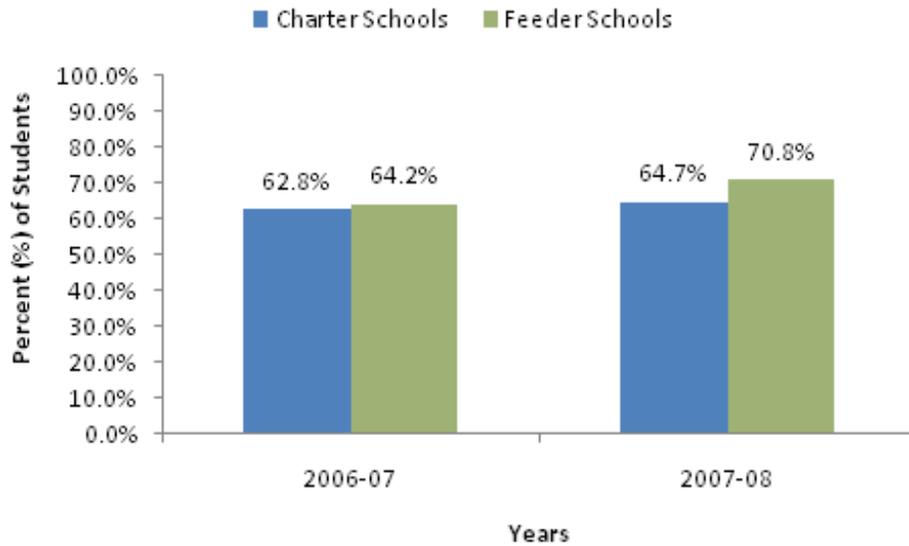
Source: Data provided by Indiana Department of Education, CIS, September 26, 2008

**FIGURE 36. Percentage of Middle School Students Passing Mathematics ISTEP+ in Charter Schools and Feeder Schools**



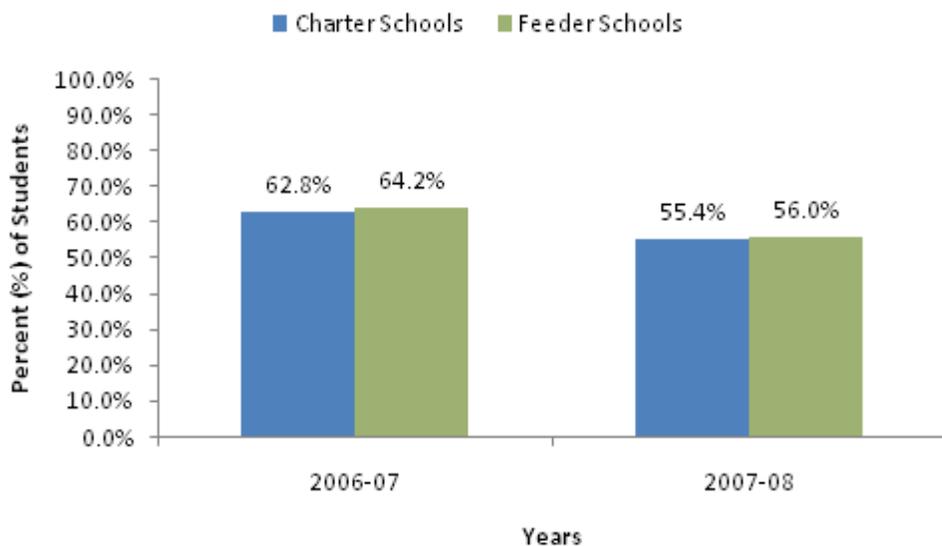
Source: Data provided by Indiana Department of Education, CIS, September 26, 2008

**FIGURE 37. Percentage of High School Students Passing Language Arts ISTEP+ in Charter Schools and Feeder Schools**



Source: Data provided by Indiana Department of Education, CIS, September 26, 2008

**FIGURE 38. Percentage of High School Students Passing Mathematics ISTEP+ in Charter Schools and Feeder Schools**



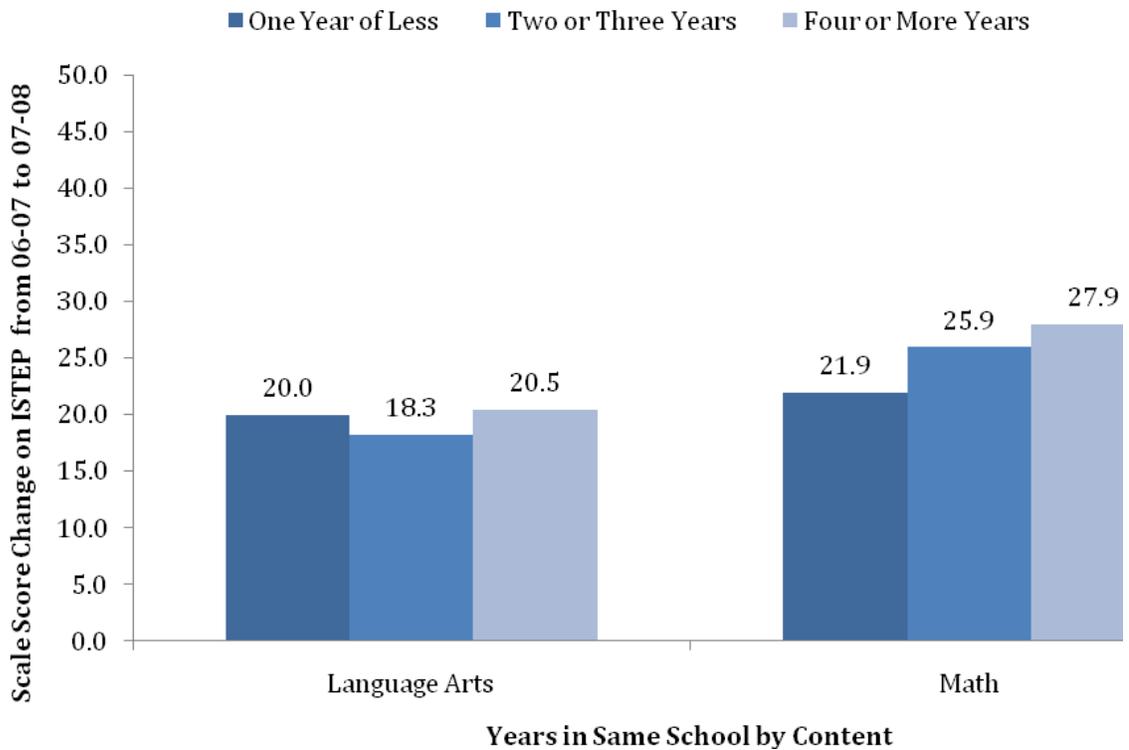
Source: Data provided by Indiana Department of Education, CIS, September 26, 2008

**Impact of Time in Same School on ISTEP+ Performance**

The relationship of how long students had been in school was examined with their change in ISTEP+ performance. One might expect a change in scale score performance of approximately 20 points for language arts and 27 points for math from one year to the next (on average). Figure 39 shows the average amount of scale score change for math and reading across one year, two to three years, and four or more years of attendance at the same school. According to Figure 39, there is a slight advantage to being in the same school longer for math, but not for language arts.

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**FIGURE 39. Relationship Between Time at Same School and Change in ISTEP+ Performance.**



Source: Data provided by Indiana Department of Education, CIS Department of Education, CIS, October 15, 2008

## Effectiveness of Charter Sponsors and the Authorization Process (Question 14)

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In addressing the question of sponsor effectiveness, the level of accountability and support provided to charters by sponsors was considered. In this section, effectiveness of support provided by sponsors and the role of school corporations in the chartering process were major themes in the stakeholder interviews. Effectiveness of accountability systems was addressed in Question 11.

### Support Provided by Charter School Sponsors

Interestingly, when asked about supporting the schools that they sponsor, both authorizers were careful to make clear that their role was as an oversight organization, not as a service organization.

Ultimately, because the sponsors hold the charter schools accountable for outcomes, sponsors provide support with caution, so as not to complicate their role as overseers. The stance taken by Ball State University is one of oversight and distance, and much less technical assistance and support. While they do make schools aware of deadlines, potential funding sources, and provide NWEA training, they do not have a formal system of technical support. It is up to the charter schools to fulfill the obligations of their contracts (and to find their own resources); Ball State University's role as sponsor is to hold them accountable for meeting the terms of their charter.

The Mayor's Office is also careful about providing direct support to the charter schools so as to preserve their role as sponsor and evaluator. The Mayor's Office tends to be quite involved in the initial start-up of the charter schools, as well as in serving as a clearinghouse or networking hub to bring schools and resources together. Once the schools

receive their charters, the Mayor's Office holds monthly meetings with the school leaders; in the two months leading up to the school's opening, they hold meetings twice a month to ensure that all points on the pre-opening checklist are covered. From that point on, they provide support with facility information, safety plans, and assist their charter schools in making connections with vital resources.

The charter schools sponsored by the Evansville-Vanderburgh School Corporation receive support in the form of partnering with the district. The corporation is taking over the charter school's procurement and the city/county's procurement. Currently, the corporation provides health insurance to Signature School employees and is working on doing the same for Joshua Academy.

## **External Views of Sponsor support**

The charter school leaders have varying levels of comfort with the amount of support they receive from the sponsors. Some are quite satisfied with the support they receive, while others would like to receive more support. One Ball State sponsored charter school leader finds the field representatives attentive and the NWEA training "helpful and informative," but wishes that the sponsor would step in and provide greater professional development and structural support. Other leaders are more comfortable with the monitoring role of sponsor, understanding that some guidance and supervision is given in regard to compliance, but that ultimately the sponsor's role is to provide oversight.

The following quotes illustrate the varied perceptions of the quality and effectiveness of the support provided by sponsoring organizations:

*"The relationship with [our sponsor] is pretty unique. They come in and provide some guidance and supervision on compliance-type issues, but there's no directive or mandate from them on what we should be providing from a service standpoint. I've never received any prescriptions from them as to dealing with any sort of complaint or anything of that nature. Whereas a local school dis-*

*trict, you have central offices that are very prescriptive. We have had a few opportunities to go to [our sponsor] and say 'listen, the truancy court isn't responding to our request for support, can you call them and see what's going on'—you know, things of that nature. Pick up the phone and they're a resource and they've even done some problem solving for us, or at least got some doors open."*

*"The charter school law specifies that they [charter schools] are committed to 'exceptional accountability.' What is exceptional accountability? It can only mean one of two things: higher performance standards or faster improvement rates. What else can exceptional mean? Instead, in the Mayor's accountability plan they have opted for alternative assessments...or how to test basic skills...or they count on parent surveys to tell them how satisfied they are. Their accountability is anything but exceptional."*

*"I think that the Mayor model of charter school authorizing, which is new nationally, has worked extremely well, primarily because it closes the accountability loop. In so many places around the country you see lackluster performance in charter schools and you see real operational challenges. Sometime you see things that are even worse. What sometimes happens is that the charter granting agency is so disconnected from the people who are being served by the schools that they do not have the proper incentives to be rigorous in their applicant screening and ongoing accountability work. In Indianapolis because the Mayor is directly accountable to the people served by the school, and is intimately connected to the community where the schools are located, I think you have a much higher level of accountability for authorizer, which I think translates down into higher levels of accountability for the schools. That's why, I believe, we created such a successful system of application review and ongoing accountability—a system that won Hereford's Innovations in American Government award in 2006."*

*"They need to come down hard on Ball State for just shot gunning charter schools all over the place and not having any systemic oversight for them. I don't think there's any evidence that Ball*

*State is furthering the charter school movement by not putting in place quality control operations.”*

*“Rigor and expectation—Ball State too created high level of accountability and rigor to even be named a charter. An important passage point. Arizona [and other states with charter schools] takes a Wild West approach where anyone can get a charter. Indiana is close to top in the country because of the accountability we put on them.”*

*“Ball State and the Mayor’s programs are doing a fine job—nothing negative. [I] Would like to see charters being supported more by high expectations and strong accountability than by touchy feel. If you want to start a school you must get through the processes in place.”*

*“Mayor’s charters have stronger support than Ball State, but both [are] well within the zone of fulfilling missions, demonstrating transparency of results to the public, and sponsoring things that matter.”*

*“What we’ve seen is that they [sponsoring organizations] have grown in the way they review applications and hold schools accountable. [At first,] they were a little stronger on the front end (not letting schools through that weren’t viable), than on the back end (holding schools accountable once they had been authorized). But we’ve seen that change over the years. They’re doing more hands-on support— i.e., if the school isn’t in compliance with special ed or something like that. Their roles have grown. Also, with the lack of an association, we’ve seen the sponsors step up as advocates. They’re forced to put their money where their mouth is in terms of the schools they’re authorizing.”*

*“If you’re going to have charter authority, you need to be on site to monitor what is actually happening. However, I can’t worry about their oversight method because I am responsible for the oversight of my district. Parents who have returned to our district imply that there is no oversight or quality control.”*

We also asked stakeholders what supports should be put in place to help charter schools maximize their success. Some of the following comments illustrate needs for collective services, advocacy, and procedural support.

*“More professional development opportunities for our staff, perhaps through something, even on the computer, that our staff could have access to that could be helpful in the areas of curriculum. One of my staff members was asking for professional development on lesson planning and incorporating project based learning into the curriculum. I try to do that, but I think it's something [our sponsor] could do.”*

*“There are a lot of us now and we should have a vehicle to communicate with each other and help each other through some of the problems we encounter.”*

*“In a local school district you have much greater depth of services and resources available to you—multiple people you can call to get questions answered, or to ensure you're on-track with your decision making, that sort of thing. Having some sort of a resource available to charter schools that operates in the same way would be really beneficial—from school law issues all the way down to providing professional resources.”*

However, not all charter school leaders seek this kind of support.

*“I think support is a definable term. I know that each charter school will have different expectations for what that support could be. After being in this business for 13 years, I expect my sponsor to be hands off except for accountability. I know other believe that the sponsor should be doing professional development and those kinds of things. I believe the role of the sponsor is to hold the individual school accountable.”*

There appears to be a void that sponsors are walking a fine line to fill without jeopardizing their role as an oversight organization. Indiana does not have an operational Charter School Association that serves as an advocate and resource for connecting charters to

each other and the services needed. While this organization was active at the beginning of the charter school movement in Indiana, it has been inactive for several years—although stakeholders talked about the organization looking for funding in order to start up again.

## **Role of School Corporations**

School corporations have typically not taken on the role as charter school authorizer in Indiana, although four school corporations in the state have done so. District-chartered schools are still operating in two of these school corporations—Evansville-Vanderburgh and Lafayette (their charter school opened in fall of 2008). Several stakeholders emphasized the importance of more schools serving in the authorizing role, citing potential increased accountability and control. However, when asked, local superintendents have indicated they have not served as an authorizing organization for one of two major reasons. Either they have felt they can meet their students' needs through existing or new programs in their own existing schools, or they have felt the cost-benefit has not been advantageous for them to serve as the sponsoring organization (e.g., receiving no Capital Projects, Debt Service, Transportation Funds for the charter school). For some school corporations, the decision was made to use an outside sponsor to alleviate cost considerations and to increase the public perception of autonomy and accountability.

*“The opposition [to authorizing charter schools] by school boards was sincere. School boards were saying: Carving out a separate way to educate children and funding it is not acceptable—why not put more money into eradicating the problems in public education? Let’s offer public education with proper funding rather than indicting public school officials as fearful of competition. We were not worried about competition; we were worried about public schools retaining students with academic and social skills. For example, if you offer a charter school in the arts, all art students withdraw from the public school and go to the arts charter school. Can arts programs in the public school still be offered for the students who remain when most of the arts students have enrolled the arts charter school? Currently, the impact has not been that great. But, fundamen-*

*tally, what we are talking about is that the curriculum can be delivered just as well in the public schools.”*

*“When I first came in, I wanted to start a charter. I had a board that didn’t want to see that happen; they saw charters as different. Since then, all our elementary schools have been coming up, data is excellent. It’s really made a huge impact; our funding and human resources are focused on achieving our goals. To see the difference we’ve made in elementary, I’m moving to secondary, which require a different set of issues—we’re moving towards academies (career and technical academies, leadership academy)—one we might make a charter because they have more lax rules than publics... Starting a charter is still something I want to do, we’re working with having one of the academies be a charter... We spoke about revenue loss, a huge concern. We have to bring down the expenditures, the number of billings to align, to operate with the budget and that’s a challenge, I have to work with a board.”*



## Summary and Conclusions

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### Summary

The preceding report provides an objective overview of key aspects of charter school effectiveness and efficiency. In particular, the report touches on a variety of questions posed by the Indiana General Assembly, including enrollment patterns in charter schools and the degree to which charter schools are enrolling students in a non-discriminatory manner; charter school revenues and expenditures; charter school innovations; impact of charter schools on surrounding school corporations; and the educational landscape as a whole; charter school accountability and assessment; effectiveness of charter schools in promoting student performance; and the effectiveness of Indiana charter school sponsors in supporting effective and efficient charter schools. Many of the questions posed by the Indiana General Assembly are addressed using existing performance and demographic data, while other questions, in the absence of extant information, are answered with 30 stakeholder interviews from various organizations associated with and having an interest in, the effectiveness and efficiency of charter schools. Stakeholder perceptions were highly varied, both with respect to their level of understanding and sophistication with the charter school process, and with respect to their reactions to the charter school movement in general. These perceptions ranged from highly positive and supportive, to quite negative and skeptical about the effectiveness and impact of charter schools in Indiana.

Based on the data presented in the report, 20 major findings are rendered.

1. *Charter school enrollments are increasing at a relatively constant rate, compared to their local school corporations and the state of Indiana as a whole.* Charter school enrollments are increasing across the board at an average of 2,300 students per year—with an overall growth rate of nearly 175 percent over the last four years. In contrast, the rate of enrollment growth for school corporations in the same communities have remained relatively

unchanged or have declined over the last four years, while state enrollments have increased at a much lower rate (about 3 percent per year). The areas of greatest growth have been at the secondary level, with many schools adding new grades as their elementary students reach middle and high school age.

- Indiana charter schools appear to serve, for the most part, a similar or higher percentage of minority and low-income students compared to the school corporations.* The majority of the students served by charter schools across the state—approximately 70 percent—are members of an ethnic minority (Black, Hispanic, Asian, Multi-race, or other). During the 2007-08 school year, the percent of students who received free or reduced lunch services in charter schools (61 percent) greatly exceeded the numbers in the state of Indiana (39 percent) and feeder corporations (49 percent). Charter schools serve all grade levels of students, though the largest groups of students served by charter schools are younger students—compared to the state and feeder districts who serve a higher percentage of high school students. The proportion of male and female students in charter schools is evenly split and no different from state and feeder schools.
- Charter schools, according to established policies and charter contracts, appear to be implementing procedures that help ensure open and unbiased enrollment policies.* These procedures include public lotteries conducted by external organizations, blind applications and attention to the information on application and marketing materials. The Indianapolis Mayor's Office has made strong attempts to prohibit its charter school leaders from encouraging only certain groups to attend its schools. As an example, they require school leaders to submit their marketing materials for close examination before recruiting students to ensure that schools market to all students in Indiana, not just a select group. In addition, the lottery requirement reduces the risk of handpicking students.

The interviews and an analysis of enrollment materials revealed that school leaders in Indiana follow the law when admitting students to their schools. A representative from

the Indianapolis Mayor’s Office noted “in addition to being present during each school’s lottery, we collect and review written documentation of schools’ lottery processes. Making sure that the lottery is implemented consistently, legally, and fairly is critically important.” The lottery is often implemented because almost all of the charter schools are over-subscribed. Some charter schools might have permitted more transparency than others, but there was no indication of any tampering with lotteries. One respondent noted that charter school leaders follow the lottery rule because the “media will snuff out bad stuff.”

While the Indianapolis Mayor’s Office and Ball State University affiliated charter schools seem to follow the open enrollment policy as described in Indiana law, there are certainly “niche” schools in operation that may target a certain demographic. According to some stakeholders, niche markets may be a way that charter schools positively affect the educational landscape by providing options to certain students whose needs are not being met in the traditional public schools. For example, charter schools include a military academy, a school for students coping with drug addiction, a school for higher achieving students, and several schools that target students who are at-risk for educational failure in traditional public schools.

4. *Charter schools do not serve a proportionate number of special needs children, largely because of capacity issues.* The provision of special education services was identified nearly across the board in the stakeholder interviews as a significant challenge facing charter schools in Indiana. This challenge might be related to the hypothesis that parents may not choose to send their special needs child to a charter school because of the quality and quantity of services available to their child. School leaders reported that providing special education services is demanding in terms of cost and expertise, and that the limited resources that charters have are stretched thin to meet the needs of diverse special needs students. Several attempts have been made to consolidate special education service provision across the charters—most notably the Virtual Special Education con-

sortium sponsored by Ball State, which is declining in operation. Several opinions exist about its decline—ranging from difficulties in on-time services provided to schools all over the state, administrative issues, and a shift in the special education laws that free charters from having a special education director of record. With this statutory change, charter schools can now serve students by having on-site a teacher of record, and no director.

Charter schools also served substantially fewer students who were classified as limited English proficient than their respective feeder corporations and the state of Indiana. While a few of the charters identified a significant population of LEP students they were serving, and some had full capacity to serve these students (e.g., a teacher and/or coordinator), the majority do not appear to enroll a comparable number of LEP students as traditional public schools.

5. *There appears to be a relatively high demand for charter schools, particularly in the urban areas at the elementary level.* Many of the charter schools in the state are over-subscribed, for example, analysis of the Indianapolis Mayor's Office charter schools suggests that there are more than 1,000 students on waiting lists for openings at specific grade levels. Secondary enrollment at charter schools may still be adversely affected by the lack of extracurricular opportunities for students, but continues to grow as the younger elementary students in the charter schools reach middle and high school age.
6. *Children who attend charter schools, for the most part, attend for at least two or more years and for a significant amount of time that they are eligible to attend a particular charter school given their age and the grade levels served by the school. However, in areas with significantly mobile populations, charter schools are afflicted with the same high mobility that traditional public schools are.* There is concern that charter school students are more mobile than students in traditional public schools. Analysis of mobility data suggests that mobility rates may be increasing for charter schools—although the rates started out higher than and are now at about the

same level of traditional public school stability rates (on average) in the same community. In looking at how long charter school students stay in their schools, nearly four out of five students have longevity at their schools—that is they have been enrolled at least three-fourths of the time they are eligible to have been enrolled in a given charter school. For example, this translates into at least three years of attendance at the same school for a high school senior.

7. *Charter school General Fund revenue is higher than traditional public schools, from approximately \$600 to \$1,200 higher depending on the year. However, school corporations receive additional dollars from other sources that charter schools do not.*<sup>16</sup> For charter schools in at least their second year of operation, charter funding parallels the funding structure of school corporations with the exception of the provision to levy local property taxes to generate revenue for the Debt Service, Capital Projects, Transportation, and Special Education Preschool Funds. Charter schools in their first year of operation, and often times for subsequent years, have access to other revenue such as the federal Public Charter School Program grant and the Indiana Department of Education Common School Loan.<sup>17</sup> For the time period 2004-08, per pupil revenues were, on average, \$6,524 compared to average per pupil revenues in school corporations of \$6,032. For all years except 2004, per pupil revenues were higher for charter schools than school corporations.

School corporations are also able to levy local taxes to fund capital projects, transportation, and debt service, while charter schools do not have access to these funds or have this taxing authority. Therefore making the comparison of General Fund revenue between the two types of schools may be comparing different things, whereas a more

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16. Total revenues between charter schools and school corporations are not compared because the revenue reporting mechanism available to the end user does not appear to generate comparable values. Readers interested in comparing totals between charter schools and traditional schools are directed to the following section where expenditures are presented.

17. Charter schools are eligible to receive PCSP funding for three years: A planning year before they open, then the first two years of operation.

similar comparison could be made between total state revenue per pupil received by both charter schools and school corporations.

8. *Some charter schools receive grant funding and/or private dollars, however, for the most part, these dollars are a very small percentage of total charter school revenue.* Charter schools face challenges in generating additional revenue beyond their state basic grant. Although some schools have hired leaders with fund-raising experience, or work with larger educational management corporations (EMOs) that provide financial and fund-raising support, many charter schools are faced with the challenge of raising funds with no experience in doing so and also trying to run the school at the same time. Charter schools often cannot afford to hire external grant-writers, and therefore the task falls to the leaders and staff of the school.
9. *Charter school General Fund expenditures exceed the General Fund expenditures of school corporations, however, when total expenditures are examined for both types of schools (including Capital Projects, Debt Service, and Transportation Funds), school corporations spend nearly \$1700 more per pupil than charter schools.* Charter school per pupil expenditures associated with the General Fund were approximately \$2,000 greater than the comparable expenditures for school corporations. However, when examining total per pupil expenditures, expenditures made by charter schools were less than total expenditures made by school corporations for the final two years and slightly greater for the initial year.
10. *Some charter schools financial viability is strapped because of the need to carry large amounts of debt-typically from the Common School Loan program.* Charter schools do not have the authority to levy taxes to cover debt service, like traditional public schools. Rather, the interest costs that charter schools incur to educate students come out of their General Fund. Because of historical arrears funding to charters (they received their first payment in January instead of July), charter schools have turned to the Common School Loan program to fund their operational and instructional costs of educating students for

the first six months. This funding procedure has been changed recently, so that new charters will not be required to take on debt for operational procedures when opening.

Common School Loans help charter schools to cover their costs during the time period before they receive state aid, however, the funds are a loan, and the debt shows on financial statements, making it difficult for new charters to get financing for capital expenses, such as facilities. In addition, the interest paid back to the program must come out of the General Fund, reducing the amount that is available for instructional programs.

11. *Charter schools tend to lease their buildings, although some charter schools have been able to purchase or acquire ownership of their buildings through a variety of sources.* Charter schools fund their buildings through numerous sources. Some charter schools get assistance from private foundations, some receive loans from the Indianapolis Bond Bank, and some have commercial mortgages, while others lease buildings with monies from their General Fund.
  
12. *Charter schools face significant challenges in providing transportation to their students.* Many charter schools do not provide comprehensive transportation, relying on parents, carpooling and walking for students to come to school. Other charter schools have one or two buses that they use for specific students. Some urban charter schools have purposely located near public bus stops and provide public transportation assistance to their students. Still others have partnered with other charter schools or school corporations to lease busses. For charter schools that have educational management companies, transportation is often provided by the EMO.

Charter school leaders report lack of transportation is a significant factor in their ability to grow and to serve all students—suggesting that it limits their enrollment to those who live close by, or those whose parents have the time and resources to get

them to school. Some of the charter school leaders indicated that they had seen a shift in enrollment patterns as energy costs have increase (i.e. having fewer students from further away and more students in the local neighborhood).

13. *Although innovative programs are seen in some charter schools (such as Montessori curriculum or project-based schools), it is important to note that similar innovations can be seen in some traditional public schools.* Charter schools do utilize flexibility in staffing, class size, curriculum, and teaching materials decisions and in the length of school days and school years. Charter schools are able to be somewhat more flexible in adapting and changing curriculum (although all school corporations may request waivers to do the same). Several charter schools have changed their school calendar or their instructional programs—often utilizing calendars and schedules that lengthen the school day or add instructional time to the day itself. Charter schools have (on average) somewhat longer days (nearly half an hour per day) than do their associated feeder schools, with an average of 6.5 hours per day in charter schools and an average of 6.1 hours per day in associated feeder schools.

Charter schools include approximately six and one-half more days (on average) in their school calendar than do their associated feeder schools—a significantly higher number. When looking at the instructional days for the charter schools, a fourth of them have calendars similar to traditional public school calendars of 180 days. More than half of the charter schools add an additional one to 10 days to their instructional calendar, and nearly a fourth add more than 10 days to their instructional calendar.

14. *The impact of charter schools on comparable traditional public schools and the educational landscape in Indiana is debated among stakeholders. Consensus exists that charter schools have some impact on enrollment, funding, market demand, and traditional school programs—however, stakeholders are mixed about whether the impacts are positive or negative.* Of the 30 stakeholders interviewed for this report, the vast majority believe charter schools have had some impact on the

educational landscape in Indiana—though they differ on whether that impact is positive or negative. The stated impacts of charter schools include: student mobility, financial consequences for the school corporations, choice and options for families, and market—driven progress toward “best practices,” structural changes, and the offering of new services.

15. *Accountability standards exist for charter schools, both under the oversight of their authorizing organization, and under state of Indiana accountability measures.* The interviewed stakeholders believe that there has been unevenness in the support and oversight provided by authorizing organizations. However, evidence suggests that from a policy and procedure level, more rigor is embedded in the accountability systems than was the case in the past. It remains to be seen how that increased rigor translates into student and school outcomes and how authorizers address the problems of ineffective schools. Historically, the perception has been that accountability for both sponsors has been stronger in the initial authorization of charter schools than in the monitoring and oversight of existing charter schools.

There has been significant evolution of ensuring compliance and effective performance since the passage of the charter school legislation. With respect to the Indianapolis Mayor’s Office, the system seems to be more firmly in place, with a very structured set of site visits and accountability reporting measures. Although many of the components and core measurements are the same across the two organizations, the Indianapolis Mayor’s Office engages in more process evaluation of charter schools throughout the seven-year charter cycle than does Ball State University, which focuses more heavily on outcomes. In addition, both organizations have undergone significant staff changes over the last two or three years, resulting in substantial changes to policies and procedures. It remains to be seen what the effect of these changes will be, both in terms of existing charter schools and new charter schools that open under the changed policies and procedures.

16. *Parents report that they are highly satisfied with the charter schools their child(ren) attend.* Approximately six out of seven parents on average indicated that they were satisfied or very satisfied with their child's education, while between two-thirds and three-fourths of the parents said the quality of their child's education was good or excellent. A minority of parents did not see the education that their child received as high quality—which may feed into stakeholder perceptions that parents are not given enough information to make informed choices about attending charter schools, or that charters are not able to meet the needs of all the students they serve—a challenge that the traditional public schools must also confront.
17. *There is no practical difference between student performance in charter schools and traditional public schools.* Charter schools seem to be doing as well as traditional public schools in promoting student performance across the board when the comparison group is carefully matched to the schools where charter students would have gone if they did not attend charter schools.<sup>18</sup> Attendance rates for charter schools have risen to the levels of their local traditional corporations, and grade retention rates have dropped to nearly the same levels of traditional public schools. There is virtually no difference in the passing rate of charter school students in Mathematics or Language Arts ISTEP+ performance when these charter school students are carefully matched to similar students from the same corporation, racial background, grade level, and socioeconomic status, although the high school results, which are based on limited sample sizes and few schools, should be interpreted with caution and closely monitored as charter schools add additional high school students.
18. *With respect to longer-term outcomes like graduation and college attendance rates, no conclusions can be made at this time.* Data were available for only three of the charter schools to evaluate graduation rates, college attendance rates, and diploma types. Two of the schools

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18. For attendance and retention analyses, matching was conducted at the school level, while matching for the ISTEP+ analysis was conducted at the school and the student level. The latter procedure is a stronger method for ensuring that comparisons are made on similar groups.

serve lower achieving students and students that are at risk for educational failure in the traditional school setting, and the remaining school serves very high achieving students. As a result, the data are highly idiosyncratic and limited in the number of available cases for analysis, making comparisons of limited scope and value. In addition, charter schools and their associated feeder schools were awarding about the same percentage of Core 40 and Honors Diplomas, as well as special education certificates.

19. *Charter schools are increasingly offering opportunities for students to take advanced classes, such as AP courses and dual enrollment.* Up until 2007-08, only one charter school offered AP courses, the Signature School, sponsored by the Evansville-Vanderburgh School Corporation. However, the number of schools offering AP courses during the 2007-08 school year increased to four schools. Also in the last year, two charter schools began offering dual credit opportunities for students.
  
20. *Perceptions of the effectiveness of the authorizing process in Indiana is mixed.* Several stakeholders remarked that although there had been significant weaknesses in the authorizing process in the past, both major authorizing offices have recently undergone extensive staff changes and, in their estimation, the quality of services has improved. However, these are short-term observations; therefore, conclusions about authorizer effectiveness should be monitored over the next several years to determine if these policy and procedure changes have a marked effect in improving the authorizing process.

A second theme that emerged focused on the authorizing role of school corporations themselves. School corporations have typically not taken on the role as charter school authorizer, although four school corporations in the state have done so. District—chartered schools are still operating in two of these school corporations—Evansville-Vanderburgh and Lafayette. Several stakeholders emphasized the importance of more school corporations serving in the authorizing role, citing potential increased accountability and control. However, when asked, local superintendents have indi-

cated they have not served as an authorizing organization for one of two major reasons. Either they believe they can meet their students' needs through existing or new programs in their own schools, or they have felt the cost-benefit has not been advantageous for them to serve as the sponsoring organization. For some school corporations like Lawrence Township and Decatur Township, the decision was made to use an outside sponsor to alleviate cost considerations and to increase the public perception of autonomy and accountability.

## Conclusions

The following general conclusions can be drawn about the effectiveness and efficiency of Indiana charter schools:

*Conclusion 1. Charter schools educate a different student population than do school corporations—largely minority and low-income, with disproportionately few special education and LEP students.*

The under-representation of special education and LEP students has been ascribed to many factors, including school corporations' greater resources and experience in serving special needs populations, legislative restrictions in special education staffing (which have been changed in the last year), and parental perceptions about the quality of the services their children receive at charter schools versus traditional public schools. All of these explanations are plausible, although it is incumbent on publicly-funded charter schools to make themselves attractive educational options for special education and LEP students.

However, improving charter school service provision to special needs students is most likely to require a level of coordination that does not currently exist (see Conclusion 4).

*Conclusion 2. There are no practical differences in student performance for charter and traditional public schools, although performance trends at the high school level should be interpreted with caution.*

At the elementary and middle school levels, the available data suggest little practical difference between student outcomes in charter versus traditional public schools, although student outcomes in charter schools have improved over the past few years. There is a lack of sufficient data available for charter high school students to make valid comparisons and conclusions about student performance at that level of education.

*Conclusion 3. In looking at the funding data, the case can be made that charter schools are either over-funded or under-funded, depending on the perspective taken.*

How and at what level charter schools are funded was among the most contentious issues discussed in the interviews. Some stakeholders made a convincing case that charter schools are egregiously over-funded, yet others made a similarly convincing case that charter schools are woefully under-funded. The data analyzed in this report suggest that the actual funding situation for charter schools is complex: Charter schools certainly face funding challenges, such as the distribution of General Fund revenue on a calendar year basis (recently addressed in the 2008 session), and the lack of access to debt service, transportation, and facilities funding. That said, other aspects of Indiana's school funding mechanisms may favor charter schools, such as the single ADM count near the beginning of the school year, access to the state's Public Charter School Program funding from the U.S. Department of Education, and higher per pupil General Fund revenue.

*Conclusion 4. There is considerable lack of coordination and support among charter schools across the state, especially in critical areas such as providing special education services and advocacy.*

Many of the interview comments revealed a somewhat isolated and fragmented picture of charter schools—disconnected from each other, alienated from their neighboring school corporations, and struggling to provide services that traditional public schools find difficult to accomplish even with greater experience (e.g., special education, professional development, proposal writing).

Indiana has recently reestablished its charter school association, which should help in this regard, although interviewed stakeholders questioned the effectiveness of the previous association. Sponsors could help serve this coordinating role, but there are serious questions about whether the authorizers are statutorily prevented from, essentially, providing some of the functions of a public superintendent's office. Authorizers are also required to evaluate the performance of their charter schools, creating a conflict of interest if they were also to be the major source of support for the schools. Although many stakeholders value the role played by the state Department of Education, it, too, does not have the

authority to coordinate resources for charter schools. Traditional public schools are being encouraged to coordinate more effectively and to organize their governance and structures more efficiently, making it reasonable for charter schools to be encouraged—and allowed to take similar actions (e.g., joint purchasing, coordination of special services, shared facilities and transportation). The stakeholders generally did not feel that current organizations and support systems facilitated these activities as well as they could.

*Conclusion 5. Misinformation about charter schools is widespread, and nearly all of the stakeholders interviewed, including many charter advocates, cited some incorrect or unclear information about charter school laws, policies, or procedures.*

It has been well-established that the general public does not understand charter schools. Statewide public opinion surveys conducted with a representative sample of Indiana citizens over the last five years provide evidence that an average of 60 percent of the respondents are not very or not at all familiar with charter schools in Indiana. A surprising aspect of the present study is that most stakeholders held misconceptions about charter school laws and policies, including issues related to funding, the authorization process, and descriptions of various aspects of enrollment (demand, demographics, recruitment practices).

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## Summary and Conclusions

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## Appendix

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### Additional Tables and Figures



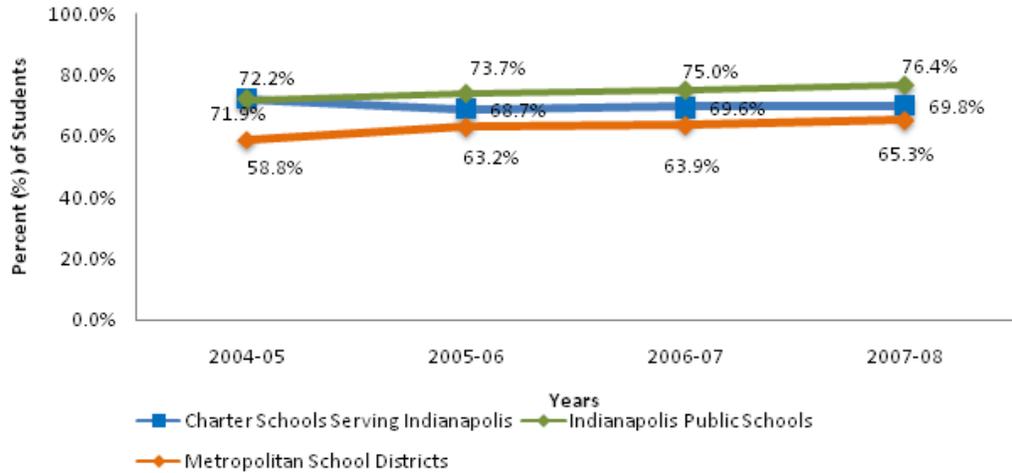
**TABLE A.1 Charter Schools Operating in Indiana as of the 2007-2008 School Year**

Charter School	Levels Served	Year Opened	Sponsor	Location	2007-08 Total Enrollment
Campagna Academy Charter School	Secondary	2002-2003	Ball State University	Schererville	105
Community Montessori	Elementary and Middle	2002-2003	Ball State University	New Albany	443
Irvington Community School	Elementary, Middle, Secondary	2002-2003	Ball State University	Indianapolis	527
New Community School	Elementary and Middle	2002-2003	Ball State University	Lafayette	90
Timothy L. Johnson Academy	Elementary	2002-2003	Ball State University	Fort Wayne	187
Veritas Academy	Elementary and Middle	2002-2003	Ball State University	South Bend	167
Options Charter School	Secondary	2002-2003	Ball State University	Carmel	127
Fall Creek Academy	Elementary, Middle, Secondary	2002-2003	Mayor of Indianapolis	Indianapolis	321
Flanner House Elementary School	Elementary and Middle	2002-2003	Mayor of Indianapolis	Indianapolis	233
Christel House Academy	Elementary and Middle	2002-2003	Mayor of Indianapolis	Indianapolis	414
Signature School	Secondary	2002-2003	Evansville-Vanderburgh School Corp	Evansville	300
Charter School of the Dunes	Elementary and Middle	2003-2004	Ball State University	Gary	437
Thea Bowman Leadership Academy	Elementary and Middle	2003-2004	Ball State University	Gary	649
Andrew J. Brown Academy	Elementary and Middle	2003-2004	Mayor of Indianapolis	Indianapolis	624
KIPP Indianapolis College Preparatory	Middle	2003-2004	Mayor of Indianapolis	Indianapolis	250
Indianapolis Metropolitan High School <sup>10</sup>	Secondary	2004-2005	Mayor of Indianapolis	Indianapolis	342
Southeast Neighborhood School of Excellence (SENSE)	Elementary	2004-2005	Mayor of Indianapolis	Indianapolis	253
Charles A. Tindley Accelerated	Middle and Secondary	2004-2005	Mayor of Indianapolis	Indianapolis	325
Rural Community Academy	Elementary and Middle	2004-2005	Ball State University	Graysville	124

**TABLE A.1 Charter Schools Operating in Indiana as of the 2007-2008 School Year**

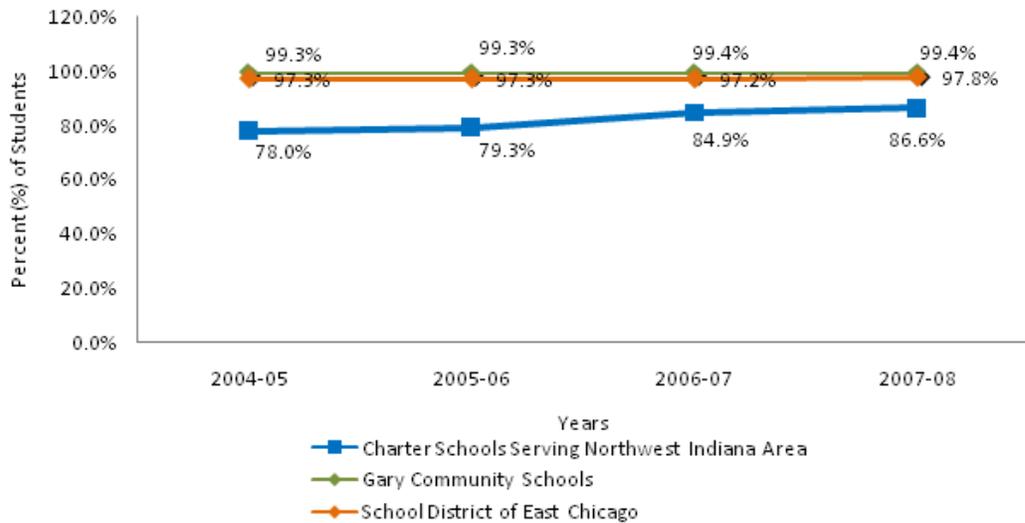
Charter School	Levels Served	Year Opened	Sponsor	Location	2007-08 Total Enrollment
Joshua Academy	Elementary	2004-2005	Evansville-Vanderburgh School Corp	Evansville	219
East Chicago Urban Enterprise Academy	Elementary	2005-2006	Ball State University	East Chicago	331
Gary Lighthouse Charter School	Elementary and Middle	2005-2006	Ball State University	Gary	553
21st Century Charter School of Gary	Middle and Secondary	2005-2006	Ball State University	Gary	315
Decatur Discovery Academy	Secondary	2005-2006	Mayor of Indianapolis	Indianapolis	135
Indianapolis Lighthouse Charter School	Elementary and Middle	2005-2006	Mayor of Indianapolis	Indianapolis	381
Fountain Square Academy	Middle	2005-2006	Mayor of Indianapolis	Indianapolis	237
Galileo Charter School	Elementary	2005-2006	Ball State University	Richmond	221
Options Charter School - Noblesville	Secondary	2006-2007	Ball State University	Noblesville	129
Geist Montessori Academy	Elementary and Middle	2006-2007	Ball State University	McCordsville	87
East Chicago Lighthouse Charter School	Elementary	2006-2007	Ball State University	Gary	204
West Gary Lighthouse Charter School	Elementary and Middle	2006-2007	Ball State University	Gary	420
KIPP LEAD College Preparatory Charter School	Middle	2006-2007	Ball State University	Gary	148
Lawrence Early College High School	Secondary	2006-2007	Mayor of Indianapolis	Indianapolis	164
Hope Academy	Secondary	2006-2007	Mayor of Indianapolis	Indianapolis	40
The Challenge Foundation Academy	Elementary	2006-2007	Mayor of Indianapolis	Indianapolis	338
Herron High School	Secondary	2006-2007	Mayor of Indianapolis	Indianapolis	212
Imagine MASTER Academy	Elementary and Middle	2007-2008	Ball State University	Fort Wayne	476
Renaissance Academy Charter School	Elementary and Middle	2007-2008	Ball State University	LaPorte	95
Monument Lighthouse Charter School	Elementary	2007-2008	Mayor of Indianapolis	Indianapolis	316
Indiana Math and Science Academy - Indianapolis	Middle	2007-2008	Ball State University	Indianapolis	182

**FIGURE A.1** Percentage of Minority Students Attending Indianapolis Charter Schools, Indianapolis Public School District, and Combined Metropolitan School Districts



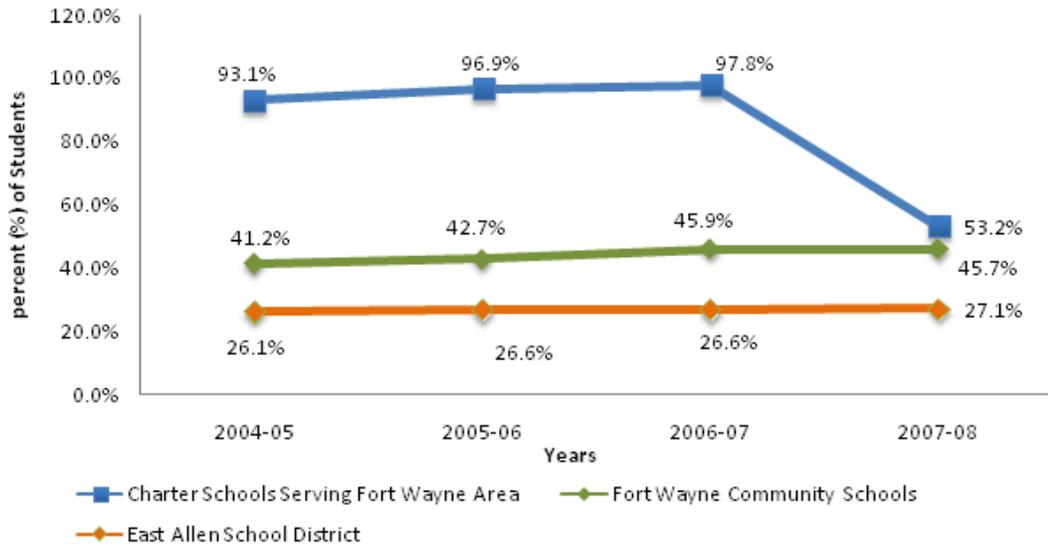
Source: Retrieved on August 28, 2008, from school snapshots, Indiana Department of Education website, ASAP Search Engine, <http://mustang.doe.state.in.us/SEARCH/search.cfm>

**FIGURE A.2** Percentage of Minority Students Attending Northwest Indiana Charter Schools, Gary Community Schools, and School City of East Chicago District



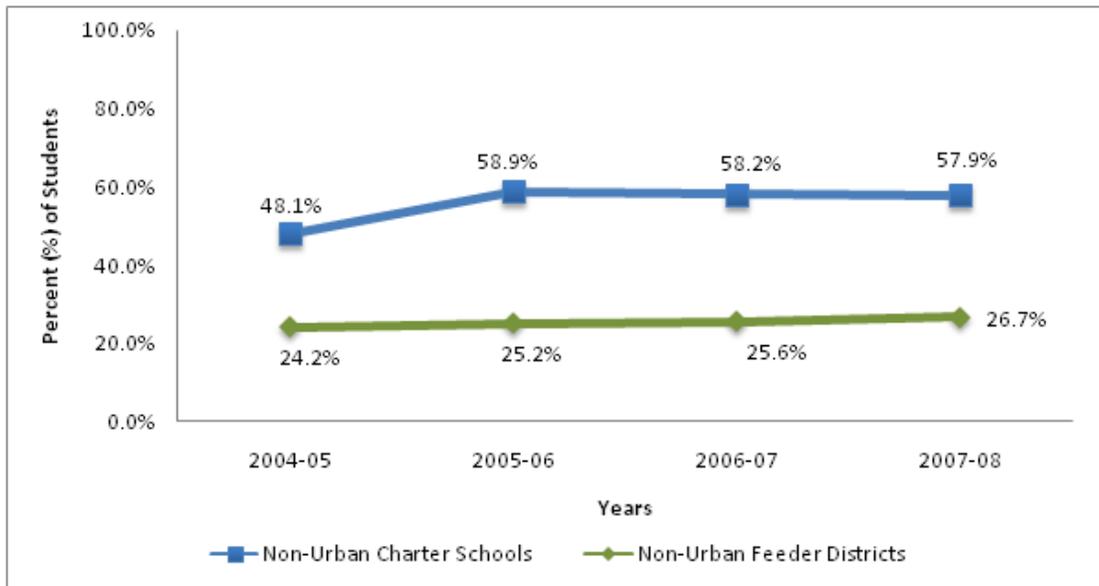
Source: Retrieved on August 28, 2008, from school snapshots, Indiana Department of Education website, ASAP Search Engine, <http://mustang.doe.state.in.us/SEARCH/search.cfm>

**FIGURE A.3** Percentage of Minority Students Attending Fort Wayne Charter Schools, Fort Wayne Community Schools, and East Allen School District



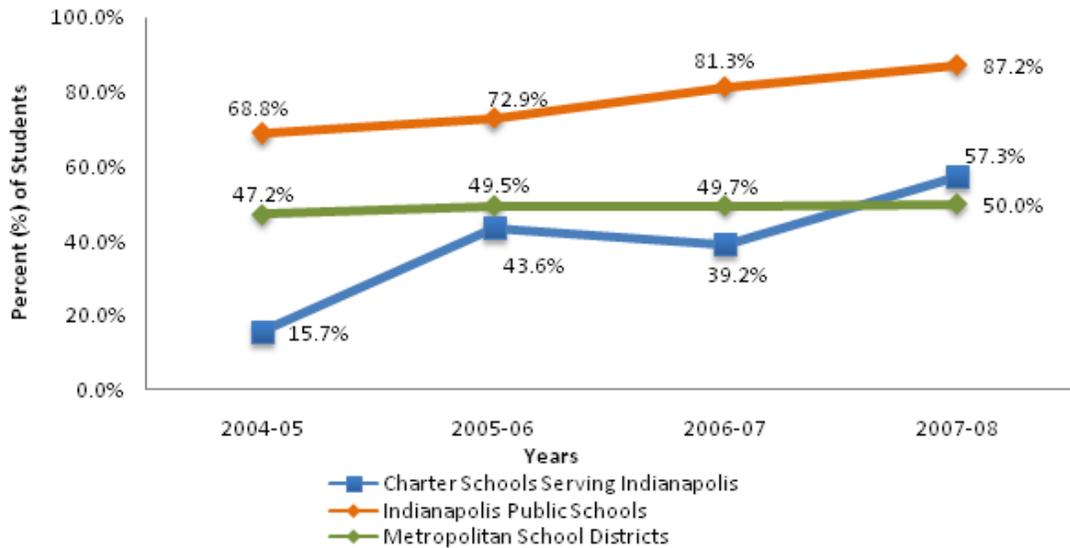
Source: Retrieved on August 28, 2008, from school snapshots, Indiana Department of Education website, ASAP Search Engine, <http://mustang.doe.state.in.us/SEARCH/search.cfm>

**FIGURE A.4** Percentage of Minority Students Attending Non-Urban Charter Schools and Their Associated Feeder Corporations/Districts



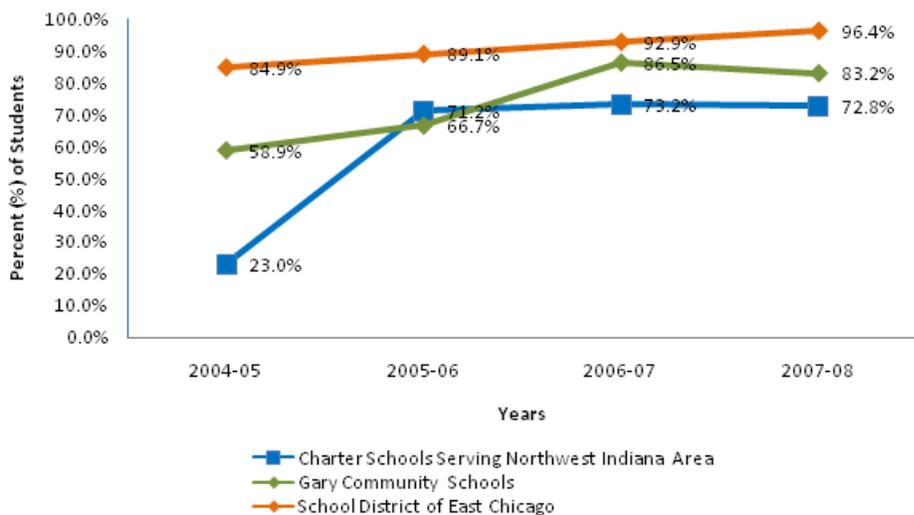
Source: Retrieved on August 28, 2008, from school snapshots, Indiana Department of Education website, ASAP Search Engine, <http://mustang.doe.state.in.us/SEARCH/search.cfm>

**FIGURE A.5** Percentage of Students Who Receive Free or Reduced Lunch Attending Indianapolis Charter Schools, Indianapolis Public School District, and Combined Metropolitan School Districts



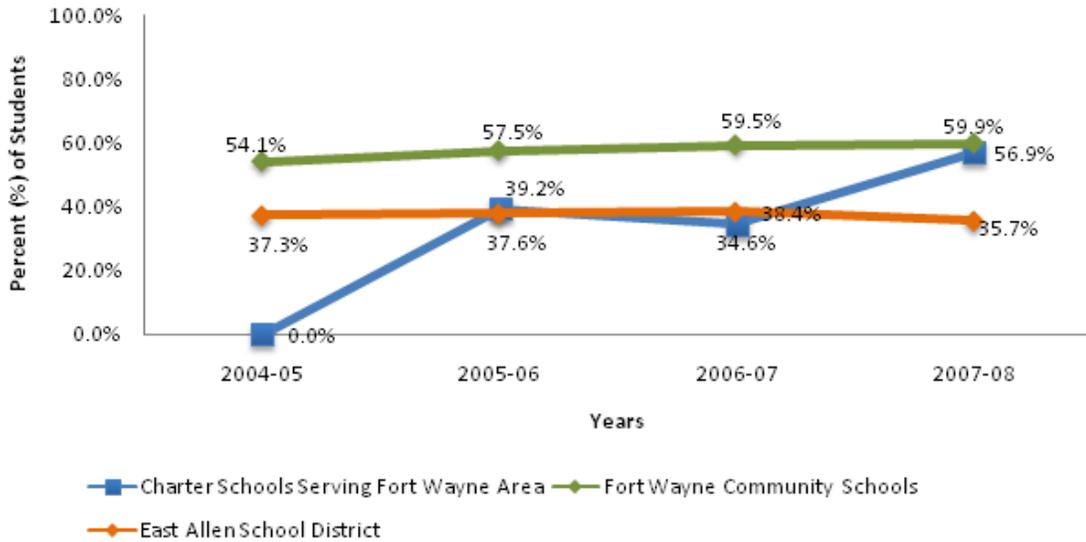
Source: Retrieved on August 28, 2008, from school snapshots, Indiana Department of Education website, ASAP Search Engine, <http://mustang.doe.state.in.us/SEARCH/search.cfm>

**FIGURE A.6** Percentage of Students Who Receive Free or Reduced Lunch Attending Northwest Indiana Charter Schools, Gary Community Schools, and School City of East Chicago District



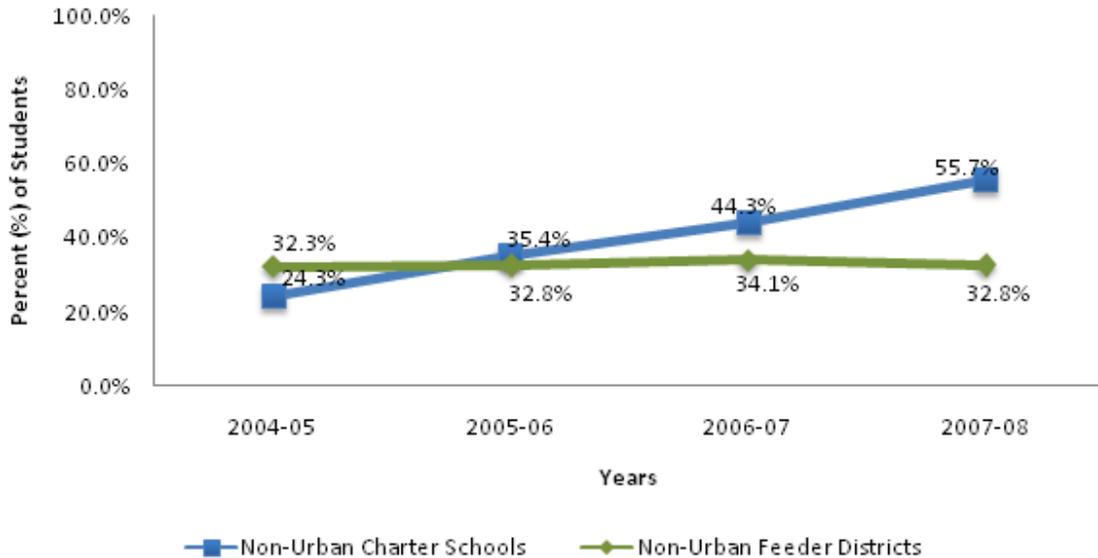
Source: Retrieved on August 28, 2008, from school snapshots, Indiana Department of Education website, ASAP Search Engine, <http://mustang.doe.state.in.us/SEARCH/search.cfm>

**FIGURE A.7** Percentage of Students Who Receive Free or Reduced Lunch Attending Fort Wayne Charter Schools, Fort Wayne Community Schools, and East Allen School District



Source: Retrieved on August 28, 2008, from school snapshots, Indiana Department of Education website, ASAP Search Engine, <http://mustang.doe.state.in.us/SEARCH/search.cfm>

**FIGURE A.8** Percentage of Students Who Receive Free or Reduced Lunch Attending Non-Urban Charter Schools and Their Associated Feeder Corporations/Districts



Source: Retrieved on August 28, 2008, from school snapshots, Indiana Department of Education website, ASAP Search Engine, <http://mustang.doe.state.in.us/SEARCH/search.cfm>

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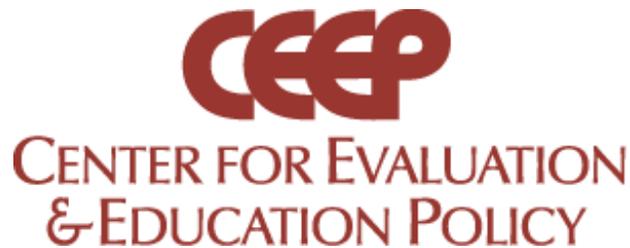
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# **Study of the Effectiveness and Efficiency of Charter Schools in Indiana**

## **Executive Summary**

**Prepared for the Indiana General Assembly**

**October 31, 2008**



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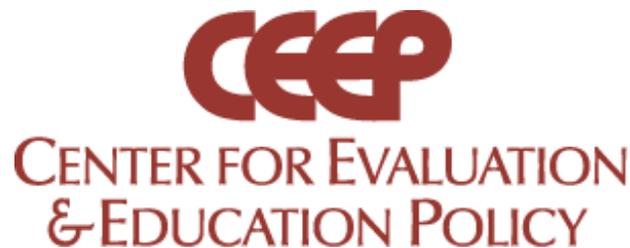
# Study of the Effectiveness and Efficiency of Charter Schools in Indiana

## Executive Summary

Prepared for the Indiana General Assembly

October 31, 2008

Terri Akey, Ph.D.  
Jonathan A. Plucker, Ph.D.  
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## **Executive Summary**

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The Indiana General Assembly passed charter school enabling legislation in 2001, and the first charter schools opened their doors for the 2002-03 school year. As of fall 2008, 49 charter schools are operating in Indiana. A total of 18 of these schools are sponsored by the City of Indianapolis, Office of the Mayor, 28 schools are sponsored by Ball State University, the Evansville-Vanderburgh School Corporation sponsors two schools, and the Lafayette School Corporation sponsors one school. These schools are spread throughout the state, with the largest concentration located around the Indianapolis area, where 21 charter schools are located. Over two-thirds of Indiana's charter schools are located in the metropolitan areas in and surrounding Indianapolis, Gary, and Fort Wayne.

In July of 2007, the Center for Evaluation and Education Policy (CEEP) at Indiana University was contracted by the legislature to conduct an evaluation of the Indiana charter schools.<sup>1</sup> The current study reports the results of an evaluation that has been designed to ensure that all objectives of the provisions of HEA 1001-2007 are fulfilled. In addition, the framework of the study is based on IC 20-24-2-1, Purposes of Charter Schools, and IC 20-24-2-2, Discrimination Prohibited. These two sections of the Indiana Code lay out the purposes for charter schools and emphasize that students cannot be discriminated against regarding disability, race, gender, etc.

The current report addresses a set of specific evaluation questions provided by the Indiana General Assembly. Specifically, the evaluation addresses research questions with respect to charter school enrollment patterns and policies, funding patterns and sources, innovations in charter schools, impacts on neighboring corporations and the educational landscape in general, accountability and performance of charter schools on achievement measures, and the effectiveness of the support provided by charter school sponsors.

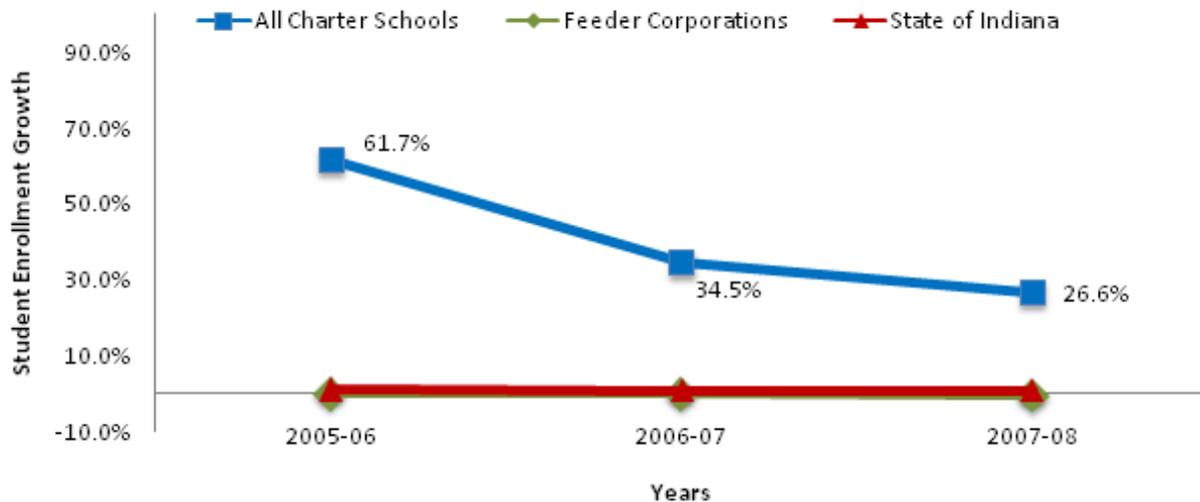
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1. CEEP appreciates the assistance of several people in the preparation of this report. Please see the Acknowledgements section in the full report for a full listing of these individuals and groups.

**Question 1: What are the charter school enrollment trends and projections compared to school corporations?**

*Charter school enrollments are increasing at a relatively constant rate compared to their local school corporations and the state of Indiana as a whole.* Charter school enrollments are increasing at an average of 2,300 students per year with an overall growth rate of nearly 175 percent over the last four years (see Figure E.1). In contrast, school corporations in the same communities (i.e., “feeder schools/corporations”) have remained relatively unchanged or have declined over the last four years, and state enrollments have increased at a much lower rate (about three percent per year). The area of greatest growth in charter schools has been in the secondary level, with many schools adding new grades as their elementary students reach middle and high school age.

**FIGURE E.1. Percentage Growth in Total Student Enrollment for Charter Schools, Feeder Corporations, and the State of Indiana**



Note: Charter enrollment increased from 4,040 students in 2004-05 to 11,121 students in 2007-08 (173.3 percent). Feeder school enrollments decreased from 325,126 students in 2004-05 to 324,425 students in 2007-08, a net decline of -.2 percent. Total enrollment in the state of Indiana increased 2.5 percent during the same time (1,020,707 to 1,046,159).

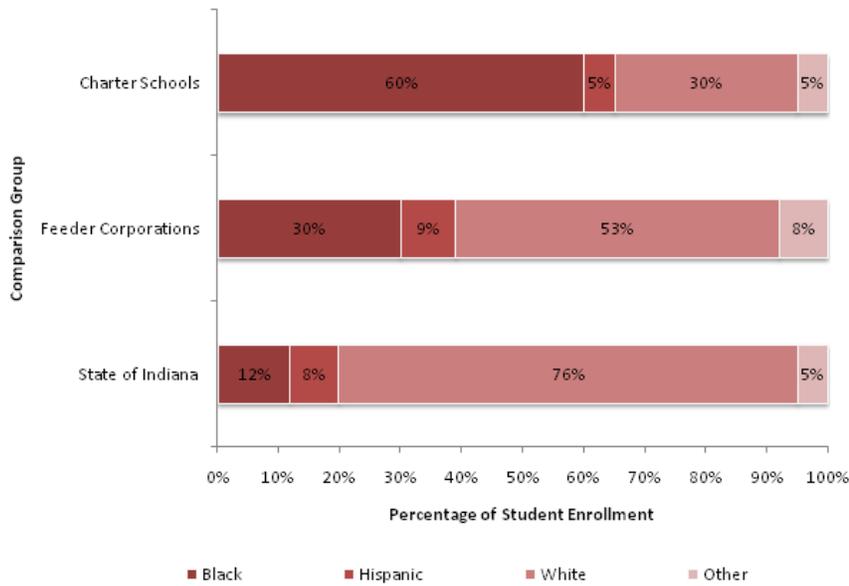
Source: Retrieved August 28, 2008, from school and corporation snapshots, Indiana Department of Education website, ASAP Search Engine, <http://mustang.doe.state.in.us/SEARCH/search.cfm>

**Question 2: Who are the students attending charter schools with respect to grade levels, minority status, socioeconomic status, and gender compared to school corporations in the same community?**

*Indiana charter schools appear to serve, for the most part, a similar or higher percentage of minority and low-income students compared to the school corporations.* The majority of the students served by charter schools across the state—approximately 70 percent—are members of an ethnic minority (Black, Hispanic, Asian, Multi-race, or other) (see Figure E.2). During the 2007-08 school year, the percent of students who received free or reduced lunch services in charter schools (61 percent) greatly exceeded the numbers in the state of Indiana (39 percent) and feeder corporations (49 percent; see Figure E.3).

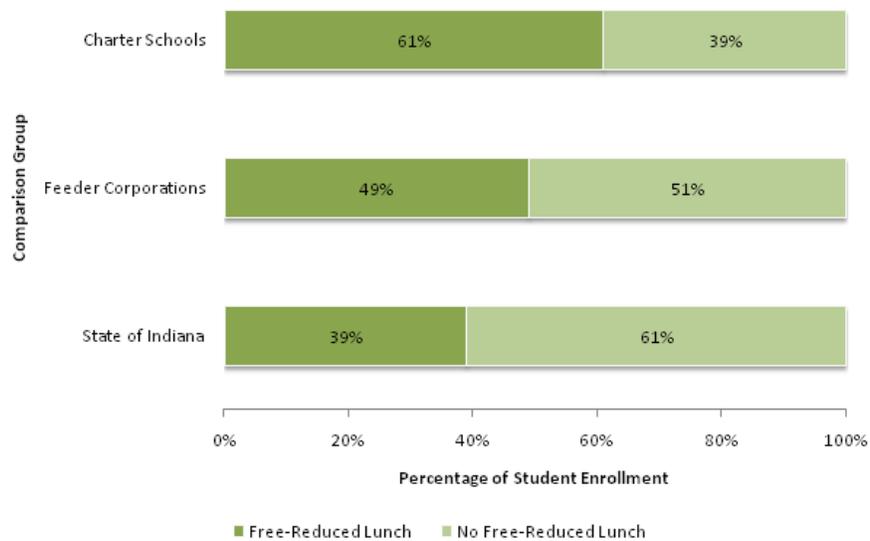
Charter schools serve all grade levels of students, though the largest groups of students served by charter schools are younger students—compared to the state and feeder districts who serve a higher percentage of high school students (Figure E.4). The proportion of male and female students in charter schools is evenly split and no different from state and feeder schools.

**FIGURE E.2. Ethnic/Racial Breakdown of 2007-08 Student Enrollment for Charter Schools, Feeder Corporations, and the State of Indiana**



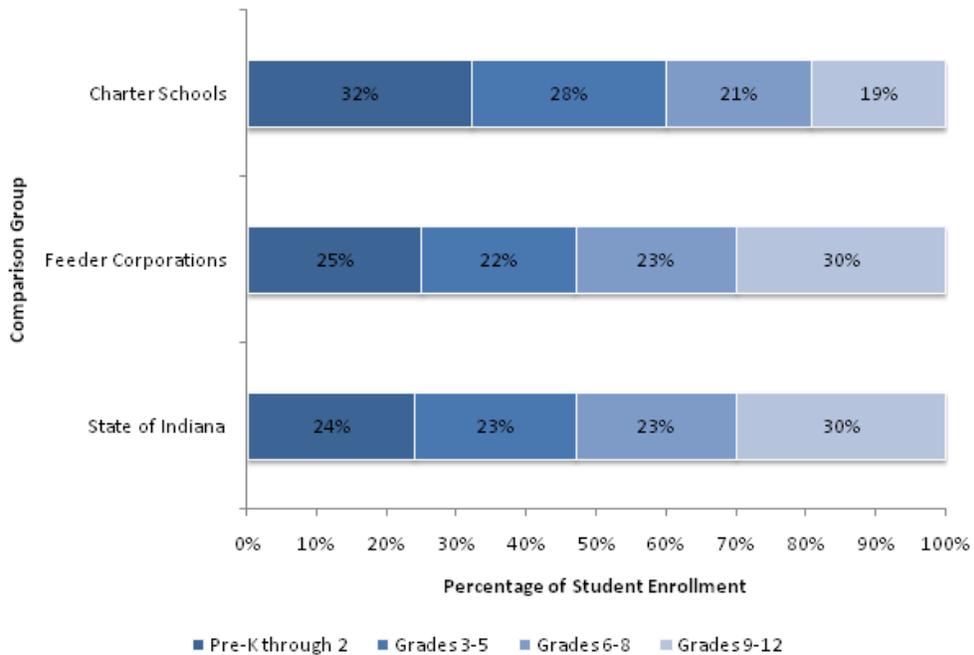
Source: Retrieved August 28, 2008, from school snapshots, Indiana Department of Education website, ASAP Search Engine, <http://mustang.doe.state.in.us/SEARCH/search.cfm>

**FIGURE E.3. Free/Reduced Lunch Breakdown of 2007-08 Student Enrollment for Charter Schools, Feeder Corporations, and the State of Indiana**



Source: Retrieved August 28, 2008, from school snapshots, Indiana Department of Education website, ASAP Search Engine, <http://mustang.doe.state.in.us/SEARCH/search.cfm>

**FIGURE E.4. Percentage of Students Who Are Enrolled in Different Grade Levels in Charter Schools, Feeder Corporations, and the State of Indiana**



Source: Retrieved August 28, 2008, from school snapshots, Indiana Department of Education website, ASAP Search Engine, <http://mustang.doe.state.in.us/SEARCH/search.cfm>

**Question 3: Are charter schools complying with the open enrollment and lottery provisions of the charter school law?**

*Charter schools, according to established policies and charter contracts, appear to be implementing procedures that help ensure open and unbiased enrollment policies.* These procedures include public lotteries conducted by external organizations, blind applications, and attention to the information on application and marketing materials. Although the Indiana charter schools appear to follow the open enrollment policy as described in Indiana law, there are certainly “niche” schools in operation that target a certain demographic. For example, charter schools include a military academy, a school for students coping with drug addiction, a school for higher achieving students, and several schools that target students who are at-risk for educational failure in traditional public schools.

**Question 4: Do charter schools educate a proportionate number of special education and limited English proficient students as their associated school corporations?**

*Charter schools do not serve a proportionate number of special needs children.* Approximately 11 percent of the students in charter schools receive special education services, compared to approximately 17 percent in feeder schools and across the state (Table E.1). The provision of special education services was identified in most stakeholder interviews as a significant challenge facing Indiana charter schools.

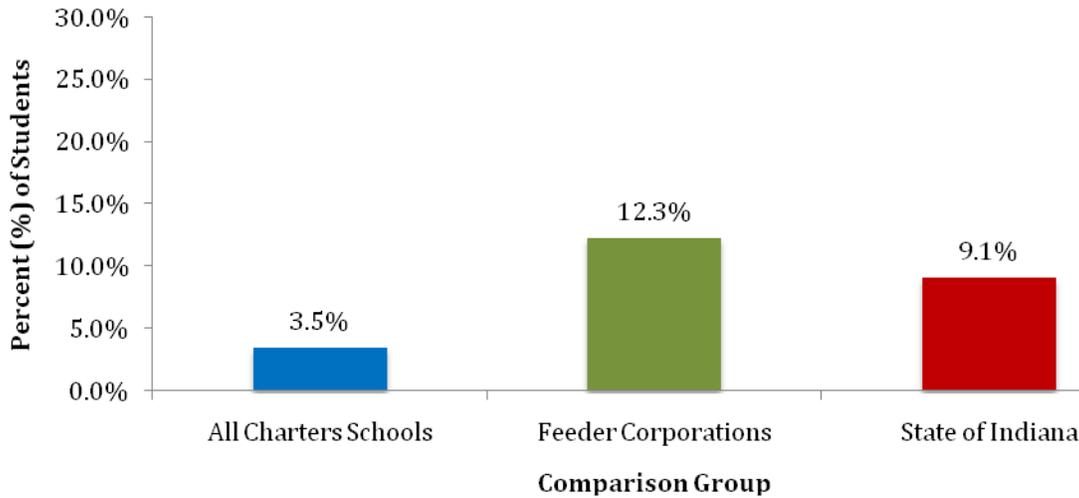
Charter schools also served substantially fewer students who were classified as limited English proficient (LEP) than their respective feeder corporations and the state of Indiana (Figure E.5). Although a few of the charter schools identified a significant population of LEP students and some had full capacity to serve these students (e.g., an LEP teacher and/or coordinator), charter schools on average do not appear to enroll a comparable number of LEP students as traditional public schools.

**TABLE E.1. Percentage of Students Who Receive Special Education Services Attending Charter Schools, Feeder Corporations, and the State of Indiana**

	2004-05	2005-06	2006-07	2007-08
All Charter Schools	11.0%	10.7%	11.6%	10.9%
Feeder Corporations	16.8%	17.1%	17.0%	17.0%
State of Indiana	18.1%	18.1%	17.6%	17.4%

Source: Retrieved September 19, 2008, charter and feeder corporations snapshots from Indiana Department of Education website, Indiana Department of Education, ASAP Search Engine, <http://mustang.doe.state.in.us/SEARCH/search.cfm> and Annual Performance Reports, <http://www.doe.state.in.us/htmls/performance.html>

**FIGURE E.5. Percentage of Students Who Receive LEP Services Attending Charter Schools, Feeder Corporations, and the State of Indiana in 2007-08**



Source: Retrieved September 19, 2008, charter and feeder corporation snapshots from Indiana Department of Education website, <http://www.doe.state.in.us/asap/> and Annual Performance Reports, <http://www.doe.state.in.us/htmls/performance.html>

**Question 5: What is the demand for charter schools? Are there waiting lists?**

*There appears to be a relatively high demand for charter schools, particularly in the urban areas at the elementary level. Many of the charter schools in the state are oversubscribed. For example, analysis of the Indianapolis Mayor’s Office charter schools suggests that there are more than 1,000 students on waiting lists for openings at specific grade levels. Elementary level grades tend to be more oversubscribed than middle and high school grades. Secondary enrollment at charter schools may still be adversely affected by the lack of extracurricular opportunities for students but continues to grow as the elementary students in the charter schools reach middle and high school age.*

**Question 6: Are students leaving charter schools after the start of the school year? How long are students attending charter schools?**

*Children who attend charter schools, for the most part, attend for at least two or more years and for a significant amount of time that they are eligible to attend a particular charter school given their age and the*

grade levels served by the school. However, in areas with significantly mobile populations, charter schools are afflicted with the same high mobility issues as traditional public schools. Stability rates were initially higher than, and are now about the same level of traditional public schools in the same communities (Table E.2). In looking at how long charter school students stay in their schools, nearly four out of five students have longevity at their schools—that is, they have been enrolled at least three-fourths of the time they are eligible to have been enrolled at the school. For example, this translates into at least three years of attendance at the same school for a high school senior.

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**TABLE E.2. Stability of Charter School Enrollments, Feeder Corporations and the State of Indiana**

	2004-05	2005-06	2006-07
All Charter Schools	90.1%	86.2%	84.1%
Feeder Corporations	85.5%	84.5%	85.2%
State of Indiana	88.0%	88.5%	88.9%

Source: Retrieved September 1, 2008, from school and corporation snapshots, Indiana Department of Education website, ASAP Search Engine, <http://mustang.doe.state.in.us/SEARCH/search.cfm>

### **Question 7: What are the funding trends for charter schools and conversely the school corporations as a result of the student enrollment trends?**

#### **7A. How do charter schools get their funding? How do charter school and school corporation revenue compare over time?**

*Charter school General Fund revenue is higher than traditional public schools (Figure E.6), from approximately \$600 to \$1,200 higher depending on the year. However, traditional school corporations receive additional dollars from other sources that charter schools do not.<sup>2</sup> For charter schools in at least their second year of operation, charter funding parallels the funding structure of school corporations with the exception of the provision to levy local property taxes to generate revenue for the Debt Service, Capital Projects, Transportation, and Special Education Preschool Funds. Charter schools in their first year of operation, and often times*

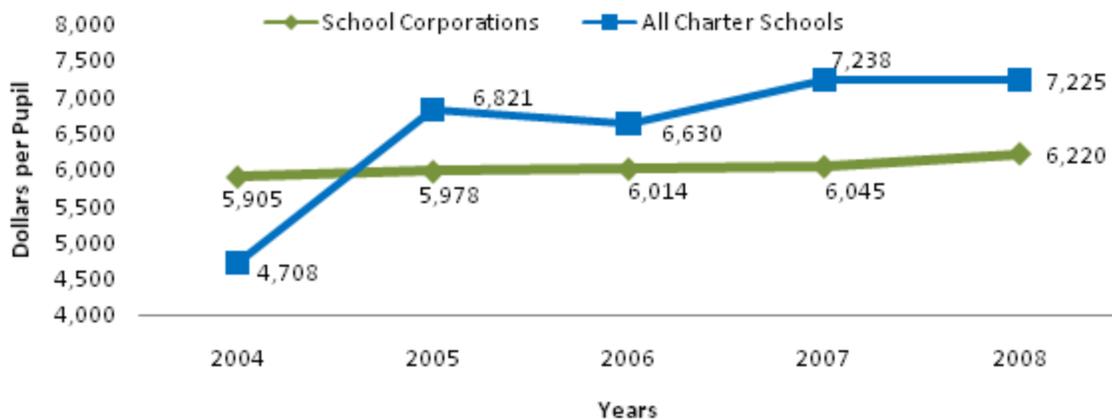
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2. Total revenues between charter schools and traditional school corporations are not compared because the revenue reporting mechanism available to the end user does not appear to generate comparable values. Readers interested in comparing totals between charter schools and traditional schools are directed to the following section where expenditures are presented.

for subsequent years, have access to other revenue such as the federal Public Charter School Program grant and the Indiana Department of Education Common School Loan.<sup>3</sup> For the time period 2004-08, per pupil revenues were, on average, \$6,524 compared to average per pupil revenues in school corporations of \$6,032. For all years except 2004, per pupil revenues were higher for charter schools than school corporations.

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**FIGURE E.6. General Fund Revenue per Pupil, School Corporations and Charter Schools, 2004-08**



Source: Data request filled by Indiana Legislative Services Agency (LSA), October 16, 2007

*Some charter schools receive grant funding and/or private dollars. However, these dollars are generally a very small percentage of total charter school revenue.* Charter schools face challenges in generating additional revenue beyond their state basic grant. Although some schools have hired leaders with fund-raising experience or work with larger educational management organizations (EMOs) that provide financial and fund-raising support, many charter schools are faced with the challenge of raising funds with no experience in doing so and trying to run the school at the same time.

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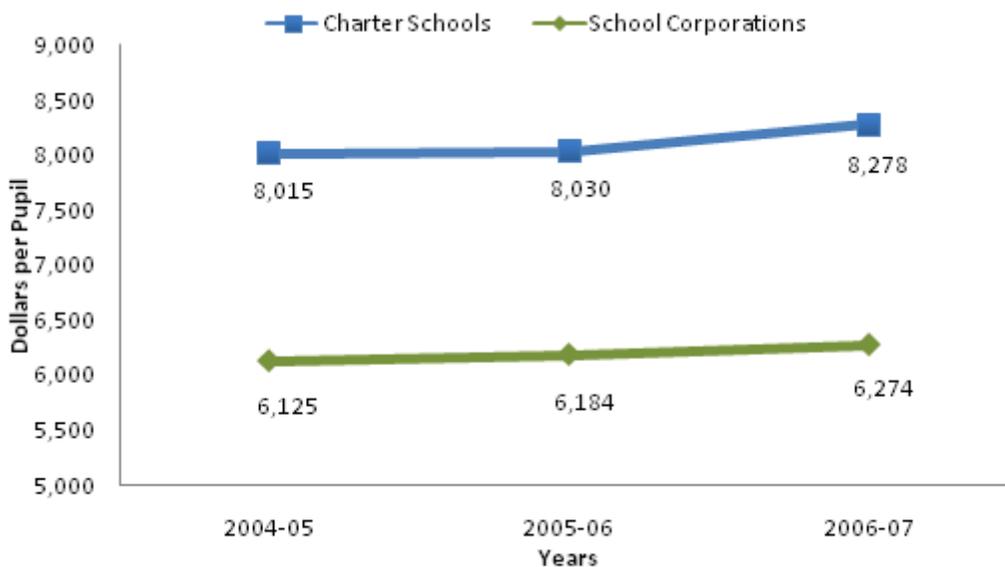
3. Charter schools are eligible to receive PCSP funding for three years: A planning year before they open, then the first two years of operation.

**7B. How do charter school expenditures compare with those of school corporations? How do the expenditures between charter and school corporations compare as a function of ADM over time?**

*Charter school General Fund expenditures exceed the General Fund expenditures of school corporations. However, when total expenditures are examined for both types of corporations (including Capital Projects, Debt Service, and Transportation Funds), school corporations spend nearly \$1,700 more per pupil than charter school corporations. Charter school per-pupil expenditures associated with the General Fund were consistently higher than the comparable expenditures for school corporations for these three years (Figure E.7). However, when examining total per pupil expenditures, expenditures made by charter schools were less than total expenditures made by traditional school corporations for the most recent two years (Figure E.8).*

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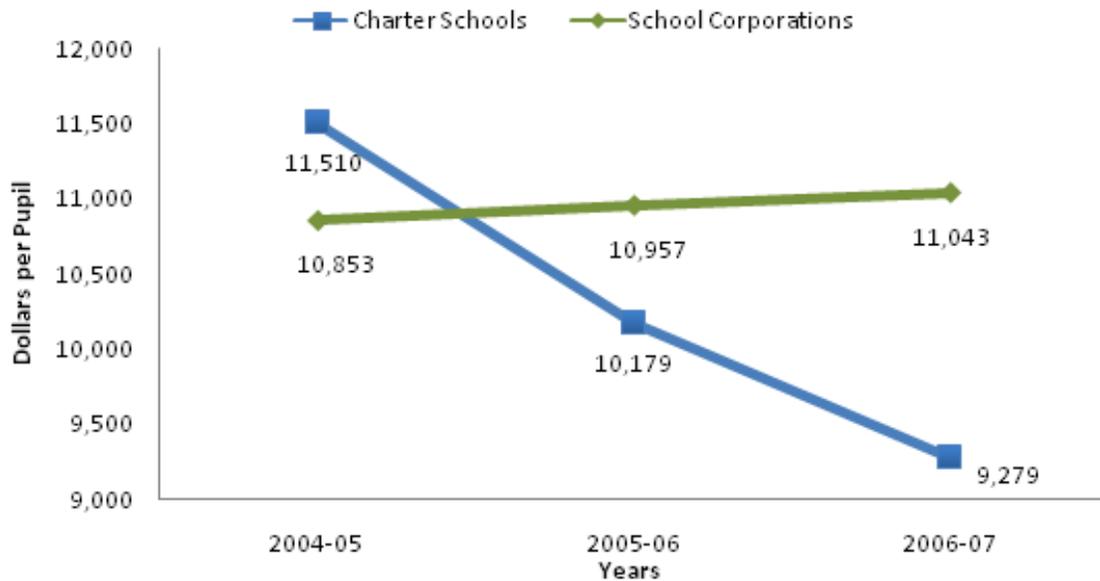
**FIGURE E.7. General Fund per Pupil Expenditures for School Corporations and Charter Schools Over Fiscal Years 2005-07**



Note: School Corporations (n = 293), Charter Schools (n = 20)

Source: Retrieved on September 16, 2008 from <http://mustang.doe.state.in.us/SAS/sas1.cfm>

**FIGURE E.8. Total per Pupil Expenditures for School Corporations and Charter Schools Over Fiscal Years 2005-07**



Note: School Corporations (n = 293), Charter Schools (n = 20)

Source: Retrieved on September 16, 2008 from <http://mustang.doe.state.in.us/SAS/sas1.cfm>

**Question 8: What impact has the lack of Capital Projects, Debt Service, Transportation Funds (and the other school corporation funds paid through property taxes) had on charter schools?**

*Some charter schools' financial viability is limited because of the need to carry large amounts of debt—typically from the Common School Loan program. Charter schools do not have the authority to levy taxes to cover debt service, like traditional public schools. Rather the interest costs they incur to educate students come out of their General Fund. Because of historical arrears funding to charter schools (they received their first payment in January instead of July), charter schools have turned to the Common School Loan program to fund their operational and instructional costs of educating students for the first six months. This funding procedure has been changed recently, so that new charter schools will not be required to take on debt for operational procedures when opening.*

Common School Loans are available to help charter schools cover their costs during the time period before they receive state aid. However, the funds are a loan, and the debt shows on financial statements, making it difficult for new charter schools to get financing for capital expenses such as buildings. In addition, the interest paid back to the program must come out of the General Fund, reducing the amount that is available for instructional programs.

*Charter schools tend to lease their buildings, although some charter schools have been able to purchase or acquire ownership of their buildings through a variety of sources.* Charter schools fund their buildings through numerous sources. Some charter schools get assistance from private foundations, some receive loans from the Indianapolis Bond Bank, and some have commercial mortgages, yet others lease buildings with monies from their General Fund monies.

*Charter schools face significant challenges in providing transportation to their students.* Many charter schools do not provide comprehensive transportation, relying on parents, carpooling, and walking for students to come to school. Other charter schools have one or two buses that they use for specific students. Some urban charter schools have purposely located near public bus stops and provide public transportation assistance to their students. Still others have partnered with other charter schools or school corporations to lease buses. For charter schools that work with educational management companies, transportation is often provided by the EMO.

Charter school leaders report the lack of transportation services as a significant factor in their ability to grow and serve all students—suggesting that it limits their enrollment to those who live close by or whose parents can afford the time and resources to get them to school. Some charter school leaders indicated that they had seen a shift in enrollment patterns as energy costs have increased (i.e., having fewer students from farther away and more students who can walk from the local neighborhood).

**Question 9: Are charter schools exercising their flexibility granted to them by exemption from most state statutes and administrative rules? If so, has this led to instructional or administrative innovations? Are charter schools more efficient and effective as a result of the statutory flexibility?**

*Although innovative programs are seen in some charter schools (such as Montessori curriculum or project-based schools), it is important to note that similar innovations can be seen in some traditional public schools. Charter schools do utilize flexibility in staffing, class size, curriculum, and teaching materials decisions and in the length of school days and school years. Charter schools are able to be somewhat more flexible in adapting and changing curriculum (although all school corporations may request waivers to do the same). Several charter schools have changed their school calendar or their instructional programs—often utilizing calendars and schedules that lengthen the school day or add instructional time to the day itself. Charter schools have (on average) somewhat longer days (nearly half an hour per day) than do their associated feeder schools, with an average of 6.5 hours per day in charter schools and an average of 6.1 hours per day in associated feeder schools.*

Charter schools include approximately six and one-half more days (on average) in their school calendar than do their associated feeder schools—a significantly higher number. When looking at the instructional days for the charter schools, a fourth of them have calendars similar to traditional public school calendars of 180 days. More than half of the charter schools add an additional one to 10 days to their instructional calendar, and nearly a fourth add more than 10 days to their instructional calendar.

**Question 10: What impact has the concentration of charter schools in Indianapolis and Northwest Indiana had on the neighboring public school corporations? Are charter schools having the desired competitiveness effect?**

*The impact of charter schools on comparable traditional public schools and the educational landscape in Indiana is debated among stakeholders. Consensus exists that charter schools have some impact on enrollment, funding, market demand, and traditional school programs—however, stakeholders are mixed about whether the impacts are positive or negative. Of the 30 stakeholders interviewed for this*

report, the vast majority believe charter schools have had some impact on the educational landscape in Indiana—though they differ on whether that impact is positive or negative. The stated impacts of charter schools include: student mobility, financial consequences for the traditional public school corporations, choice and options for families, and market—driven progress toward “best practices,” structural changes, and the offering of new services.

### ***Enrollment Patterns***

The majority of the students entering charter schools come from traditional public schools. At the same time, a considerably smaller number of charter students transfer back to the public schools each year (nearly all transfers out of charter schools appear to migrate to traditional public schools). This is consistent with the discussion earlier that students, for the most part, appear to have longevity in their attendance at charter schools.

It appears also that the three major urban school districts of Gary Community Schools, IPS, and Fort Wayne Community Schools are impacted to some degree by charter school mobility patterns, although the impact is not as high as some have indicated in stakeholder interviews. About a third of students in charter schools transferred out in 2007-08 to different schools, but for IPS and Gary, only about 13 to 16 percent of the students transferring out of charter schools returned to the districts. The percentage is higher for Fort Wayne, but the numbers represent a small proportion of the total students enrolled in the school corporation, making it difficult to determine the true impact on the district.

Finally, there seems to be a considerable amount of mobility between charter schools themselves. About 12 percent of newly enrolled students in charter schools in 2006-07 transferred from other charter schools.

### ***Financial Impacts on Surrounding Corporations***

Stakeholder perceptions of funding impacts on school corporations are highly variable with respect to their understanding of the actual funding formula and how charter schools receive their funding. However, there is consensus among the interviewed superintendents that they are suffering from the loss of students and revenue and that enrollment and mobility issues compound the negative impact. Other stakeholders noted that students leaving traditional public schools for charter schools are a small minority of the total number of students leaving these school corporations, and that the financial impact is minimal compared to the impact of loss of students in general in these corporations.

Another perceived financial impact is potential loss of dollars for students the traditional public schools may still end up serving. For students who leave charter schools and return to traditional public schools after the ADM date, the per pupil funding does not follow back to the corporation; but then again, the money also does not follow a student who leaves a school corporation after the ADM date for another traditional public school in a different district. The potential problems with a single ADM date have been noted by a variety of groups, including rapidly growing suburban districts who add large numbers of students after the ADM date. The Indiana General Assembly has been sensitive to these concerns and has implemented a pilot program to address these ADM count issues. In this pilot process, ADM counts are taken three times a year—once in the fall as usual, once mid-year, and once in the spring. Presently, only the fall count is applicable for funding while the other two are informational counts. It is not yet clear whether and how the additional counts would benefit school corporations with declining enrollments, school corporations with increasing enrollments, or charter schools, and these potential effects should be studied carefully.

### ***Impact on Market Demand and Choice***

A third major impact relates to the degree that charter schools can provide reasonable school choices for families and communities. One of the most important arguments for the founding of charter schools was that charter schools would provide more options for students and their families. Stakeholders were strongly divided on whether or not they saw charter schools as providing a viable option for their communities.

Those stakeholders in favor of choice perceive that the option of charter schools offers parents a choice and, in doing so, drives market competition and pushes traditional public schools to perform at a higher level. Supporters of choice believe that when competition enters the debate, an incentive to improve schools and keep students arises; traditional public schools are forced to examine where they are, and the competitive aspect “pushes them a little harder.” Some see choice as offering one more option for students who are not achieving at their highest potential; if a student is not responding to teachers or programs in a specific school, parents can choose to do what best suits that student’s needs. Supporters of choice also argue that charter schools have the ability to catch students that would have otherwise “fallen through the cracks.”

Those who argue against choice have one primary concern; this group believes that even though charter schools are public schools and all students have an equal opportunity to attend charter schools, the option to choose is not always truly present. In certain cases, parents do not have sufficient information to make an informed choice, while others who would like to send their children to charter schools do not have the time or resources to transport their children to those schools (transportation is often not provided by charter schools). Critics of charter schools also question the quality of charter school programming and curriculum, citing a lack of evidence that charter schools are able to meet the needs of the students that they serve.

It appears that charter schools have played some role, through market competition, in motivating school corporations to make positive structural and programmatic changes. However, one must be cautious in attributing changes in traditional public schools' programs and structures to programs implemented by charter schools, since observed changes may be related to meeting accountability standards and the diverse needs of students rather than competitive pressures. Although there is evidence that some traditional public schools are making innovative changes to meet the needs of their students, it is likely that the market demand created by charter schools is more directly related to these changes than any innovations in programming or structure that charter schools utilize.

**Question 11: What assessment and accountability systems are used for Indiana charter schools?**

*Accountability standards exist for charter schools, both under the oversight of their authorizing organization, and under state of Indiana accountability measures.* The interviewed stakeholders believe that there has been unevenness in the support and oversight provided by authorizing organizations. However, evidence suggests that from a policy and procedure level, more rigor is embedded in the accountability systems than was the case in the past. It remains to be seen how that increased rigor translates into student and school outcomes and how authorizers address the problems of ineffective schools. Historically, the perception has been that accountability for both sponsors has been stronger in the initial authorization of charter schools than in the monitoring and oversight of existing charter schools.

There has been significant evolution of ensuring compliance and effective performance since the passage of the charter school legislation. With respect to the Indianapolis Mayor's Office, the system seems to be more firmly in place, with a very structured set of site visits and accountability reporting measures. Although many of the components and core measurements are the same across the two organizations, the Indianapolis Mayor's Office engages in more process evaluation of charter schools throughout the seven-year charter cycle than does Ball State University, which focuses more heavily on outcomes. In

addition, both organizations have undergone significant staff changes over the last two or three years, resulting in substantial changes to policies and procedures. It remains to be seen what the effect of these changes will be, both in terms of existing charter schools and new charter schools that open under the changed policies and procedures.

**Question 12: What is the level of parental satisfaction with charter schools?**

*Parents report that they are highly satisfied with the charter schools their children attend. Approximately six out of every seven parents indicated that they were satisfied or very satisfied with their child's education, while between two-thirds and three-fourths of the parents said the quality of their child's education was good or excellent. A minority of parents did not see the education that their child received as high quality—which may feed into stakeholder perceptions that parents are not given enough information to make informed choices about attending charter schools, or that charter schools are not able to meet the needs of all the students they serve—a challenge that the traditional public schools must also confront.*

**Question 13: What are the student achievement outcomes of charter school students? How do these outcomes compare to the performance of the students in the schools the charter school students left?**

*There is no practical difference between student performance in charter schools and traditional public schools. Charter schools seem to be doing as well as traditional public schools in promoting student performance across the board when the comparison group is carefully matched to the schools where charter students would have gone if they did not attend charter schools.<sup>4</sup> Attendance rates for charter schools have risen to the levels of their local traditional corporations (Table E.3), and grade retention rates have dropped to nearly the same levels of traditional public schools (Table E.4). There is virtually no difference in the*

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4. For attendance and retention analyses, matching was conducted at the school level, while matching for the ISTEP+ analysis was conducted at the school and the student level. The latter procedure is a stronger method for ensuring that comparisons are made on similar groups. Analyses were conducted for the 20 charter schools that had been in operation at least three years as of the 2007-08 school year.

passing rate of charter school students in Mathematics or Language Arts ISTEP+ performance when these charter school students are carefully matched to similar students from the same corporation, racial background, grade level, and socioeconomic status (Figures E.9 to E.14), although the high school results, which are based on limited sample sizes and few schools, should be interpreted with caution and closely monitored as charter schools add additional high school students (Figures E.13 and E.14).<sup>5</sup>

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**TABLE E.3. Attendance Rates from 2004-05 to 2007-08 for Charter Schools and Their Associated Feeder Corporations**

	2004-05	2005-06	2006-07	2007-08
Charter Schools	94.6%	95.2%	95.2%	96.0%
Feeder Corporations	95.9%	95.9%	95.9%	96.0%

Source: Retrieved September 15, 2008, from school snapshots, Indiana Department of Education website, ASAP Search Engine, <http://mustang.doe.state.in.us/SEARCH/search.cfm>

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**TABLE E.4. Retention Rates from 2004-05 to 2007-08 for Charter Schools and Their Associated Feeder Corporations**

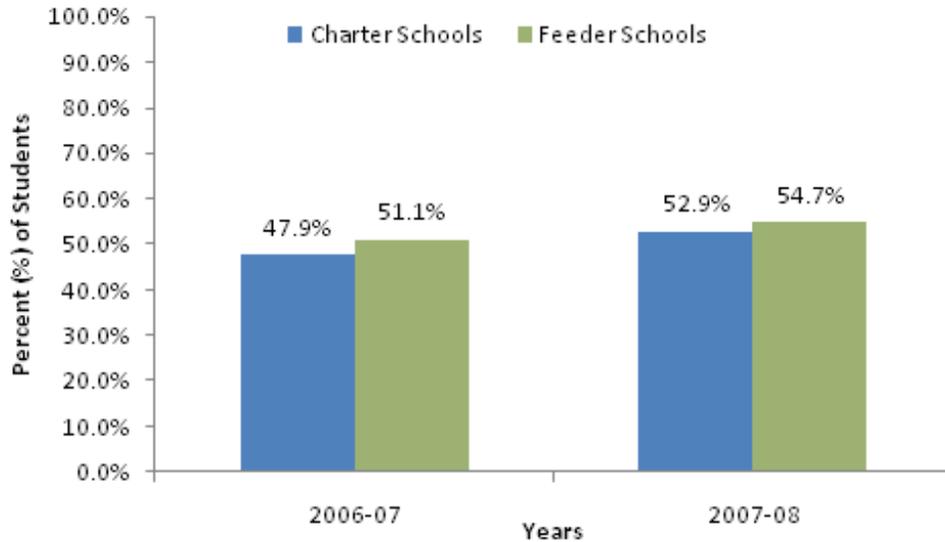
	2004-05	2005-06	2006-07	2007-08
Charter Schools	7.8%	6.9%	5.1%	4.5%
Feeder Corporations	2.6%	3.1%	2.9%	3.1%

Source: Retrieved September 18, 2008, from school snapshots, Indiana Department of Education website, ASAP Search Engine, <http://mustang.doe.state.in.us/SEARCH/search.cfm>

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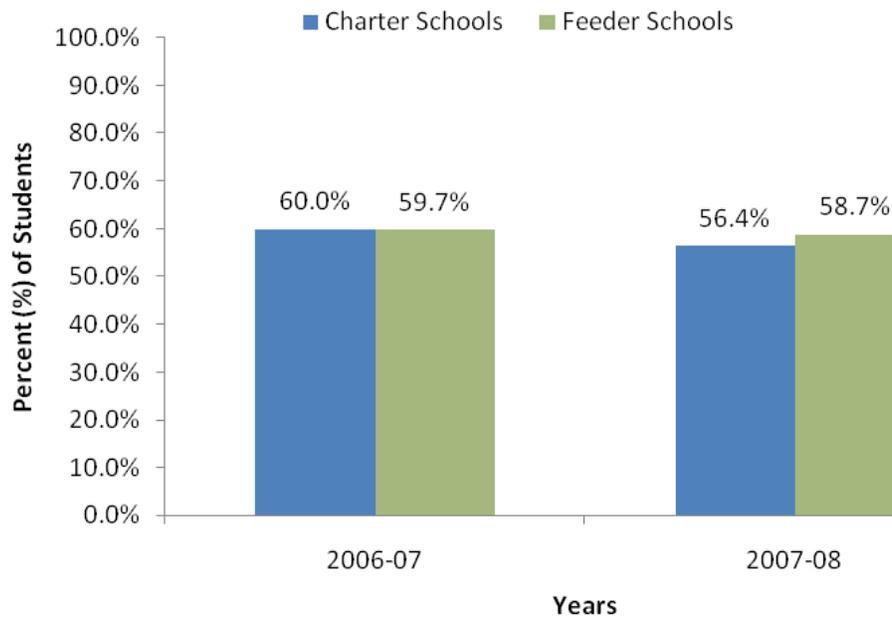
5. ISTEP+ analyses involve examining the change in passing from one school year (2006-07) to the next (2007-08), carefully controlling for prior achievement, ethnicity, and free or reduced lunch status. Longer trends were unable to be examined because of data limitations due to the constraints of the testing schedule and students movement from elementary to middle school to high school and Indiana charter schools have not been open long enough to do five or ten year trend analyses. Examining changes from 2006-07 to 2007-08 allowed for the maximum number of students to be included in the analysis.

**FIGURE E.9. Percentage of Elementary Students Passing Language Arts ISTEP+ in Charter Schools and Feeder Schools (N = 1,424)**



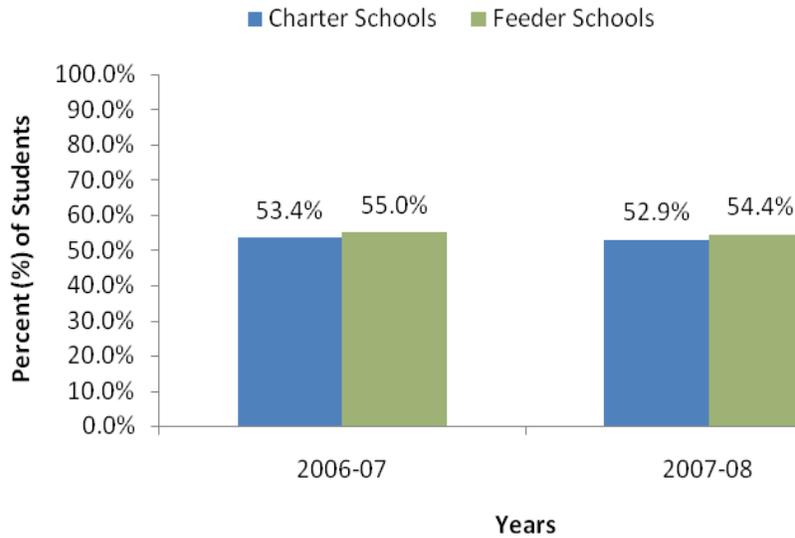
Source: Data provided by Indiana Department of Education, CIS, September 26, 2008

**FIGURE E.10. Percentage of Elementary Students Passing Mathematics ISTEP+ in Charter Schools and Feeder Schools (N = 1,431)**



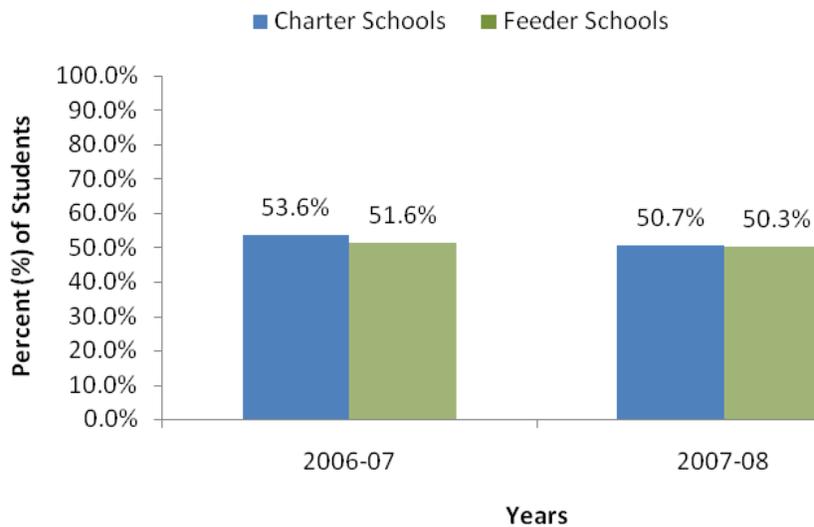
Source: Data provided by Indiana Department of Education, CIS, September 26, 2008

**FIGURE E.11. Percentage of Middle School Students Passing Language Arts ISTEP+ in Charter Schools and Feeder Schools (N = 1,248)**



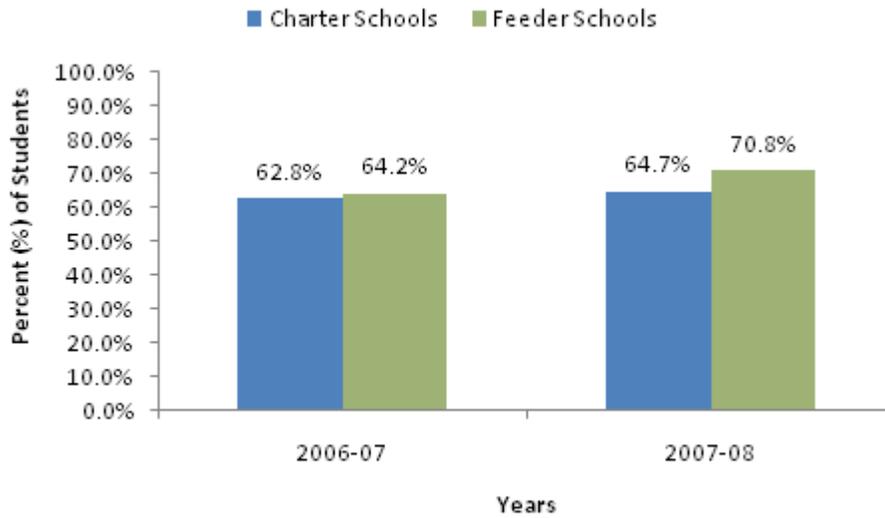
Source: Data provided by Indiana Department of Education, CIS, September 26, 2008

**FIGURE E.12. Percentage of Middle School Students Passing Mathematics ISTEP+ in Charter Schools and Feeder Schools (N = 1,269)**



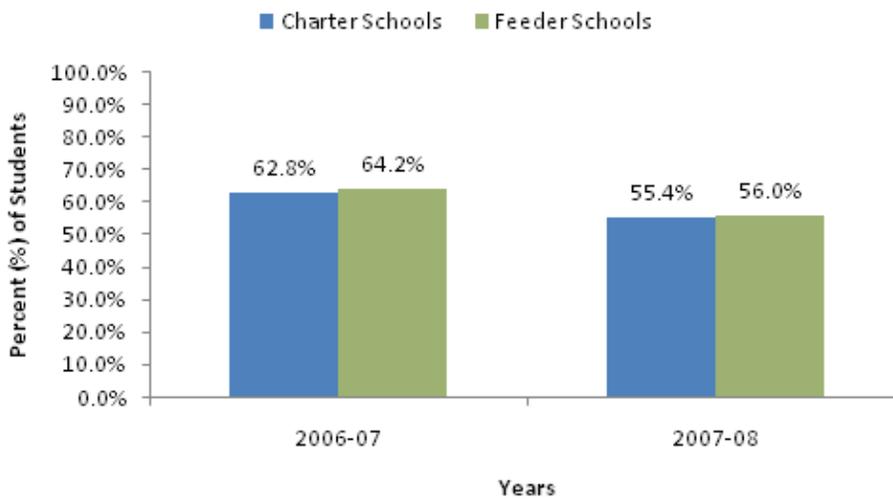
Source: Data provided by Indiana Department of Education, CIS, September 26, 2008

**FIGURE E.13. Percentage of High School Students Passing Language Arts ISTEP+ in Charter Schools and Feeder Schools (N = 222)**



Source: Data provided by Indiana Department of Education, CIS, September 26, 2008

**FIGURE E.14. Percentage of High School Students Passing Mathematics ISTEP+ in Charter Schools and Feeder Schools (N = 212)**



Source: Data provided by Indiana Department of Education, CIS, September 26, 2008

*With respect to longer-term outcomes like graduation and college attendance rates, no conclusions can be made at this time.* Data were available for only three of the charter schools to evaluate graduation rates, college attendance rates, and diploma types. Two of the schools serve lower achieving students and students that are at risk for educational failure in the traditional school setting, and the remaining school serves very high achieving students. As a result, the data are highly idiosyncratic and limited in the number of available cases for analysis, making comparisons of limited scope and value. In addition, charter schools and their associated feeder schools were awarding about the same percentage of Core 40 and Honors Diplomas, as well as special education certificates.

*Charter schools are increasingly offering opportunities for students to take advanced classes, such as AP courses and dual enrollment.* Up until 2007-08, only one charter school offered AP courses, the Signature School, sponsored by the Evansville-Vanderburgh School Corporation. However, the number of schools offering AP courses during the 2007-08 school year increased to four schools. Also in the last year, two charter schools began offering dual credit opportunities for students.

**Question 14: What is the effectiveness of charter sponsors and the authorization process?**

*Perceptions of the effectiveness of the authorizing process in Indiana are mixed.* Several stakeholders remarked that although there had been significant weaknesses in the authorizing process in the past, both major authorizing offices have recently undergone extensive staff changes and, in their estimation, the quality of services has improved. However, these are short-term observations; therefore, conclusions about authorizer effectiveness should be monitored over the next several years to determine if these policy and procedure changes have a marked effect in improving the authorizing process.

A second theme that emerged focused on the authorizing role of school corporations themselves. School corporations have typically not taken on the role as charter school

authorizers, although four school corporations in the state have done so. District—chartered schools are still operating in two of these school corporations—Evansville-Vanderburgh and Lafayette. Several stakeholders emphasized the importance of more school corporations serving in the authorizing role, citing potential increased accountability and control. However, when asked, local superintendents have indicated they have not served as an authorizing organization for one of two major reasons. Either they believe they can meet their students’ needs through existing or new programs in their own schools, or they have felt the cost-benefit has not been advantageous for them to serve as the sponsoring organization. For some school corporations like Lawrence Township and Decatur Township, the decision was made to use an outside sponsor to alleviate cost considerations and to increase the public perception of autonomy and accountability.

## Conclusions

*Conclusion 1. Charter schools educate a different student population than do school corporations—largely minority and low-income, with disproportionately few special education and LEP students.*

The under-representation of special education and LEP students has been ascribed to many factors, including school corporations' greater resources and experience in serving special needs populations, legislative restrictions in special education staffing (which have been changed in the last year), and parental perceptions about the quality of the services their children receive at charter schools versus traditional public schools. All of these explanations are plausible, although it is incumbent on publicly-funded charter schools to make themselves attractive educational options for special education and LEP students.

However, improving charter school service provision to special needs students is most likely to require a level of coordination that does not currently exist (see Conclusion 4).

*Conclusion 2. There are no practical differences in student performance for charter and traditional public schools, although performance trends at the high school level should be interpreted with caution.*

At the elementary and middle school levels, the available data suggest little practical difference between student outcomes in charter versus traditional public schools, although student outcomes in charter schools have improved over the past few years. There is a lack of sufficient data available for charter high school students to make valid comparisons and conclusions about student performance at that level of education.

*Conclusion 3. In looking at the funding data, the case can be made that charter schools are either over-funded or under-funded, depending on the perspective taken.*

How and at what level charter schools are funded was among the most contentious issues discussed in the interviews. Some stakeholders made a convincing case that charter schools are egregiously over-funded, yet others made a similarly convincing case that

charter schools are woefully under-funded. The data analyzed in this report suggest that the actual funding situation for charter schools is complex: Charter schools certainly face funding challenges, such as the distribution of General Fund revenue on a calendar year basis (recently addressed in the 2008 session), and the lack of access to debt service, transportation, and facilities funding. That said, other aspects of Indiana's school funding mechanisms may favor charter schools, such as the single ADM count near the beginning of the school year, access to the state's Public Charter School Program funding from the U.S. Department of Education, and higher per pupil General Fund revenue.

*Conclusion 4. There is considerable lack of coordination and support among charter schools across the state, especially in critical areas such as providing special education services and advocacy.*

Many of the interview comments revealed a somewhat isolated and fragmented picture of charter schools—disconnected from each other, alienated from their neighboring school corporations, and struggling to provide services that traditional public schools find difficult to accomplish even with greater experience (e.g., special education, professional development, proposal writing).

Indiana has recently reestablished its charter school association, which should help in this regard, although interviewed stakeholders questioned the effectiveness of the previous association. Sponsors could help serve this coordinating role, but there are serious questions about whether the authorizers are statutorily prevented from, essentially, providing some of the functions of a public superintendent's office. Authorizers are also required to evaluate the performance of their charter schools, creating a conflict of interest if they were also to be the major source of support for the schools. Although many stakeholders value the role played by the state Department of Education, it, too, does not have the authority to coordinate resources for charter schools. Traditional public schools are being encouraged to coordinate more effectively and to organize their governance and structures more efficiently, making it reasonable for charter schools to be encouraged—and

allowed to take similar actions (e.g., joint purchasing, coordination of special services, shared facilities and transportation). The stakeholders generally did not feel that current organizations and support systems facilitated these activities as well as they could.

*Conclusion 5. Misinformation about charter schools is widespread, and nearly all of the stakeholders interviewed, including many charter advocates, cited some incorrect or unclear information about charter school laws, policies, or procedures.*

It has been well-established that the general public does not understand charter schools. Statewide public opinion surveys conducted with a representative sample of Indiana citizens over the last five years provide evidence that an average of 60 percent of the respondents are not very or not at all familiar with charter schools in Indiana. A surprising aspect of the present study is that most stakeholders held misconceptions about charter school laws and policies, including issues related to funding, the authorization process, and descriptions of various aspects of enrollment (demand, demographics, recruitment practices).

