

THE ULTIMATE CHOICE: HOW CHARTER AUTHORIZERS APPROVE AND RENEW SCHOOLS IN POST-KATRINA NEW ORLEANS



By Whitney Bross. *Indiana Legislative Services Agency and Tulane University*
Douglas N. Harris. *Tulane University*

The number of charter schools in the United States is rapidly growing. Behind this trend is the idea that providing schools with more autonomy, coupled with more intense accountability, will lead to innovation and better results. If charter schools fail to perform, then a government-designated authorizer can potentially close them down or turn them over to another school operator.

The approach to opening and closing charter schools is quite different from traditional public schools. For more than a century, public schools have been governed and actively managed by local school boards and districts, which opened and closed schools based mainly on total district enrollment, district finances, and local politics. The approach is so different with charters that policymakers needed a different word, authorize, to define it. Charter authorization creates a very different process for opening and closing schools and may open up school leadership to newly emerging non-profit and for-profit charter operators.

Charter authorization is an example of a broader trend toward government outsourcing and contracting out services to private providers, from basic services such as trash collection to more complex ones like medical care. In the case of education, state law gives city mayors, school districts, state agencies, and universities the power to authorize charter schools, allowing them to write contracts with charter operators. The state then provides funding to charter schools based mostly on how many students they attract.

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While this approach may have the advantages of school autonomy and accountability for measurable performance, a common criticism is that authorizers, like traditional public school boards and districts, rarely close charters even when they are extremely low performing. A second criticism is that authorizers are often not local elected boards, and even when they are, the contracting process diminishes democratic control. Charter supporters counter that this keeps charter authorization from being driven by politics.

There is little dispute, however, that authorization decisions are tremendously important to the success of charter schools. Teachers and leaders are the heart of any school, and choosing who operates schools effectively means determining who leads the schools and who educates the children. Authorizer decisions also create incentives for charter operators to meet the goals set by authorizers so their schools can continue operating.

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There is unfortunately very little research on the efficacy of charter authorization decisions. Below, using data from the state of Louisiana, we provide what we believe is the first evidence on several key questions:

1. Was the charter application process competitive? Did the state have many applications from which to choose?
2. What type of charter applications has the state of Louisiana accepted in its role as authorizer?
3. How successful has the authorization process been in producing effective charter schools? Are the factors the state considers in the initial application process associated with future charter performance?
4. After the initial authorization process, which type of charters has the state renewed? Is the state paying attention only to test scores, or do parental preferences and other factors come into play?

POLICY BACKGROUND

The only charter school authorizers in Louisiana are local school boards and the state Board of Elementary and Secondary Education (BESE). We focus only on the state-authorized charters in part because there are far more examples of these in Louisiana, especially during the years we have data available.

There were a large number of charter applications in the aftermath of Hurricane Katrina because the state turned over control of almost all New Orleans public schools to BESE and the Louisiana Recovery School District (RSD). Since the state had no desire to directly run the New Orleans schools under its control, BESE solicited applications from potential charter operators.

While the charter applications were lengthy—some exceeded 1,000 pages—these still provided only a rough picture of an operator’s plans for curriculum, governance, and finance. Written applications of any kind generally provide limited information about how successful applicants will be in practice. By analogy, the charter application was like the resume of a potential employee. Anyone who has been involved in personnel hiring knows, and research confirms, the importance of going beyond the resume and collecting information from in-person interviews, calls to references, and performance assessments.

Louisiana state law requires an independent evaluation of all charter applications. During the years we have data available, BESE chose to use the National Association of Charter School Authorizers (NACSA), based in Chicago, as its application evaluator. This created a three-step process. The state solicited applications. NACSA reviewed them, conducted in-person interviews with the leadership teams for each application, and made recommendations to the state superintendent who then made official recommendations to BESE where the final decisions were made. In the years of our analysis, all but one recommendation from NACSA was accepted by the state. While NACSA is no longer involved in charter authorization decisions made by BESE, it is the largest evaluator of charter applications in the nation, and review of its work can serve as a learning opportunity for others.

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The renewal process for charters was quite different from the application process. Initially, selected charter operators were given contracts that came up for review after three years and again after five years. During the renewal stages, the state no longer had to rely on written plans or independent evaluations. They could make determinations by comparing years of performance data with the requirements of the operating agreement.

The purpose of what follows is to understand how and how well the application and renewal processes worked.

HOW WE CARRIED OUT THE ANALYSIS

We collected charter school applications from the state and the Cowen Institute. While not all the information was filled in and the

application sections changed over time, we identified key categories that were common across all applications and created measures that might be related either to charter decisions or future charter performance. Examples include the types of partners involved in the application, experience of named board members, proposed number of instructional hours, days of professional development planned for educators, and whether the applicant was a national CMO. While applicants were required to be non-profit organizations, many also included partners that were for-profits, which we also identified in the data.

Since NACSA made the initial evaluation of all applications and their recommendations were generally followed by the state, we also included in our analysis the overall NACSA numeric ratings for each application.

In addition to trying to predict approval and renewal decisions with this information, we attempted to predict future school performance. The test-based School Performance Score (SPS) is important because decisions about what is included in the SPS and about which schools are authorized are both made by the state. We would expect the state to make charter renewal decisions based on its own measure of performance.

However, if the state's goal is to raise test scores as much as possible, then the SPS is a poor measure. It is widely recognized that average test performance levels of the sort captured by SPS say as much about students' academic ability before they entered a given school than about how much that school has taught them. Therefore, we also created a separate measure called value-added, which better captures what schools contribute to student learning.

The state might also value student enrollment levels because high enrollment is an indication of family satisfaction with schools. The state of Louisiana has also supported initiatives to increase school choice, suggesting that family satisfaction with schools is another important state goal.

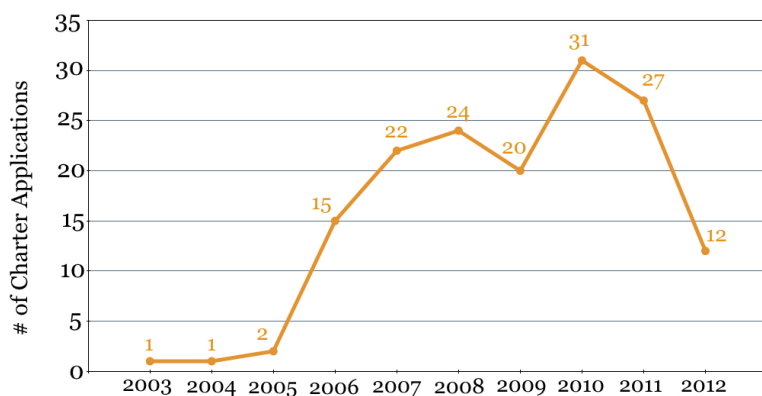
In our attempts to predict approval, renewal, and future performance, we use a statistical tool called regression analysis that predicts the role of each factor while holding the others constant. For example, when we say that SPS predicts renewal, we are essentially saying that if we take two schools that are identical in every measurable way except SPS, then the higher-SPS school is more likely to be renewed. The same logic holds in the other analyses.

WAS THE CHARTER APPLICATION PROCESS COMPETITIVE?

Figure 1 shows the number of charter applications submitted each year. As expected, there was a sharp increase in the number of applications after the reforms, followed by more gradual increases and then a drop-off as the system began to stabilize and fewer additional schools were needed.

Some individuals involved in the charter application process have indicated that our analysis excludes a large number of applications from the 2005 and 2006 academic years. While we checked numerous potential sources, we were not able to find those applications.

Figure 1. Number of Charter Applications in Orleans Parish



The effectiveness of charter-based reforms depends on the competitiveness of the application process. This was not a head-to-head competition where applicants vied for individual schools, and the state could have rejected all the applications. However, the state had a limited number of school buildings available in any given year, and having a large number of applicants clearly made it more likely that quality applications would be available. We, therefore, use the term competition broadly.

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A good indicator of competition, then, is the difference between the number of applications and the number eventually approved. Figure 2 shows that from 2007 to 2012, no more than 53% of applications were approved in a given year, indicating substantial and consistent competition.

Figure 2. Charter Approval and Renewal Rates in Orleans Parish

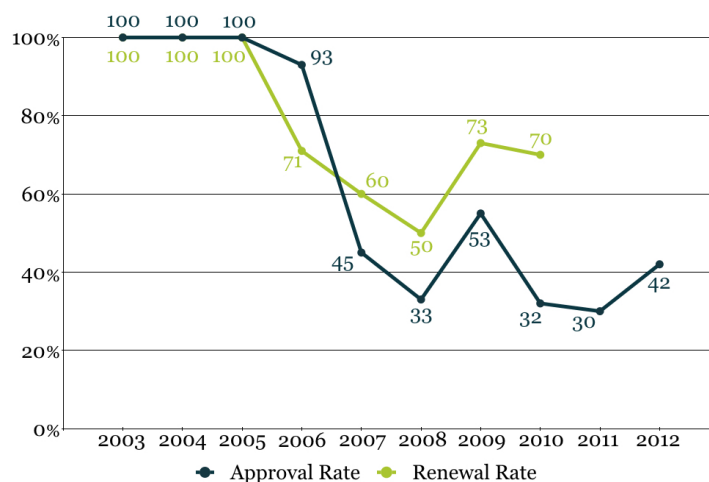


Figure 2 also indicates the renewal rate of the applications approved each year. The year associated with the renewal rate is the year the applications were approved, not the year renewed. For example, in 2006, 93 percent of applications were approved, and of those, 71 percent were later renewed. This indicates that, despite substantial competition, many of the approved schools were deemed unsuccessful. One goal of this analysis is to provide evidence to improve the selection process and thereby increase the renewal rate and the quality of the schooling experience for students.

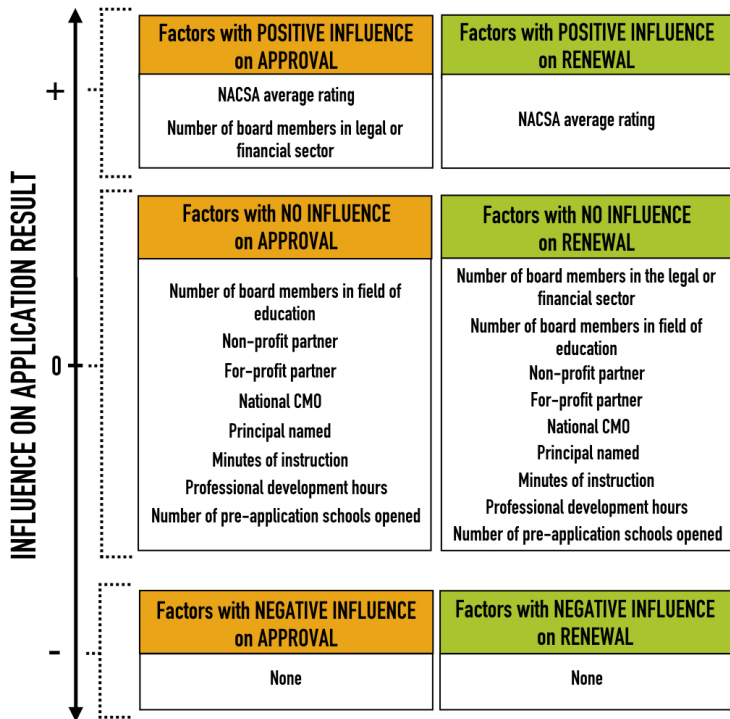
WHAT TYPE OF CHARTER APPLICATIONS DID THE STATE APPROVE?

Some applications were accepted, and others were not. In what follows, we study all the charter applications that we had available, including almost all of those listed in Figures 1 and 2 above.

The NACSA ratings are strongly related to the probability of acceptance, as indicated in Figure 3, where the NACSA average rating appears in the top left box with factors positively predicting acceptance. This is not surprising given that the state almost always followed NACSA’s recommendations, and we would certainly expect those recommendations to be related to its own rating system. Also, NACSA ratings took into consideration a substantial amount of additional information obtained through interviews and site visits that is not reflected in the written applications we examined.

The NACSA rating is also positively related to future years of renewal, signaling that NACSA is able to discern from the application process what kinds of charter schools the state wants to maintain.

Figure 3. Application Information as Predictors of Approval and Renewal



Other than NACSA ratings, almost none of the individual indicators we created from the charter applications are uniquely associated with the likelihood of acceptance. This is suggested by the long list of factors in the middle left box in Figure 3. It may be that what made some applications stand out was the type of information that only some organizations thought to include in their applications. If the information was not provided in all applications, we could not include the measure in our analysis.

While the NACSA rating clearly predicts approval, there are signs that the other factors as a group are collectively related to approval. Without more cases, however, we cannot determine the precise role the other individual factors have in predicting approval.

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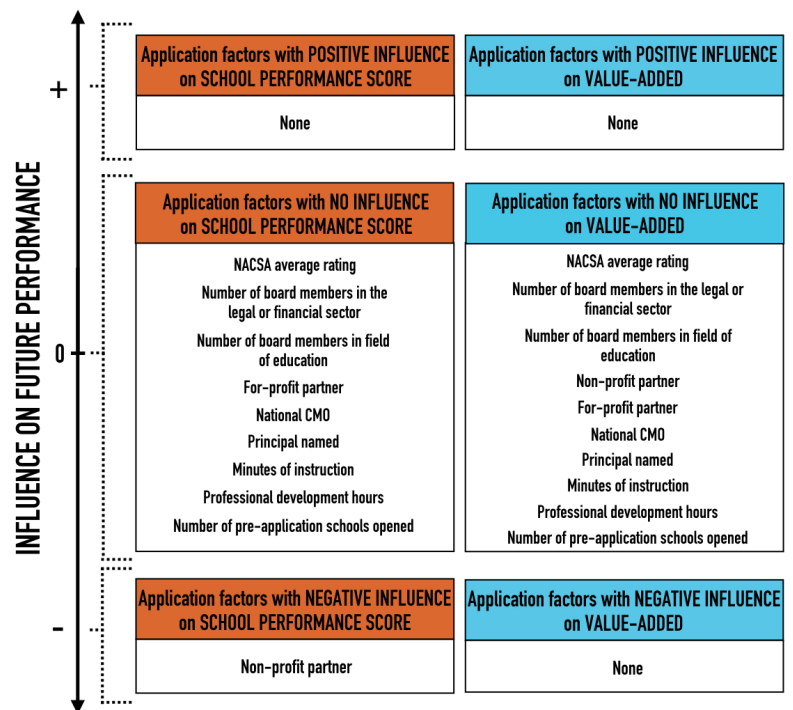
Since some applications seem to be missing from the years immediately following Hurricane Katrina, we carried out an additional analysis that excluded these years. The results are essentially identical to Figure 3.

DO APPLICATION MEASURES PREDICT FUTURE SCHOOL PERFORMANCE?

None of the application measures predict the value-added performance of schools, though there are signs of a positive relationship between the NACSA ratings and value-added. It is not surprising that our statistical confidence is weak here because value-added measures are imprecise and the NACSA ratings did not vary much among approved applications.

Applications with non-profit partners demonstrate lower SPS, as indicated in the lower left box of Figure 4, as well as lower enrollment levels and lower enrollment growth than those without such partners. Given the earlier results, it is not surprising that the other application measures do not predict future performance.

Figure 4. Application Information as Predictors of Future Performance



DID THE STATE RENEW SCHOOLS BASED ON PERFORMANCE?

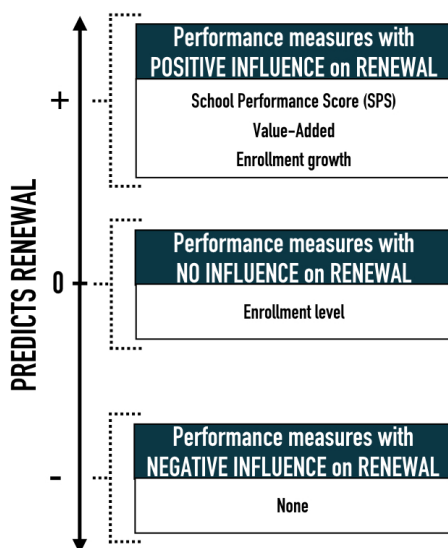
The School Performance Score (SPS) and value-added both strongly predict renewal. Increasing the SPS by the equivalent of one letter grade was associated with two additional years of renewal. We also found a positive relationship between renewal and value-added, but SPS and value-added are connected in ways that make it difficult to separate the two.

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We find no relationship between renewal decisions and student enrollment levels, though we do find that schools with higher enrollment growth are more likely to be renewed.

Since some charter schools serve specific disadvantaged populations and options for such students can be limited, we also measured enrollment for special education, minority, and low-income students. While we find no statistically significant relationship between renewal and subgroup enrollment, there are some signs that renewal was more likely for schools serving more Hispanics and special education students.

Figure 5. Performance as a Predictor of Renewal



WHAT ARE THE LIMITATIONS OF THE ANALYSES?

There are several limitations to our approach. First, there is no clear scientific basis for deciding which aspects of charter applications to measure, and some important measures are no doubt missing as a result. However, it is noteworthy that the categories we created were included in all the applications, implying that either the applicants, authorizer, or both believed they were important.

Second, we can only observe the future performance of schools that opened. Therefore, in the analyses that predict future performance, we are probably under-stating the importance of the application information. That is, since we can only observe the future performance of the stronger applications, we cannot include the worst applications when testing whether application materials predict performance.

Third, there is a reason why this is the first systematic study of charter applications nationally: many authorizers have not had enough applications and renewals to make this possible. Our analysis still suffers from having few applications. There may be some cases where we cannot identify relationships with statistical confidence because we have too few schools to make this possible.

WHAT DO THESE RESULTS MEAN?

The decisions of charter authorizers are critical to the long-term success of charter schools. Given the growing number of charters nationally and the almost complete absence of evidence on the efficacy of authorization decisions, we believe this evidence is important to consider.

Our results suggest that the charter authorization process can partly succeed in excluding low-performing charters, especially if great efforts are made to interview candidates and references and to visit sites of applicants' current schools. Even with these efforts by NACSA and a 1,000-page application, it is still difficult to predict future school performance, however. Past performance is the best predictor of future performance, but only when we can actually observe past performance.

If the goal is to replace low-performing charters with higher-performing ones, then the availability of other potential charter operators is crucial. In New Orleans during this period, there were nearly twice as many applicants as schools approved, which gave the state options to choose from and the ability to not renew charters and give them to other operators. If the state had had few applications, closing or taking over schools would have been a risky proposition.

The policy context in New Orleans is also distinctive. The authorizer in this case was the state (BESE), which delegated the application evaluations to NACSA. Other authorizers are likely to make decisions in different ways—and with different effectiveness.

There are two schools of thought on the charter authorization process reflected in our analysis. One is that charter authorizers should rely on families to choose schools in the best interest of their children. In that case, enrollment is the best measure of school performance. However, evidence in New Orleans and elsewhere suggests that this approach may not create much pressure for schools to improve measureable academic outcomes.

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The state of Louisiana took a very different approach, deciding what is in the best interest of families and citizens by focusing on measureable academic outcomes. Under this approach, the key to success is turning around or shutting down schools with low performance. In some cases, the initial application process may weed out low-performing schools, but authorizers have limited information so we can expect some low performers to slip through the approval process. In those cases, low performance has to be addressed during the renewal process. This does not necessarily mean closing schools, but intervening to ensure success. The same could be said of traditional public schools, although the idea of contract “renewal” for an entire school is not a common part of traditional school district governance.

As the charter sector grows and matures, renewal decisions will become a bigger responsibility of charter authorizers. More and more applicants will have a track record from which authorizers can judge. What approach will authorizers take? How can authorizers make these decisions well and in ways that are best for students? We think this research helps answer these critical questions.

How Does This Relate to Other ERA-New Orleans Studies?

This research is focused on charter authorization, which is one key part of the larger post-Katrina New Orleans school reforms. In other research, we are exploring what charter schools do, the teacher pipeline, test-based accountability, and school choice—all of which are interconnected with decisions about which charters to approve and renew.

Because authorizer decisions often involve closing schools or turning them over to other operators, it is important to understand the effects of those decisions on students. In other work, Bross, Harris, and Lihan Liu are examining the effects of closure and school takeover on students in schools at the time of these interventions and on future generations of students.

Since there are two schools of thought on charter authorization, it is important to understand what would happen if authorizers focused more on the preferences of families. In *What Schools Do Families Want (and Why)?*, Harris and Matthew F. Larsen study family preferences and find that the role of measureable academic performance is less important than prior studies have suggested.

Our analysis predicting future charter performance relies on both SPS and value-added. In forthcoming studies, we will provide more detailed analyses of the relationship between these two performance measures and why this is important for school accountability.

Finally, as authorization is only one piece of the overall New Orleans school reforms, we encourage readers to refer to Harris and Larsen’s analyses of the overall effects of the reforms on student outcomes in their report, *The Effects of the Post-Katrina New Orleans School Reforms on Student Achievement*.

About the Education Research Alliance For New Orleans

The mission of the Education Research Alliance for New Orleans (ERA-New Orleans) is to produce rigorous, objective, and useful research to support the long-term achievement of all students. Based at Tulane University, ERA-New Orleans is a partnership between university-based researchers and a broad spectrum of local education groups. Our Advisory Board includes (in alphabetical order): the Louisiana Association of Educators, the Louisiana Association of Public Charter Schools, the Louisiana Federation of Teachers, the Louisiana Recovery School District, New Orleans Parents' Guide, New Schools for New Orleans, the Orleans Parish School Board, the Orleans Public Education Network, and the Urban League of Greater New Orleans. For more information, please visit the organization's website.

EducationResearchAllianceNOLA.org

Contact Information

1555 Poydras Street
7th Floor, Room # 701
New Orleans, LA 70112
(504) 274-3617
ERANewOrleans@gmail.com

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About the Authors

Whitney Bross

Whitney Bross holds a Ph.D. in Economics from Tulane University and is a Senior Fiscal Analyst for the Legislative Services Agency of Indiana and Research Associate at the Education Research Alliance for New Orleans.

Douglas N. Harris

Douglas N. Harris is Professor of Economics, the Schleider Foundation Chair in Public Education, and the founding Director of the Education Research Alliance for New Orleans at Tulane University. He is also a Non-Resident Senior Fellow at the Brookings Institution.