

## Fordham Recommends Charter Law Changes, Levy Funds For Community Schools

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A new report commissioned by a charter advocacy group calls for a list of legislative changes to community school laws that would both make it easier to shut down poorly performing schools and share district levy dollars with the school choice option.

**The report** issued Tuesday by the Thomas B. Fordham Institute and Bellwether Education Partners details gaps in Ohio's laws regulating the schools that they said should be immediately remedied. They also recommend a number of policy changes.

The study has already garnered attention from one of Ohio's statewide elected Republicans, **Auditor Dave Yost**. He said although he supports the school choice movement, he has been a "leading critic of the state's byzantine regulatory system."

"This report does a good job of pointing out where Ohio's governance of community schools doesn't work," he said in a statement. "We can do a lot of good for our kids by seriously considering many of these ideas and best practices. I hope they will be among the General Assembly's priorities in its next session."

The Fordham Institute, which through its foundation arm sponsors 11 Ohio charters, has also been at the forefront of supporting high-quality community schools.

"This report provides a comprehensive analysis of the need and opportunities for improving Ohio charter schools' governance structure and closing the inequitable funding gap between charters and other tax-supported schools," Fordham Institute Vice President for Ohio Policy and Advocacy Chad Aldis said.

"It must be emphasized that this report does not call for added layers of bureaucracy or increased regulatory burden on Ohio charter schools. Rather, these commonsense recommendations focus on creating the conditions necessary for a well-governed charter sector that can meet the academic needs of more Ohio students in the years ahead."

In the report, the groups call for an end to the "inequitable" funding of community schools. They recommend lawmakers either revise the law to require districts to distribute local levy dollars to charters on a per-pupil basis or have the state provide additional dollars to charters to make up for the levy funds they cannot access.

The report said, however, the latter option is "expensive and duplicative."

"Given that Ohio already distributes guaranteed funds to districts to compensate for enrollment declines (some of which, but not all, might be due to charters), the state would essentially be paying three times for the education of each child in a charter school," the report says of the second approach.

The report authors say equitable funding would encourage high-quality charter networks to replicate; however, additional monetary incentives could be created to draw such networks to the state.

Fordham and Bellwether also provide guidance on limits to how charters spend state funds. They say the legislature should create a new funding stream specifically for sponsors. They point to a National Association of Charter School Authorizers recommendation for a mechanism through which authorizers receive a state-funded base dollar amount plus a portion of per-pupil money.

"This arrangement would balance the benefits and drawbacks of each approach: a lower authorizer fee could dilute the incentives for poor authorizing practices while ensuring authorizers have a stable base of funding each year," according to the report. "A state-funded allocation for authorizers, while subject to variation over time, would reduce the amount of funding diverted from community school operations."

The groups also call for a ban on sponsors selling services to the schools they oversee.

"Sponsors that receive funding from schools are likely to authorize more schools than they have the capacity to oversee well; authorize large e-schools, regardless of quality; and allow low-performing schools to continue operating," according to the report.

The groups say Ohio laws should require sponsors to use authorizing fees to only support authorizing functions, which could be documented through a budget submission at the start of every fiscal year followed by a statement of expenses at the end of the year.

On the subject of management companies, the report calls for lawmakers to eliminate the ability of such entities to appeal a governing board's decision to terminate a management agreement. It also says the responsibilities of sponsors and governing boards should be clearly defined and include which duties could be delegated to a management company and which cannot.

Bellwether and Fordham also say in the study that ODE should evaluate sponsors' applications based on their ability to hold their management company accountable.

A report card with student growth and performance data could also be created for each management organization, according to the study.

As to the governing board, the study recommends policymakers prohibit compensation for members, that board members disclose familial relationships and any potential conflicts of interests, that boards be able to negotiate for autonomy through contracts; that fiscal officers be independent of the management company and sponsor, and that independent legal counsel be retained.

The report's longest list of policy changes falls under the subject of school closure. It said the level of performance charters must reach to avoid automatic closure ought to be high and that

the law explicitly state that sponsors have the legal authority to close a school regardless of performance.

The groups said the State Board of Education should change the closure criteria for dropout recovery schools to reflect "high standards and strong accountability," such as by including an automatic closure mechanism. They also said students in district-sponsored dropout charters should count towards the district's report card.

"This will remove the incentive for districts to sponsor dropout recovery schools as a way to divert these students from their rosters and test results," according to the report.

Although the Department of Education has a new, more rigorous application process for entities wanting to sponsor schools, the report calls on the legislature to allow the agency to require any active sponsor with an ODE contract to reapply immediately under the stricter guidelines, rather than waiting for the existing contract to expire.

The state also has a special exemption that allows only sponsors under contract with ODE to be closed as "ineffective" and protects those that were active before 2003. The groups recommend that policy be eliminated.

The study calls on lawmakers to revise laws to ensure if a sponsor opts to not renew a charter, the school is not able to gain a new charter from a different sponsor. The law should also be revised to make sure only schools in good standing may seek new sponsors, it says.

The report also makes recommendations on transparency within ODE, transportation funding, and access to existing facilities and inclusion in the Ohio School Facilities Commission program.

**Reaction:** Ohio Alliance for Public Charter Schools President and CEO Darlene Chambers said the state should be mindful of changes to charter laws that she said will produce positive outcomes.

"Let's let the ink dry on some of the most significant changes - elimination of a disincentive to sponsors with the courage to close under-performing schools, development and implementation of a rigorous sponsor performance assessment, and a strict prohibition against the re-opening of schools closed for poor academic performance - before seeking to solve problems that have already been adequately addressed," she said.

That's not to say that Bellwether's recommendations are not worthy of consideration and meaningful discussion. For instance, there has been much debate over the practice of sponsors selling support services to schools in their authorizing portfolios. If a perception exists that this represents a conflict of interest, careful consideration should be given to Bellwether's recommendations that the practice be prohibited under state law."

School choice group StudentsFirst Ohio called the recommendations "sensible ways" to strengthen oversight and improve the practices of those involved in charter schools.

"State policies need to address shortcomings in sponsors, management organizations and governing boards," the group said in a release. "We agree that Ohio has not done enough to ensure those who should ultimately be responsible for charter school performance have the right incentives and the right accountability."

**Innovation Ohio Report:** The progressive think tank issued [a report](#) Tuesday that shows the extent to which districts end up "subsidizing" area charters with their levy revenue because the per-pupil deduction to the community school is greater than the per-pupil state funding amount allocated for district students.

IO Education Policy Fellow Steve Dyer said 511 districts received less in state revenue than the \$5,745 per student given to charters last school year. The issue raises a question of how to fund community schools without "hurting kids" who are in districts, he said.

Keystone Local Schools Superintendent Jay Arbaugh said his district has not been able to pass a levy for 21 years and loses \$170,000 to charters.

"I'm all for competition and I'm all for choice, but I think that the choices should be good, and when we have kids leave our district to attend charter schools that have an average grade of D or lower, that's not a good choice," he said.

Greg Rink, superintendent of the Educational Service Center of Lorain County, said \$4.23 million is transferred from all districts in the county to charter schools.

"I think it's time for legislation to be passed to limit only a local district's per-pupil state foundation funding to be transferred to a charter school," he said.

Mr. Dyer said one of the options to address the issues presented is to fund charters through a separate line item. He also called for differentiated funding based on quality.

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