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of Michigan

CRC

Nontraditional K-12 Schools in Michigan

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Report 364

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CITIZENS RESEARCH COUNCIL OF MICHIGAN

NONTRADITIONAL K-12 SCHOOLS IN MICHIGAN

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REPORT 364

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Public K-12 Education in Michigan

Entering 2010, Michigan residents find public primary and secondary education facing numerous challenges:

- State revenues are falling;
- Local revenue growth is stagnating;
- K-12 education service providers are facing escalating cost pressures, with annual growth rates outpacing the projected growth in available resources;
- Spikes in the level of federal education funding resulting from the American Recovery and Reinvestment Act of 2009 (ARRA) will produce a budgetary "cliff" when the additional dollars expire; and
- School district organization and service provision structures are being reviewed with the goals of reducing costs and increasing efficiencies.

Because of the critical importance of education to the state, its economy, and its budget, the Citizens Research Council of Michigan (CRC) plans a long-term project researching education in Michigan with an emphasis on the current governance, funding, and service provision structures and their sustainability.

Public education has been governed largely the same way since its inception in the 1800s. It is important to review the current organization of school districts and structure of education governance, as well as to review new and different ways to organize and govern public education, to determine if Michigan's governance structure meets today's needs. The school finance system has been revamped on a more regular basis throughout history. Changes have been made to address a host of concerns, including per-pupil revenue disparities, revenue-raising limitations of state and local tax systems, as well as taxpayer discontent with high property taxes. Michigan's current finance system was last overhauled in 1994 with the passage of Proposal A, providing sufficient experience to reconsider the goals of the finance reforms and determine whether the system has performed as originally contemplated.

In addition to analyzing education governance and revenues, it is important to review cost pressures facing districts and how education services are provided in Michigan. School budgets are dominated by personnel costs, the level of which are largely dictated by decisions made at the local level. Local school operating revenues are fixed by decisions and actions at the state and federal levels, but local school officials are tasked with making spending decisions and matching projected spending levels with available resources. However, those local decisions are often impacted by state laws (e.g., state law requires districts to engage in collective bargaining). The freefall of the Michigan economy since the 2001 recession has impacted all aspects of the state budget, including K-12 education, and requires state and local officials to review how things are done in an attempt to increase revenues and/or reduce costs.

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Citizens Research Council Education Project

In 2009, CRC was approached by a consortium of education interests and asked to take a comprehensive look at education in Michigan. CRC agreed to do this because of the importance of education to the prosperity of the state, historically and prospectively, and also because of the share of the state budget that education demands. Education is critical to the state and its citizens for many reasons: 1) A successful democracy relies on an educated citizenry. 2) Reeducating workers and preparing students for the global economy are both crucial to transforming Michigan's economy. 3) Education is vital to state and local budgets. 4) Public education represents a government program that many residents directly benefit from, not to mention the indirect benefits associated with living and working with educated people. As with all CRC research, findings and recommendations will flow from objective facts and analyses and will be made publicly available. Funding for this research effort is being provided by the education consortium and some Michigan foundations. CRC is still soliciting funds for this project from the business and foundation communities.

The goal of this comprehensive review of education is to provide the necessary data and expertise to inform the education debate in Lansing and around the state. This is a long-term project that will take much of the focus of CRC in 2010 and into 2011. While an overall project completion date is unknown, CRC plans to approach the project in stages and release reports as they are completed. Topic areas CRC plans to study include education governance, K-12 revenues and school finance, school district spending analyses, public school academies (PSAs) and non-traditional schools, school district service provision and reorganization, and analyses of changes to Michigan's educational system.

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Summary

Traditional public schools are responsible for the wide dissemination of education and the growth of prosperity in the United States. However, the perceived failure of some traditional schools to adequately educate and graduate students, the desire for publicly funded school choice, and the perceived need for a broader array of educational approaches than had been found in most traditional school districts, led to development of publicly funded, but independently managed charter schools. This memorandum, which summarizes Report 364, Nontraditional K-12 Schools, is part of a series of reports on public education in Michigan published by Citizens Research Council of Michigan.

Charter Schools

Charter schools are publicly funded, independently managed schools that compete for students based on programs. Charter schools were to be freed from the bureaucracy of traditional schools, to have greater autonomy, and to focus on educational outcomes. In Michigan, charter schools are called public school academies (PSAs). In September, 2009, there were 241 PSAs in Michigan, serving 103,000 students (six percent of the state's K-12 population). There were 23 traditional school districts in which three or more PSAs were clustered (50 are located in Detroit).

In Michigan, as in the 39 other states that allow charter schools, state statutes seek to balance accountability (teacher certification, limits on the number of university authorized charters, reporting requirements) and independence (relatively large number of potential authorizers, specialized types of charters).

Supporters of charters value the publicly funded school choice that charters offer. Supporters recognize that charter schools offer students an alternative to failing traditional public schools, and contend that competition from charters will result in improvements in traditional schools. Some supporters believe that traditional urban districts, with industrial scale schools and restrictive union contracts, are incapable of effectively addressing the needs of large numbers of disadvantaged students, and that extended school days and years, individual mentoring and intensive supportive services, community partnerships, and small classes are necessary and can best be delivered by charter schools. Others prefer the specialized focus that can be incorporated in a charter school that draws students from a wider geographic area.

Opposition to charter schools has come from supporters of traditional public schools, who fear the loss of students and funding to charters, and who fear that the emphasis on charter schools shifts needed focus away from solving the problems of traditional schools. Opponents fear that charters will skim the best students, or the cheapest students to educate, leaving a larger concentration of the most challenging students in the traditional system. Opposition to non-unionized charters has also come from teachers unions. Some opponents object to the use of for-profit management companies, or the absence of publicly elected boards. Some opponents fear that oversight and accountability are lax.

Governance Structure

Unlike traditional school districts, PSAs do not have elected school boards. In Michigan, PSAs may be authorized by a number of organizations:

- The governing body of a state public university may charter a PSA anywhere in the state. In Michigan, universities collectively have been limited to chartering no more than 150 public school academies (that cap was reached in 1998), but certain types of PSAs do not count toward the 150 maximum.
- The board of a community college may charter a PSA in that community college district. Three community colleges have chartered 43 public school academies.
- The board of a federal tribally controlled community college may charter a PSA anywhere in the state: Bay Mills Community College has chartered 41 (of the 43 total referenced previously).

- An intermediate school district board may charter a PSA in that district. Thirteen ISDs have chartered 32 schools.
- The board of a local K-12 school district may charter a PSA in that district. Three school districts have chartered a total of 12 PSAs; nine of those were chartered by Detroit Public Schools.

PSAs negotiate contracts with authorizers that act as fiduciaries, enforce contract provisions and provide oversight, and that may offer other services; contracts are subject to non-renewal, revocation, and termination. Since 1995, 36 PSAs have been closed for not meeting performance requirements (four closed in 2009). Each PSA also has a board of directors that is responsible for insuring that the school meets the terms of the contract and of state law. Authorizers and boards are intended to provide the accountability that elected school boards are supposed to provide for traditional school districts. State law specifies that PSAs not may be affiliated with a religion.

PSAs may be self-managed, or may contract with for-profit or nonprofit education service providers to provide some or all services, including employing teachers and determining teaching methods. There were 53 education service providers operating in Michigan PSAs in 2007-08; 25 of them provided services to more than one PSA. Some of these management companies seek to impose a comprehensive, highly structured routine that is intended to produce improved educational outcomes.

Funding

PSAs may not charge tuition. They receive per pupil funding allocated by the state (sent to the authorizer, which may charge an administrative fee of up to three percent), and are eligible for categorical aid and federal funds. When a student chooses to attend a PSA instead of a traditional public school, the funding follows the student, depriving the traditional school of that financial support. In 2009, PSAs received an average of $7,412 per pupil, about $2,000 less than the average for traditional districts. Unlike some other states, Michigan provides no ongoing funding for facility costs for PSAs, although several grant and loan programs are available. PSAs are required to have annual financial audits.

Teachers, Curriculum, and Achievement

In Michigan, teachers in public school academies must be certified (full-time faculty at a university or community college may teach at a PSA chartered by that institution). PSAs generally pay teachers less than public schools, and have higher teacher turnover. The average student-teacher ratio in PSAs is 14:1, compared to 18:1 in all Michigan elementary and secondary schools. In addition to a lower student to teacher ratio, PSAs may offer a more supportive, nurturing environment, and higher expectations. Many PSAs offer extended school hours and years, strong mentoring relationships, tutoring services, character education, college tours and application assistance, and early foreign language instruction. Michigan PSAs typically have fewer administrators than traditional schools, and rely on teachers, parents, and volunteers to accomplish many administrative tasks.

Like traditional school students, PSA high school students in the class of 2011 and thereafter will be required to complete credits specified in the Michigan Merit Curriculum.

In 2009, 62 charter schools exceeded the statewide average proficiency on all Michigan Educational Assessment Program (MEAP) tests, and 72 percent of PSAs made adequate yearly progress (AYP), compared to 86 percent of all public schools.

Students

PSAs are prohibited from discriminating in student admissions on the basis of academic achievement, athletic ability, disability, or any other basis that would be illegal if used by a school district. Prior year students are to be admitted if the grade level is available, and siblings of current students may be given priority, but if more students apply than there are available slots, a lottery or other "blind draw" process must be used to determine who is admitted. Two-thirds of PSAs have waiting lists.

Students in PSAs tend to reflect the racial characteristics of the 21 districts where PSAs are clustered. About ten percent of PSA students receive special education services; 64 percent of PSA students qualify for free or reduced price lunch.

Research on Charter Schools Academic Achievement

Studies of charter schools in Michigan and other states have generally found that student achievement is lower on average than would be predicted for the same students in traditional schools. In one nationwide study, 17 percent of charter schools outperformed traditional schools, nearly half of charter schools produced results that were no different than traditional schools, and 37 percent delivered results that were significantly worse than traditional schools.

In Michigan, MEAP test results in charter schools are generally better than those in the cluster districts, but below the statewide averages. Charter high school achievement test results lag the state average by a wide margin, but a number of high school PSAs target drop outs; students who have been expelled, suspended, or adjudicated; or other students at risk of failure in traditional schools.

Charter schools provide opportunities for some students, but recent research has suggested that they tend to leave the most disadvantaged students concentrated in the most disadvantaged traditional public schools.

Other School Options

While school attendance is compulsory, not all students attend public schools. In addition to publicly funded charter schools, privately funded secular and parochial schools provide alternatives to traditional public schools. The Michigan Department of Education requests nonpublic schools to provide information on enrollment, qualification of teachers, and course of study. Nonpublic schools are required to provide curricula comparable to those provided in traditional schools, and teachers are required to be certified. In 2008-09, there were 820 institutional nonpublic schools in Michigan, of which 659, with 129,903 students, reported data to the state.

Homeschooling also is available for those students and parents who prefer that model. Michigan legislation provides almost complete independence for homeschool parents who assert a sincerely held religious objection to certification of teachers. In 2008-09, there were 757 homeschools reporting data to the state, with 1,266 students. An unknown number of homeschools do not report and are not included in state data.

Public policy questions associated with these options include funding, curriculum and teacher certification requirements, participation in select public school programs, reporting, and oversight.

And spanning all school structures, technology is becoming an ever more important component of education delivery systems, as virtual classes and cyber schools offer opportunities for specialized teaching and learning.

Conclusion

The federal government has established expansion of charter schools as a key component of its education policy. Conversion to a charter school governance structure is among the restructuring solutions advocated for failing traditional public schools. The federal Race to the Top grant program reflects the federal focus on changing governance as a key to improving student performance. Michigan and other states have responded to the competition for federal Race to the Top funding by raising limits on the maximum number of charter schools allowed, authorizing new kinds of charter schools, and making other changes in state law.

The data indicate that there are some excellent charter schools (just as there are some excellent traditional public schools), but that not all charter schools are excellent. PSAs do provide publicly funded school choice, and are generally popular with parents. Special PSAs that serve expelled, suspended, or adjudicated youth, or drop-outs, or those at risk of dropping out, fill a vital niche. While efforts to close failing PSAs and to replicate successful models should be accelerated, the long-term value of charter schools may be that, as relatively autonomous schools, they are better positioned to explore innovative approaches to teaching and learning, within the constraints of their charters and state law.

Nontraditional K-12 Schools in Michigan

Introduction

In the United States, the basic structure and many features of traditional public schools were based on democratic and egalitarian principles, and were largely in place by 1900. Characteristics included public funding, public provision, separation of church and state and secular control, gender neutrality, open access, and an academic curriculum, with educational services delivered by thousands of locally controlled, fiscally independent districts. This "traditional" system, which was responsible for the wide dissemination of education and the growth of prosperity in the "old" agrarian and manufacturing economy, has continued with little change for more than a century.[1]

Part of a Series on Public Education in Michigan

This report is part of a series on public education in Michigan. The first report in this series, *Public Education Governance in Michigan*, describes Michigan's complex education governance structure, which entails a great many functions (e.g., policy, service provision, oversight, and financing) carried out by all three levels of government: federal, state, and local. The second report, *State and Local Revenues for Public Education in Michigan*, explains Michigan's school financing structure and analyzes potential reforms. Future papers will discuss education policy issues, such as governance reforms and responses to districts that find themselves in deficit, in more detail.

While traditional public schools are now being challenged by ideas that are fairly new to education (e.g., school choice and competition), traditional public schools were never the only schools in the U.S. Parochial schools and private secular schools predated public systems. Indeed, traditional public schools have been criticized by individuals and groups with very different ideologies, for very different reasons, since their founding. Some critics believe that public education should include moral, emotional, psychological, and spiritual teachings. Members of certain religious groups prefer to educate their children in parochial schools that approach subjects in ways that are consistent with their doctrinal beliefs. Some parents prefer to educate their children themselves, at home.

Supporters may view public education as a means of political liberation, secularism, and elimination of class distinctions. But, while some people believe that traditional public education reinforces democracy, others believe that it subverts democracy and individualism.

Large, urban, traditional public schools have been characterized as bureaucratic, industrial models that are structurally incapable of meeting the needs of disadvantaged students. Some traditional public schools have been criticized for their failure to ensure the physical and emotional safety of students; to provide individualized lessons and support; to respect ethnic, racial, religious, or other differences; and to address a host of other real or perceived failures. Increasingly, the failure of some traditional public schools and school districts to adequately educate large proportions of their pupils has forced policy makers, foundations, and parents to seek alternative strategies to address these failures.

In the last 40 years, efforts to combine the best aspects of the traditional public systems with the best qualities of the private systems has led to the development of choice within school districts (open enrollment, controlled enrollment, magnet schools, interdistrict choice) and of a new publicly funded structure—charter schools. Charter schools, called "public school academies" in Michigan, combine

choice, public funding, and independent management, with a public education entity as authorizer and individual school board of directors to provide oversight and accountability. Although evaluations of academic achievement in charter schools have shown mixed results, the current debate focuses on how to replicate successful models and on the need to more aggressively pursue closure of failing charter schools.

A new federal education model that includes replacing failing traditional schools with charter schools as one means of improving educational outcomes adds urgency to the debate on the effectiveness of charter schools. At the state level, recent statutory changes expand the limitations on the number, organization, and kinds of charter schools that may be established.

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In the Detroit area, four local foundations have committed to support Michigan Future Schools, a project to establish 35 new, small, open enrollment high schools with high levels of academic achievement, high graduation rates, and high college attendance rates, that are open to Detroit students. Although the funders are receptive to working with traditional school districts and private schools, it seems likely that most, if not all, of the new schools will be public school academies. Thus, while the state's largest traditional public school district (Detroit Public Schools) continues to struggle, private foundations are engaged in a strategy to create a system of competing college prep high schools. According to the Skillman Foundation, "Schools will feature high expectations, excellent teachers and principals, enrollment of fewer than 500 students, project-based learning, and strong social and emotional support for students."[2]

Nationally, funding for public schools has been negatively affected by the loss of property value and the economic challenges of the past few years. In Michigan, this general trend has been exacerbated by the restructuring of the automobile industry and restrictions on the tax structure. Increased use of technology, and in particular, virtual classes and virtual schools, are receiving increased scrutiny as the education community searches for means to deliver a quality product at a lower cost. This particular nontraditional approach to teaching and learning may be better suited to students who have grown up with an array of technology that was unknown to past generations.

This paper will explore systems of education other than the traditional public K-12 system, emphasizing charter schools and addressing the public policy treatment and implications of private schools, home schools, and vouchers, as well as briefly exploring virtual schools. This report is one part of a much larger study of K-12 education in Michigan.

Compulsory School Attendance

Although there are various preferences as to the governance structure of the formal education system, there is near universal agreement on the need for education. Massachusetts passed the first compulsory education requirement in 1852. By 1900, 31 states required children from the ages of eight to 14 to attend school. By 1918, every state required students to complete elementary school.

In Michigan, all children from the ages of six to 16 are required by law to attend school. For students who enter grade six after 2009, the minimum age at which students may leave school prior to completion without parental consent will be 18, according to legislation passed in hopes of improving the state's potential success in the competition for federal Race to the Top education funding.

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Section 1561 (3) of the Revised School Code, PA 451 of 1976,[3] states that a child is not required to attend public school in specified cases, which include attendance in "a state approved nonpublic school, which teaches subjects comparable to those taught in the public schools to children of corresponding age and grade, as determined by the course of study for the public schools of the district within which the nonpublic school is located." A child is also exempt from the requirement to attend a public school if "The child is being educated at the child's home by his or her parent or legal guardian in an organized educational program in the subject areas of reading, spelling, mathematics, science, history, civics, literature, writing, and English grammar."

Although most Michigan children between six and 16 attend traditional public schools, the law allows several alternatives to the traditional K-12 system. The publicly funded alternative in Michigan and 39 other states is charter schools. Michigan public school academies include urban high school academies and strict discipline academies, as well as the recently created categories of schools of excellence and cyber schools (these forms of public school academies are described in detail in the appendix). Some other states have authorized the use of vouchers that allow students to attend private schools at public expense. Nonpublic alternatives include religiously affiliated parochial schools, non-sectarian private schools, and homeschooling.

The History and Theory of Charter Schools

History

Charter schools, which grew out of dissatisfaction with traditional K-12 public schools, have been influenced by a host of school reform ideas, including alternative schools, site-based management, magnet schools, public school choice, and privatization. In the 1970s, Ray Budde, a New England educator, suggested that school boards give contracts or charters to small groups of teachers to enable them to explore new approaches to education, in exchange for increased accountability. A 1978 book, *Education by Choice*, by John Coons furthered the idea. In the 1980s, Albert Shanker, then president of the American Federation of Teachers (AFT), promoted and expanded the idea of charter schools, suggesting that local school boards could charter new schools with teacher and union approval.

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In 1983, *A Nation at Risk: The Imperative for Educational Reform* was published. This report raised alarm about the relative ineffectiveness of American schools and prompted a series of commissions, inquiries, and investigations into school reform in a number of states. Those efforts further developed the concept of publicly funded alternatives to traditional public schools.

In 1991, Minnesota passed the first charter school law, followed by California in 1992. In 1993, Michigan's charter school act[4] amended the state's school code by authorizing public school academies, and the first nine charter schools in Michigan opened in the fall of 1994. As of 2009, 40 states and the District of Columbia have over 5,000 public charter schools attended by more than 1.5 million students. State enabling laws define the charter development process, charter school authorizers, school governance and operations, public financial support, student admissions and requirements, staffing and labor relations, control over instructional goals and practices, and accountability.

The Theory

Charter schools were designed to be measured by academic results and adherence to their charters, which are granted by chartering authorities. According to US Charter Schools,[5] an advocacy group, the intention of most charter school legislation is to:

- Increase opportunities for learning and access to quality education for all students.
- Create choices for parents and students within the public school system.
- Provide a system of accountability for results in public education.
- Encourage innovative teaching practices.
- Create new professional opportunities for teachers.
- Encourage community and parent involvement in public education.
- Leverage improved public education broadly.

Because enrollment is voluntary and because chartering authorities are responsible for exercising oversight and renewing contracts (generally every three to five years), it was assumed that successful charter schools would flourish and unsuccessful charter schools would close.

Charter schools were to be freed from some regulation and therefore have greater autonomy, and to focus on accountability. Advocates argued that charter schools would provide a variety of educational settings and situations; foster creativity and innovation; provide opportunities to prove or disprove new educational concepts; increase flexibility and responsiveness; create schools with safer, more nurturing environments; and improve student achievement. Some supporters of charter schools opposed government's imposition of rules and regulations on traditional public schools. Some advocates claimed that charter schools would provide new and increased professional opportunities for teachers. Others believed that parental and student satisfaction would be enhanced in schools freed of bureaucratic requirements. Some advocates of charter schools sought to bring the pressures of the competitive marketplace to public education, based on the belief that by increasing competition, charter schools would drive quality up and drive cost down. Many proponents have argued that the introduction of competition in the form of charter schools would force traditional public schools to improve.

Because enrollment is voluntary and because chartering authorities are responsible for exercising oversight and renewing contracts (generally every three to five years), it was assumed that successful charter schools would flourish and unsuccessful charter schools would close.

For some people concerned with the quality of traditional public education, however, the charter school movement was perceived to be a threat that siphoned resources from traditional K-12 public schools. Opponents of charter schools challenged the qualifications of charter school teachers and administrators, the dependence on for-profit management companies, and the effectiveness of charter schools in raising student performance. It was feared that charter schools would skim the best students, and that charter schools would increase social and racial stratification. There was concern that charter schools would reject students who required more resources and that traditional K-12 schools would be left with a larger concentration of high risk, high cost students. There were predictions that charter schools would rely on poorly paid, inexperienced teachers, and would exploit teachers and other personnel, and that for-profit school management companies would make money at the expense of students and staff. There was concern that charter schools would undermine the democratic nature of public education.

In the 20 years of experience with charter schools, neither the most optimistic promises of proponents, nor the worst fears of opponents, have been realized.

Organization of Public School Academies in Michigan

Authorizing Entities and Oversight

Authorizers

Public school academies are not independent; they are constrained by an approved charter that is negotiated between the school's founders and an eligible authorizer within the constraints established in state law. In order to ensure appropriate oversight, the state has limited the categories of eligible authorizers to the following:

Public school academies are not independent; they are constrained by an approved charter that is negotiated between the school's founders and an eligible authorizer within the constraints established in state law.

- The governing body of a state public university may charter a PSA anywhere in the state. In Michigan, universities collectively have been limited to chartering no more than 150 public school academies; that cap was reached in 1998. No single university may issue more than 50 percent of the maximum number of charters allowed to universities. Central Michigan University (CMU), one of the oldest teacher training schools in the state, was among the first charter school authorizers and has been a leader in developing policies and procedures for charter school operation and oversight. CMU has chartered 58 PSAs. Eight universities have chartered a total of 153 schools, including three urban high school academies (all authorized by Grand Valley State) and two strict discipline academies (one authorized by Central Michigan University, one by Ferris State) that do not count toward the 150 maximum.
- The board of a community college may charter a PSA in that community college district. Kellogg Community College and Washtenaw Community College have each chartered one PSA.

  Community colleges were originally prohibited from authorizing any charter schools that would operate within the boundaries of a first class school district (the Detroit Public Schools). In 2009, the Michigan Attorney General opined[6] that because the Detroit district membership count did not reach the 100,000 minimum threshold to qualify it as a first class district, community colleges with geographic boundaries located within the district and federal tribally controlled community colleges may authorize public school academies in Detroit.
- The board of a federal tribally controlled community college may charter a PSA anywhere in the state. Bay Mills Community College is an accredited federal tribally controlled community college that serves the Native American population throughout Michigan. In 2001, the state Attorney General opined that, because its service area encompasses the whole state, Bay Mills has no geographic restriction on chartering public school academies. Bay Mills has chartered 41 PSAs.
- The board of an intermediate school district may charter a PSA in that district. Thirteen ISDs have chartered 32 schools, including one strict discipline academy authorized by Wayne RESA.
- The board of the local K-12 school district may charter a PSA in that district. Three school districts have chartered 12 PSAs, of which nine were chartered by Detroit Public Schools.

As of September, 2009, there were 241 charter schools in Michigan, including 17 alternative schools for students with difficulties in learning or, in some cases, difficulties in adapting to the rules of the school or community; three strict discipline academies (SDAs); and three urban high school academies (UHSAs). These PSAs served 103,000 students, or 6.0 percent of the state's K-12 population. (See **Table 1**.)

Table 1
Public School Academies by Authorizer

Authorizer	General PSAs	SDAs	UHSAs
Central Michigan University	57	1	
Bay Mills Community College	41		
Grand Valley State University	28		3
Saginaw Valley State University	18		
Ferris State University	17	1	
St. Clair County RESA	11		
Detroit Public Schools	9		
Eastern Michigan University	8		
Lake Superior State University	7		
Oakland University	8		
Wayne RESA	6	1	
Northern Michigan University	5		
Saginaw Intermediate School District	2		
Highland Park School District	2		
Hillsdale Intermediate School District	2		
Midland Educational Service Agency	2		
Allegan Intermediate School District	1		
Bay-Arenac Intermediate School District	1		
Cheboygan-Otsego Presque Isle ESD	1		
Grand Rapids Public Schools	1		
Kalamazoo RESA	1		
Kellogg Community College	1		
Macomb Intermediate School District	1		
Manistee Intermediate School District	1		
Ottawa Area Intermediate School District	1		
Washtenaw Community College	1		
Washtenaw Intermediate School District	1		
Wyoming Public Schools	1		
Total	235	3	3

Note: Educational Service Agencies, RESAs, and ESDs are intermediate school districts.

Source: Michigan Department of Education, updated September 21, 2009 (www.michigan.gov/documents/Counts_55506_7.xls)

Authorizers serve as fiduciaries for the PSAs they charter, may charge an administrative fee of up to three percent of state school aid directed to those PSAs, and may provide other services, such as supporting academic performance and financial management, on a fee basis. According to the Revised School Code[7]:

> An authorizing body shall not charge a fee, or require reimbursement of expenses, for considering an application for a contract, for issuing a

contract, or for providing oversight of a contract for a public school academy in an amount that exceeds a combined total of 3% of the total state school aid received by the public school academy in the school year in which the fees or expenses are charged. An authorizing body may provide other services for a public school academy and charge a fee for those services, but shall not require such an arrangement as a condition to issuing the contract authorizing the public school academy.

Oversight and Accountability

"The crucial difference between charter schools and private school vouchers is government oversight. The charter authorizer, or sponsor, is meant to be the regulatory valve that screens out incompetent applicants and closes down low performers in order to ensure that parents have a quality pool of charter schools from which to choose."[8]

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The limitations on the entities that may serve as charter authorizers are designed to ensure active and informed oversight by public education organizations. The Revised School Code specifies that authorizing entities are required to ensure compliance with the contract by PSAs, and that "the oversight shall be sufficient to ensure that the authorizing body can certify that the public school academy is in compliance with statute, rules, and the terms of the contract." The Code also provides for oversight of authorizing entities by the superintendent of public instruction. "If the superintendent of public instruction finds that an authorizing body is not engaging in appropriate continuing oversight of 1 or more public school academies operating under a contract issued by the authorizing body, the superintendent of public instruction may suspend the power of the authorizing body to issue new contracts to organize and operate public school academies."[9]

PSAs are required to comply with all applicable federal law, state statutes, and requirements contained in their charters, and they are subject to non-renewal, revocation, or termination. Non-renewal occurs when a PSA seeks to renew its charter and the authorizer refuses to renew that charter or grant a new charter to the PSA (21 Michigan PSAs have closed because of non-renewal). Termination is the voluntary or involuntary end to the charter according to the terms of the authorizing contract (eight PSAs have closed as a result of voluntary dissolution). Revocation occurs when an authorizer proactively terminates a school's charter because the PSA has failed to meet its obligations under the charter or contract with the authorizer (five PSAs have closed as a result of total revocation). According to the Revised School Code[10], a contract may be revoked by the authorizing body under the following conditions:

- Failure of the public school academy to abide by and meet the educational goals set forth in the contract.
- Failure of the public school academy to comply with all applicable laws.
- Failure of the public school academy to meet generally accepted public sector accounting principles.
- The existence of one or more other grounds for revocation as specified in the contract.

Further, if the superintendent of public instruction determines that a PSA that is not an alternative school but that has been operating for at least four years, is among the lowest achieving five percent of all public schools in the state, and is in the second year of restructuring under No Child Left Behind, the superintendent of public instruction is required to notify the authorizing body, and the authorizing body is required to revoke the contract and close the PSA at the end of the school year.

If the authorizer revokes a charter, it must work with the school district or another public school to ensure a smooth transition for affected students. The authorizer must return school aid funds to the state treasurer for deposit into the state school aid fund. Title to all real and personal property of the PSA reverts to the state.

There has been concern expressed by charter school skeptics that authorizers may not exert proper oversight and that authorizers are not sufficiently aggressive in revoking or refusing to renew charters for PSAs that fail to deliver a proper education experience for students or fail in other important responsibilities. There is variation in the degree to which authorizers impose control, and disagreement on the appropriateness of more intrusive control. Central Michigan University (CMU), one of the largest charter school authorizers, takes a stricter approach to oversight and is willing to replace PSA board members and impose a specific approach to instruction. In this way, CMU functions similarly to traditional school district administration. In contrast, some other authorizers advocate a less involved approach that encourages greater risk taking and more diverse strategies.

Increasing regulation at the federal level (No Child Left Behind, Adequate Yearly Progress, highly qualified teachers, standardized testing) is intended to increase accountability, but may also reduce risk taking and increase uniformity. There is some tension between this increase in regulation and the ideas that charter schools should be a testing ground for new and innovative approaches to education and that the market will serve to strengthen high performing PSAs and eliminate poorly performing PSAs.

There is some tension between this increase in regulation and the ideas that charter schools should be a testing ground for new and innovative approaches to education and that the market will serve to strengthen high performing PSAs and eliminate poorly performing PSAs.

Nationwide, over 5,250 charter schools have opened, and 657 (12.5 percent) have closed since 1992. Of those, 41 percent closed because of financial deficiencies, 27 percent were closed for mismanagement, 14 percent were shut down for poor academic performance, and 10 percent were "district closures" attributable to the actions of local school boards or state entities, according to The Center for Education Reform.

In Michigan, 34 charter schools have been closed for various reasons, most often governance or management concerns (11 closures), financial viability (10 closures), or academic viability. Other reasons for closure include changed structure, facility concerns, feasibility concerns, and enrollment.[11] As of February, 2009, Central Michigan University had revoked contracts for nine charter schools; Grand Valley State University had revoked seven; Oakland University, Wayne County RESA, Inkster Public Schools, and Detroit Public Schools had each revoked two; Ferris State University, St. Claire RESA, and Saginaw Valley State University had each revoked one.[12]

The PSA Charter

One of the distinguishing features of charter schools is that each school is defined, operated, and measured based on its own charter, which is the foundational agreement between the founders of the public school academy and a chartering authority, as defined in state law.

In Michigan, the Revised School Code[13] specifies the contents required in an application to an authorizing body, including the method of appointing members of the PSA's board, articles of incorporation, bylaws, governance structure, location, and specified operating conditions. The application must contain the following information:

- Identification of the applicant.
- Names of proposed board members, their qualifications, and the method of appointing or electing board members.
- Proposed articles of incorporation including the name of the proposed PSA, the purposes of the PSA, the name of the authorizing body, and the time the articles of incorporation will be effective.
- Proposed by-laws.
- Documentation meeting the authorizer's specific requirements, including:
    - Governance structure of the PSA
    - Educational goals, curricula, and assessment methods
    - Admissions policy that provides public notice and open enrollment

  - School calendar and school day schedule
  - Age or grade range of students proposed to be enrolled.
  - Descriptions of staff responsibilities and governance structure.
- The local and intermediate school districts in which the PSA will be located.
- Assurance that the PSA will comply with applicable state and federal law.
- If authorized by a school district, assurance that the collective bargaining agreements in place for the district will be honored for PSA employees.
- A description of and address for the site where the PSA will be located.

Based on the application, staff of a potential authorizer and the applicant negotiate the terms of a school charter within the constraints of the law.

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Among the other criteria specified, the charter must identify the educational goals of the proposed PSA. For example, the mission of the ABGU Alex and Marie Manoogian School chartered by CMU in 1995 is to "successfully educate all students in a safe, dignified, and supportive setting, partnering with the community to preserve the Armenian language and culture."[14] Another example of tailored educational goals is provided by the St. Clair County Regional Educational Services Agency, which has chartered 11 PSAs, each with a unique mission to serve a particular student population. Six unique education providers at the same location provide specialized vocational instruction to high school juniors and seniors:

- Health Careers Academy of St. Clair County
- Hospitality Academy of St. Clair County
- Industrial Technology Academy
- Information Technology Academy of St. Clair
- Public Safety Academy of St. Clair
- St. Clair Co. Academy of Style

Five alternative education academies provide services in nontraditional settings:

- Academic Transitional Academy of St. Clair County provides academic and pre-vocational support services to secondary level students.
- Blue Water Learning Academy provides schooling for youths in grades seven through 12 who have not been successful in traditional school settings.
- St. Clair County Intervention Academy provides educational opportunities for court adjudicated youth ages 12 through 19 in the St. Clair County Juvenile Detention Center and/or adult correctional facility.
- St. Clair County Learning Academy provides schooling for youths in grades six through 12 who are under the jurisdiction of the St. Clair County Circuit Court Family Division.
- Virtual Learning Academy provides on-line learning for students age 16 through 19 who have voluntarily stopped attending school for more than 30 days and expelled students in grades 6 through 12.

In addition to the requirements negotiated in the charter, public school academies, urban high school academies, schools of excellence, and strict discipline academies are subject to all other rules, regulations, and requirements contained in federal and state law.

PSA Boards of Directors

Public school academies are required to have boards of directors. A list of the proposed members of the board of directors, and a description of the qualifications and method for appointment or election of board members, is contained in the PSA's application to its authorizer. Authorizers are responsible for ensuring that PSA board members are qualified and independent of management companies' (management companies are education service providers, and are described in a following section of this report) influence. Some authorizers appoint PSA board members from a list of candidates submitted by the PSA. PSA board members are public officials and are required to take a constitutional oath of office.

The Michigan Council of Charter School Authorizers (MCCSA) has adopted standards for selection of PSA board members. These standards require, at a minimum, a written application for board appointment, a criminal records check, and a personal interview.

The board of directors of a charter school is responsible for ensuring that the school operates in accordance with its charter and all applicable state and federal laws and regulations.

It should be noted that the model of publicly elected boards for traditional school districts and appointed boards for charter schools mirrors Michigan's approach to the selection of oversight boards in state public colleges and universities.

Particular concern has focused on the relationship between board members and management companies and between board members and staff of a PSA. MCCSA recommends the use of a disclosure form to be completed by board members annually to prevent inappropriate relationships and influence.

Funding for Public School Academies

Public School Funding in Michigan

Historically, public schools in Michigan were supported by local property taxes. The Michigan Legislature eliminated local school property taxes in 1993, forcing the adoption of a new method of funding public education. In 1994, voters approved a state constitutional amendment known as Proposal A, which revised school finance. Effective starting in fiscal year (FY) 1995, state school aid has been distributed through a per pupil foundation allowance system designed to reduce the disparities in funding among the then 558 public school districts in the state. The funding formula for public schools is described in detail in another section of this series of publications on education. The current structure of state funding that follows the student is particularly well-suited to support charter schools.

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Payments under the State School Aid Act are sent directly to the school's authorizer.

Foundation Allowance for PSAs

Michigan Attorney General Opinion No. 7154, issued in March, 2004, notes that PSAs are public schools for the purposes of Article 8, Section 2, of the 1963 Michigan Constitution, which provides that the Legislature shall provide for a system of free elementary and secondary schools, and that PSAs are public school districts for the purposes of Article 9, Section 11, which establishes a state school aid fund that provides support for K-12 education in Michigan. Public school academies are prohibited from charging tuition and may receive categorical aid and federal funds**.**

Public school academies receive state funds based on the number of pupils. The number of pupils in membership is determined by a weighted formula that considers the number of full-time equated pupils enrolled and in regular attendance in the PSA on two count days (the fourth Wednesday in September and the second Wednesday in February). Payments under the State School Aid Act are sent directly to the school's authorizer.

Until the most recent two years, the per pupil foundation allowance for charter schools could not exceed the lesser of 1) the amount received by the school district in which the PSA is located or 2) the minimum foundation allowance plus $300. (See **Table 2**.) For the past two years, however, a cap of $7,580 has been placed on the foundation grant to charter schools (regardless of what the local district receives).

On average, PSAs received $7,412 per pupil in state funding in 2008-09. According to the Michigan Association of Public School Academies[15], this is nearly

Table 2
Per Pupil Foundation Allowance, FY1995 through FY2010

Fiscal Year	PSAs Maximum Foundation Allowance	Traditional Schools Minimum Foundation Allowance	Traditional Schools Basic Foundation Allowance
1995	$5,500	$4,200	$5,000
1996	5,653	4,506	5,153
1997	5,808	4,816	5,308
1998	5,962	5,124	5,462
1999	5,962	5,170	5,462
2000	6,200	5,700	5,700
2001	6,500	6,000	6,000
2002	6,800	6,300	6,300
2003	7,000	6,700	6,700
2004	7,000	6,700	6,700
2005	7,000	6,700	6,700
2006	7,175	6,875	6,875
2007	7,385	7,085	7,085
2008	7,475	7,204	8,433
2009	7,580	7,316	8,489
2010	7,580	7,316	8,489

Note: In FY2010, the minimum foundation allowance was $7,316; the basic foundation allowance was $8,489; and the weighted average foundation allowance excluding PSAs and ISDs was $7,813.

Source: Michigan Department of Education, State Aid Foundation Allowance Parameters 1995-2010

$2,000 less than the average per pupil revenue received by traditional districts.

No charter school receives a foundation payment that is greater than that received by the traditional district where the PSA is located, and a portion of each school's foundation allowance is paid to the school's authorizer for oversight, administrative and programmatic costs.

PSAs are eligible for categorical funding and competitive grants. PSAs are considered constituent districts in intermediate school districts for purposes of area vocational or career and technical education millage. If a PSA serves at-risk children, it may qualify for federal funding through Titles I, II, III, V, and VI.

Financial Reporting

PSAs are required to follow generally accepted accounting practices and a uniform chart of accounts published by the Michigan Department of Education. PSAs must adopt an annual budget prior to the start of their fiscal year on July 1, and may not adopt or operate under a deficit budget. They are required to submit an annual comprehensive financial report into the financial information database maintained by the Center for Educational Performance and Information (CEPI) by November 15 of each year. PSAs are required to have an audit of their financial accounting records by a certified public accountant at least annually.

PSA Facilities

Buildings

Many charter schools are smaller than traditional public schools; small size is believed to promote tight bonds between students and teachers and a strong sense of community. Many start with one grade, and add one grade each year.

PSAs may own or lease real estate. PSAs may be located in all or part of an existing public school building, or in new or converted buildings including those originally constructed as public or parochial schools, commercial offices, industrial buildings, museums, or for other uses. (Authorizers are required by statute to give priority to applicants for urban high school academies that will occupy a building or buildings that are newly constructed or renovated after January 1, 2003.)

In a March, 2003 opinion[16], the Michigan Attorney General indicated that "a public school academy may operate at more than one site provided that it operates only a single site for each configuration of grades and only at the site or sites specified in the school's charter application and in the contract issued by its authorizing body."[17] While generally a PSA may only operate a particular configuration of grades at a single site, as approved in the PSA's contract, a special subset of PSAs, urban high school academies, may operate more than one site per charter and per board of directors, and thus may operate several K-8 schools feeding one high school.

Although many Michigan school districts are losing students and closing schools, board members, administrators, and teachers unions have often regarded PSAs as competition and have been unwilling to sell or lease unused buildings to them. One proposal to address this problem would provide temporary transition aid to school districts to help them adjust to losing students to charter schools, if those districts provide the charter with access to unused space.[18]

For PSAs, facility costs are a major challenge. Unlike traditional public schools, PSAs cannot ask voters to authorize tax supported bonds for school construction and major rehabilitation. Without a special levy, PSAs must fund facilities from their operating budgets.

Locations

Michigan's PSAs are clustered in urban areas, with over 20 percent located in Detroit. Those school districts with three or more PSAs in 2008-09 were:

Detroit	50
Dearborn	7
Marysville	7
Southfield	7
Lansing	6
Ann Arbor	5
Pontiac	5
Benton Harbor	4
Flint	4
Hamtramck	4
Highland Park	4
Port Huron	4
Wayne-Westland	4
Grand Rapids	3
Holland	3
Jackson	3
Midland	3
Saginaw	3
Inkster	3
Ypsilanti	3
Taylor	3
Traverse City	3
Warren	3

Funding for Facilities

For PSAs, facility costs are a major challenge. Unlike traditional public schools, PSAs cannot ask voters to authorize tax supported bonds for school construction and major rehabilitation. Without a special levy, PSAs must fund facilities from their operating budgets. In Michigan, state per pupil support for PSAs does not include a defined component for facility funding, and does not vary based on the purchase price or lease cost of an appropriate building.

Only ten states and the District of Columbia give charter schools annual per pupil funding for facili-

ties. California voters in 2000 required public school systems to provide buildings to charter schools. In New York City, the mayor and schools chancellor have provided charter schools with heavily subsidized space in under-enrolled city schools, and a nonprofit real estate developer bundles money from the school system, philanthropies, commercial lenders, and state and federal construction programs to buy real estate and rent it to charter schools at below market rates. Michigan allows charter schools to issue government backed, tax-exempt bonds for construction.[19]

In Detroit, the Thompson Foundation has constructed facilities for PSAs and leased them to select charter operators for $1, on the condition that those schools meet "90-90" goals: graduating at least 90 percent of students and sending at least 90 percent of graduates to college.

Michigan Public Educational Facilities Authority

The Michigan Public Educational Facilities Authority (MPEFA), part of the Michigan Department of Treasury, Bureau of Bond Finance, "is dedicated to providing opportunities for low cost financing and technical assistance for (i) qualified public educational facilities and (ii) public school academies through its bonding and loan programs." It was created "by Executive Order 2002-3 to assist the State's public school academies in obtaining access to the market for cash flow and facility financing needs. Financing presents a challenge to most traditional public schools. For public school academies there are additional challenges to securing financing without access to local property taxes collected via tax levies. MPEFA is dedicated to providing opportunities for low cost financing for Michigan's charter schools." The strategy employs a state aid intercept to enhance credit.[20] MPEFA completed three long-term bond issues totaling $15.6 million for public school academies in 2008.

MPEFA finances state aid note transactions that provide for short term cash flow needs for operating purposes: in 2008, 21 public school academies borrowed a total of $22.9 million through this program.

In addition to this state program, two federal programs have been implemented to address the problem of providing funding for charter school facilities.

Credit Enhancement for Charter School Facilities Program

The federal Credit Enhancement for Charter School Facilities Program was established in 2001 to assist charter schools to obtain financing for suitable facilities. The Credit Enhancement for Charter School Facilities Program provides competitive grants to eligible public and nonprofit entities to provide credit enhancements to reduce the risks associated with loans made to charter schools. According to the U.S. Department of Education "To help leverage funds for charter school facilities, grant recipients may, among other things, guarantee and insure debt to finance charter school facilities; guarantee and insure leases for personal and real property; facilitate a charter school's facilities financing by identifying potential lending sources, encourage private lending, and other similar activities; and establish charter school facility "incubator" housing that new charter schools may use until they can acquire a facility on their own." The program assisted 32 schools in 2004, 37 in 2005, and 48 in 2006.[21]

The federal government's State Charter School Facilities Incentive Grant Program provides grants to states that have per-pupil facilities aid programs for charter schools (Michigan does not).[22]

Public School Academies' Education Delivery Systems

Teachers

Teacher Certification

States that allow charter schools have varying requirements for charter school teacher certification. Arizona, Texas, and the District of Columbia do not require certification for teachers in charter schools. In Georgia and Oklahoma, whether teachers are to be certified is specified in each school's charter application. In 24 states including Michigan, teachers must be certified, but some of these states allow waivers or alternative certification. Twelve states require a specified percentage of teachers in each charter school to be certified, and some of these have minimum educational and experience requirements for non-certified teachers.

The variations in approach to teacher certification are evident in the states with the largest number of charter schools (See **Table 3**).

The federal Race to the Top competition encouraged states to consider alternative certification routes for all teachers. PA 202 of 2009, one of the acts passed to better position Michigan in that competition, provides for an alternative teaching certification process.

In Michigan, 16 percent of PSA teachers have a bachelors' degree, 57 percent have a masters degree, and 26 percent have other advanced degrees such as doctoral, law or medical degrees.

Compensation

PSAs pay teachers less than the amount paid to teachers by traditional schools on average, though salaries and benefits for beginning teachers are fairly consistent in charters and traditional schools (traditional school districts may have teachers with 30 years or more of experience in the district, while no charter school teacher has more than 16 years of

Table 3
Teacher Certification Requirements In States with More Than 100 Charter Schools in 2007-08

State	Number of Charter Schools, 2007-08	Teacher Certification
California	691	Required
Arizona	457	Not required
Texas	450	Not required
Florida	364	Required, waivers in specific circumstances
Ohio	329	Required, but alternative certification is allowed; uncertified employees may teach up to 12 hours per week
Michigan	281	Required, but full-time faculty at a university or community college may teach at a charter school sponsored by that institution
Wisconsin	232	Required, but if the search for a licensed teacher is unsuccessful, a special license is available for persons with a bachelor's degree in their field who take 6 credits of training each year and are supervised by a teacher with a regular license.
Minnesota	169	Required
Colorado	141	Required, may be waived
Pennsylvania	125	At least 75% must be certified

Source: National Center for Education Statistics

experience in that school). In 2006-07, salaries for teachers in PSAs averaged $39,334, which was $16,192 less than the average teacher salary in traditional public schools. A 2002 study, which also noted the lower teacher salary level in charter schools, stated that "the difference in teacher salaries reflects the experience and educational qualifications of the teachers. Salaries may also differ because of compensating differentials with respect to work environments. Teachers who prefer the charter school environment may be willing to work there for lower pay."[23]

Fringe benefits are negotiated at the PSA level, and vary accordingly. Teachers and administrators who work directly for a PSA are automatically included in the Michigan Public School Employees Retirement System (MPSERS), the state managed retirement system. Teachers and administrators who are employed through an education service provider (ESP) are not permitted to participate in MPSERS, though the ESP may offer 401K plans. The School Code requires that direct employees of a PSA that is authorized by a local school district be covered by collective bargaining agreements that apply to employees of that school district employed in similar classifications.

Teachers in most charter schools are not unionized. Indeed, the ability to hire and fire staff is considered by many supporters of charter schools to be crucial to the effectiveness of those schools.

Teacher Turnover

Two-thirds of Michigan's PSA teachers have been working in their buildings for two years or less, according to the 2009 Public School Academy Report to the Legislature.

Gary Miron and Brooks Applegate of Western Michigan University found overall teacher attrition rates in charter schools of between 20 and 25 percent, with rates for new teachers close to 40 percent annually (only charter schools were included in the study; no comparison was made with traditional public schools). Younger teachers were more likely to leave than older teachers. Attrition rates were higher among teachers who taught in higher grades, especially grades 6, 7, 10, and 11. Non-certified teachers and those teaching outside their certification areas were more likely to leave. Teachers with limited teaching experience were more likely to leave (presumably many of these inexperienced teachers moved to jobs in other schools). Teachers who were not satisfied with the charter school's mission, ability to achieve the mission, and administration were more likely to leave. "High attrition consumes resources of schools that must regularly provide pre- and in-service training to new teachers; it impedes schools' efforts to build professional learning communities and positive and stable school cultures; and it is likely to undermine the legitimacy of the schools in the eyes of parents." The study relied on data from five states, not including Michigan.[24]

The American Federation of Teachers' Position

Teachers in most charter schools are not unionized. Indeed, the ability to hire and fire staff is considered by many supporters of charter schools to be crucial to the effectiveness of those schools. As noted, teachers in charter schools are generally paid less than those in traditional public schools, benefits may differ significantly from those offered to teachers in traditional schools, and school days and years may be longer. All of these issues are of central concern to teachers' unions.

The American Federation of Teachers (AFT), which represents teachers and staff in more than 70 charter schools nationwide, "strongly supports charter schools that embody the core values of public education and a democratic society: equal access for all students; high academic standards; accountability to parents and the public; a curriculum that promotes good citizenship; a commitment to helping all public schools improve; and a commitment to the employees' right to freely choose union representation."[25] In a July 2002 report, *Do Charter Schools Measure Up? The Charter School Experiment After 10 Years*, the AFT reported that:

- Charter schools contribute to the racial and ethnic isolation of students and fail to enroll a proportional share of high cost students.

- Charter school teachers are less experienced and receive lower pay and benefits than traditional school teachers.
- Charter schools spend more on administration and less on instruction than traditional public schools.
- Charter school students generally score no better (and often do worse) on student achievement tests than other comparable public school students.
- Charter school authorizers have closed very few schools for failing to meet student achievement goals.
- Charter schools have proven no more innovative than other public schools.
- While growing districts may view charters schools as a solution to overcrowding, districts with stable or shrinking population experience a real financial loss due to charter schools.
- Problems are worse in charter schools operated by for-profit companies.

The AFT recommended "that policymakers should not expand charter school activities until more convincing evidence of their effectiveness and viability is presented."

Administrators

In the future, Michigan public school administrators, including those in public school academies, will have to be certified. The state board of education is required by PA 205 of 2009, Section 1536, to develop a school administrator's certificate and to work with appropriate professional organizations to develop standards. Standards and procedures must include educational and professional experience requirements, continuing education requirements, procedures for application, and standards and procedures for suspension and revocation of a certificate. The state board is also required to develop appropriate certificate endorsements for elementary, secondary, and central office levels. Certificates will have to be renewed every five years.

Currently employed school administrators will be required to take continuing education. Administrators hired after January 4, 2010 (the effective date of PA 205 of 2009) will have to complete a program leading to certification and will have three years to meet the new certification requirements.

Michigan PSAs typically have relatively few administrators, and rely on teachers, parents, and volunteers to accomplish many administrative tasks.[26]

Education Service Providers

Education service providers are nonprofit or for-profit organizations that contract with new or existing traditional, charter, or private schools and/or school districts to provide specialized or comprehensive services to schools, including educational programming, facility management, personnel management, payroll, accounting, curriculum development, professional development for staff and teachers, student assessment tools, school marketing, and budget oversight.

Management Companies: ESPs, EMOs, and CMOs

Public school academies may be wholly self-managed (in 2007-2008, 53 Michigan PSAs were self managed) or may hire an education service provider to operate any or all parts of the school. Education service providers are nonprofit or for-profit organizations that contract with new or existing traditional, charter, or private schools and/or school districts to provide specialized or comprehensive services to schools, including educational programming, facility management, personnel management, payroll, accounting, curriculum development, professional development for staff and teachers, student assessment tools, school marketing, and budget oversight. Some of the best known ESPs have developed highly structured routines with uniforms, strict rules, and frequent drills. ESPs are also known as management companies.

Quantity Counts: The Growth of Charter School Management Companies, distinguishes between for-profit education management organizations (EMOs) and nonprofit charter management organizations (CMOs). Most states prohibit for-profit businesses from holding school charters directly, so EMOs operate schools

or provide specific services under contract with a nonprofit that holds the charter. For-profit EMOs generally share a common business model that attempts to do the following:

- Administer a higher-quality program than the average school could provide,
- Leverage that program across a very large number of schools, and
- Exploit economies of scale in ways that yield attractive profits and consistently superior academic performance.

For-profit companies manage about 500 charter and traditional schools enrolling about 250,000 students nationwide.

In 2007-08, there were a total of 53 education service providers operating in Michigan, providing services to from one to 35 public school academies. **Table 4** summarizes the education service providers providing services to more than one PSA.

PSAs can change ESPs, or move from use of a service provider to self management, for any number of reasons. For the fall of 2009, nine PSAs changed educa-

Table 4
Education Service Providers Providing Services to More than One Public School Academy

Education Service Provider	PSAs	Students
National Heritage Academies	35	22,803
Leona Group	16	7,524
Mosaica Education	11	3,087
Charter School Administration Services	10	4,284
Helicon Associates	9	3,301
Choice School Associates	8	2,396
CS Partners	7	2,569
The Romine Group	5	3,014
Global Educational Excellence	5	2,203
Imagine Schools	5	2,126
White Hat Management	5	1,474
Advance Educational Services	4	1,001
Varner & Associates	3	2,577
Hamadeh Educational Services	3	2,117
Schoolhouse Staffing and Services	3	1,364
Edison Schools	2	1,615
Bardwell Group	2	965
Woodbridge Group	2	858
Evans Solution Management Company	2	666
Synergy Training Solutions, Inc.	2	399
Foundation for Behavioral Resources	2	383
Northstar Educational	2	275
SVRC Industries	2	227
Education & Training Connections	2	214
Edtec Central	2	181
Total	149	67,623

Source: Michigan Department of Education; *2008 Public School Report to the Legislature*; March, 2009

tion service providers and one ended its use of an outside organization in favor of self-management.

- Academy of Flint, from Varner & Associates to self managed
- Ben Ross Public School Academy, from Edison School to Edison Learning, Inc.
- Business Entrepreneurship Science, Tec, from Mosaica Education to Choice School Associates
- Concord Academy Boyne, from Northstar Educational to Lakeshore Educational
- Conner Creek Academy, from Imagine Schools to Choice Schools Associates
- Conner Creek Academy East, from CS Partners to Michigan Educational Personnel Services
- Edison-Oakland Public School Academy, from Edison Schools to Visions Educational Development Corp.
- Grattan Academy, from Choice Schools Associates to Helicon Associates
- Great Lakes Academy, from Midwest Management, Inc. to ADP Total Source
- Woodmont Academy, from Imagine Schools to Visions Education Consortium, LLC

Nonprofit Charter Management Companies

Nonprofit CMOs may offer identifiable instructional models. "Also like EMO founders, CMO proponents believed that higher-quality management teams, which offered a standard school model and operating practices and exploited economies of scale, could support the development of large numbers of schools, produce the financial efficiencies required to pay for the higher-quality managers and programs, and in the process provide consistently superior academic outcomes."[27] Nonprofit CMOs can hold charters directly in most states that allow charter schools.

The movement to develop nonprofit charter management organizations that would drive the expansion of quality charter schools has been supported by national foundations including the Bill and Melinda Gates Foundation, Walton Family Foundation, and others. According to a recent article, both the funders and the CMOs underestimated the difficulties associated with replicating successful models. "A number of leading CMOs have been forced to work in an environment where regulations impose unnecessary costs, funding levels lag behind regular public schools, facility space is unnecessarily scarce, and laws supported by interest groups antagonistic to charter schools artificially limit the ability of the most successful charter schools to expand."[28]

Whole school improvement is intended to integrate research based practices into a unified effort to raise student achievement and accomplish other goals such as reducing dropout rates and improving behavior.

Whole School Improvement

Education services providers that provide whole school improvement models were the subjects of an evaluation[29] by the American Institutes for Research. Whole school improvement is intended to integrate research based practices into a unified effort to raise student achievement and accomplish other goals such as reducing dropout rates and improving behavior. The models include curriculum; instruction; governance; scheduling; professional development; assessment; and parent, family, and community involvement. Education service providers evaluated included Edison Schools; Imagine Schools; The Leona Group, LLC; Mosaica Education; National Heritage Academies (NHA); SABIS Educational Systems, Inc.; and White Hat Management (HOPE Academies). These seven models together operate in about 350 schools nationwide; they provide a variety of services at 71 schools in Michigan.

The evaluation looked at nearly 940 studies, of which only a few were relevant and met standards that were considered sufficiently rigorous and included student achievement outcomes. All of the nine studies that were considered adequate for judging the effects of the ESP on student achievement focused on the Edison Schools. According to this report, the Edison Schools' whole school improvement model was rated moderate in its positive effects on student achievement, and very strong in its readiness for successful implementation.

Imposing a Model/Imposing Control

One of the initial goals of the charter school movement was to facilitate innovation and experimentation in K-12 education. More recently, the goal has been to replicate successful models. The use of education service providers allows charter holders and chartering authorities to select models that have been developed and refined, and that best meet the goals of the schools' founders. There are, however, limitations associated with the use of management organizations: there may not be a direct, proven relationship between a particular model and educational quality, and, in their efforts to impose consistency, larger management organizations may be recreating some of the bureaucratic aspects of public school districts. Fees may be excessive and/or not well explained, and companies may attempt to inappropriately influence board selection and board decisions.

One of the initial goals of the charter school movement was to facilitate innovation and experimentation in K-12 education. More recently, the goal has been to replicate successful models.

There is concern about the degree of control some for-profit management companies exercise over schools. In particular, Imagine Schools (the largest commercial manager of charter schools in the U.S.) has been charged with preempting schools' boards of directors (Imagine often recruits board members for the schools it serves). This management company operates schools completely, including hiring and firing principals and staff, controlling real estate, determining budgets and school policies, and charging fees that may equal a school's entire revenue stream.[30]

In response to this criticism, Imagine Schools published an open letter on its website, in which it stated "Each of the governing boards is structured legally and operates transparently. The working relationship between the board and Imagine is spelled out in detail prior to the award of the charter and is entered into voluntarily by both groups."[31] The letter noted the many satisfied parents and educators at Imagine schools and over 90 percent re-enrollment rate for students. It asserted that 100 percent of revenues are spent on students and schools (although it applied for nonprofit status from the IRS in 2005, Imagine Schools has not been granted that status).

Other Services

In contrast to traditional public schools, charter schools generally do not provide transportation (traditional public schools are not required to provide transportation), and may not provide a cafeteria (traditional public schools are required to have a cafeteria).

Students and Academic Achievement in PSAs

Michigan within the National Framework

Although 40 states and the District of Columbia allow charter schools, very few students actually attend charter schools in some states (only 240 in Virginia, 255 in Wyoming, 375 in Mississippi). (See **Table 5**.)

More than 100,000 students attend charter schools in Michigan, making it one of the 14 states that have more than 25,000 students attending charter schools (See **Table 6**).

In Michigan, 6.0 percent of public school students attended charter schools in 2007-08. Of those states with more than 25,000 charter school students, only Arizona and Colorado had a larger proportion of public school students in charter schools. According to the Michigan Association of Charter School Academies, 62 percent of Michigan charter school students are minorities.[32] In 2009, 64 percent of PSA students qualified for free or reduced price lunch.

Table 5
Number of Students in Charter Schools in 2007-08

Number of Charter School Students	Number of States and D.C.
0 - 999	5
1,000 - 9,999	12
10,000 - 24,999	10
25,000 - 49,999	6
50,000 +	8

Source: National Center for Education Statistics

A national comparison of charter school students with students enrolled in traditional public schools found a higher proportion of Black and Hispanic students in charter schools, a smaller proportion of students with a disability in charter schools, and a larger proportion of poor students in charter schools than in traditional public schools. Further, students in char-

Table 6
Public Elementary and Secondary School Membership in Selected States in FY2008

State	Total Public School Students	Students in Charter Schools	
		Number	Percentage
California	6,070,428	241,017	4.0%
Texas	4,673,455	113,760	2.4
Florida	2,666,811	105,223	3.9
Michigan	**1,665,742**	**100,046**	**6.0**
Arizona	1,087,263	99,478	9.1
Ohio	1,821,635	81,539	4.5
Pennsylvania	1,787,813	67,275	3.8
Colorado	801,867	56,772	7.1
Wisconsin	874,478	35,291	4.0
Georgia	1,649,589	33,702	2.0
North Carolina	1,458,035	32,607	2.2
New York	2,765,435	30,963	1.1
Minnesota	837,578	28,034	3.3
Massachusetts	962,806	25,036	2.6

Source: National Center for Education Statistics

ter schools were more likely to have parents who had somewhat higher educational attainment, more likely to be from a single parent household, and more likely to live in a city, than students in assigned public schools.[33]

A February 2010 report, *Schools without Diversity: Education Management Organizations, Charter Schools and the Demographic Stratification of the American School System*[34], evaluated a national database of schools operated by education management organizations (95 percent of these schools are charter schools) and reached the following conclusions:

- Charter schools operated by EMOs tend to be strongly racially segregative for both minority and majority students, compared with the sending districts.
- EMO-operated charter schools more strongly segregate economically challenged students than do the local districts.
- EMO-operated schools consistently enrolled a lower proportion of special education students than did the home district.
- English language learners were underrepresented in charter schools.
- For both for-profit and nonprofit EMOs, segregation patterns in 2000-2001 and 2006-2007 were virtually identical.

Possible explanations offered include the clustering of charter schools in high minority, urban areas, and the ability of larger traditional districts to provide specialized programs for special education students and English language learners. There is a subset of charters, however (19 schools in this study), whose mission is to serve students with severe disabilities; there is also a subset of charters that serve large numbers of ELL students. Further, in some cases, the EMO schools included in the study had been low performing public schools that had undergone turnaround interventions.

Michigan PSA Students

Admission Policy

In contrast to traditional public school districts, which have defined geographical boundaries and are required to enroll students who reside in that district (cross district enrollment through the school of choice program is discussed in the first report of this series, on public education governance), PSAs have no geographical territory assigned to them, and must attract students based on programming and other competitive factors.

If more students apply than there are available positions, the PSA must conduct a lottery or other "blind" process to determine which students are admitted. PSAs cannot use academic, disability, or other screening tests to determine eligibility for admission.

PSAs must admit all who apply, including those needing special services, consistent with the terms of the school's charter and state statute. Applying students may include those who have learning disabilities, physical disabilities, or behavioral challenges. If more students apply than there are available positions, the PSA must conduct a lottery or other "blind" process to determine which students are admitted. PSAs cannot use academic, disability, or other screening tests to determine eligibility for admission.

PA 451 of 1976[35] establishes the admission policies of PSAs:

- A public school academy shall not charge tuition.
- A public school academy shall not discriminate in its pupil admissions policies or practices on the basis of intellectual or athletic ability, measures of achievement or aptitude, status as a student with a disability, or any other basis that would be illegal if used by a school district.
- A public school academy may limit admission to pupils who are within a particular range of age or grade level or on any other basis that would be legal if used by a school district.
- Except for a foreign exchange student who is not a United States citizen, a public school academy shall not enroll a pupil who is not a resident of this state.

- Enrollment in the public school academy may be open to all individuals who reside in this state who meet the admission policy and shall be open to all pupils who reside within the geographic boundaries, if any, of the authorizing body who meet the admission policy, except that admission to a public school academy authorized by the board of a community college to operate, or operated by the board of a community college, on the grounds of a federal military installation, as described in section 502(2)(c), shall be open to all pupils who reside in the county in which the federal military installation is located.
- For a public school academy authorized by a state public university, enrollment shall be open to all pupils who reside in this state who meet the admission policy.
- If there are more applications to enroll in the public school academy than there are spaces available, pupils shall be selected to attend using a random selection process. However, a public school academy may give enrollment priority to a sibling of a pupil enrolled in the public school academy.
- A public school academy shall allow any pupil who was enrolled in the public school academy in the immediately preceding school year to enroll in the public school academy in the appropriate grade unless the appropriate grade is not offered at that public school academy.

According to a study by the National Charter School Research Project, a number of national and statewide studies have indicated that charter schools disproportionately attract students from less affluent and minority backgrounds.

Racial Characteristics

According to the Michigan Department of Education, PSA students tend to resemble students in the 23 host districts where 75 percent of PSAs are located. In 2007-08, 57 percent of PSA students were African-American, compared to 58 percent of students in host districts. In PSAs, 57 percent of PSA students were eligible for free or reduced price lunch compared to 63 percent in host districts and 36 percent in traditional public schools (eligibility for free or reduced price meals is a proxy for economic status). In 2008-09, 64 percent of PSA students qualified for free or reduced price lunch (See **Table 7**).

According to a study by the National Charter School Research Project,[36] a number of national and statewide studies have indicated that charter schools disproportionately attract students from less affluent and minority backgrounds.

Social Stratification in Michigan Charter Schools

A 2007 study of racial segregation and social stratification in Michigan charter schools examined data from 2003 and 2004. "The results show that char-

Table 7
2007-08 Student Enrollment by Ethnicity

	PSAs	Host Districts	All Traditional Public Schools
American Indian	1%	1%	1%
Asian	2	2	2
African American	57	58	18
White	34	30	73
Hispanic	5	8	5
Multiracial	1	1	1

Source: Michigan Department of Education; *2008 Public School Report to the Legislature*; March, 2009

ter schools provide new opportunities for students who struggled academically in their assigned schools. However, the process of student sorting tends to leave the most disadvantaged students behind in the most disadvantaged TPSs (traditional public schools). In particular, low-performing students and students from low-income families become increasingly concentrated in urban TPSs...Overall, school choice in Michigan helped to promote choice for moderately disadvantaged students. The truly disadvantaged students have not benefited as much, since these students have become increasingly concentrated in TPSs with other similarly disadvantaged students."[37]

Overall, school choice in Michigan helped to promote choice for moderately disadvantaged students. The truly disadvantaged students have not benefited as much, since these students have become increasingly concentrated in TPSs with other similarly disadvantaged students.

Special Education Students

In Michigan, PSAs are local education agencies (LEAs) for purposes of federal requirements concerning special education. Thus, PSAs are directly responsible for providing special education evaluation and services to students, though any PSA may voluntarily contract with another school district or LEA to provide these functions. Federal laws including the Individuals with Disabilities Education Act, the Elementary and Secondary Education Act (now the No Child Left Behind Act), Section 504 of the Rehabilitation Act of 1973, the Americans with Disabilities Act, and the Family Education Rights and Privacy Act all apply to charter schools. Federal funds are available for special education and related services to most, but not all, children with identified disabilities under various federal laws.

Disability categories include cognitive impairment; emotional impairment; hearing, visual, or physical impairment; speech and language impairment; early childhood delay; learning disabled; severe multiple impairments; autism spectrum disorder; traumatic brain injury; and deaf/blind. Issues related to special education students include preparation of an individualized education program for the child, placement in the least restrictive environment, accessibility of facilities, special accommodations and alternate assessments, nondiscriminatory evaluations, and qualifications for special education teachers.

Charter schools have a smaller proportion of disabled students than the state as a whole, and a smaller percentage of special education students than schools in cluster districts (See **Table 8**).

The 2009 Public School Academy Report to the Legislature noted that approximately ten percent of PSA students received special education services in 2008-09.

Gary Miron, Chris Coryn, and Dawn M Mackety found that charter schools in the Great Lakes states "have, on average, a substantially lower proportion of students with disabilities, and the students with disabilities who enroll in charter schools tend to have

Table 8
Students with Disabilities, December 2007

	PSAs	Host Districts	All Traditional Public Schools
Non-Learning Disabled	5%	10%	9%
Learning Disabled	4	6	5
Total	9%	16%	15%

Totals may not add due to rounding.

Source: Michigan Department of Education; 2008 Public School Report to the Legislature; March, 2009

disabilities that are less severe and less costly to remediate."[38]

Alternative Education Students

PSAs have a higher proportion of students in alternative education programs, including those enrolled in strict discipline academies that serve suspended, expelled, or adjudicated youth. In the spring of 2008, 27 percent of high school PSA students were in alternative education programs, compared to 12 percent in host district high schools and nine percent in all traditional public schools.

A subgroup of public school academies, strict discipline academies, are described in **Appendix I**.

Curriculum and Graduation Requirements

Curriculum

Curriculum is "the content and sequence of experiences that are intended to be delivered to students in formal course work. Curriculum includes teaching materials such as those that can be found in commercial textbooks and software applications. It also includes the pedagogy for delivering those materials when teachers receive guidance on how to teach the curriculum, or when software manages the pacing, prompts, and feedback that students receive as they engage the materials."[39]

There are different ideas about what makes an effective learning process, and where school reform should focus: early childhood programs; class size; individual teacher effectiveness; teacher training; instructional strategies; curriculum; common standards; school governance; school facilities; optimal school size; etc. In *Don't Forget Curriculum*, Grover J. Whitehurst of the Brookings Institution notes the current federal emphasis on early childhood programs, common standards, charter schools, and more effective teachers, and calculates the relative effectiveness of various policy foci. Based on the results of those calculations, he argues that curriculum is significantly more important than the governance structure of schools.

In *Don't Forget Curriculum*, Grover J. Whitehurst of the Brookings Institution notes the current federal emphasis on early childhood programs, common standards, charter schools, and more effective teachers, and calculates the relative effectiveness of various policy foci. Based on the results of those calculations, he argues that curriculum is significantly more important than the governance structure of schools.

The metric of effect size represents the strength of the relationship between the educational influence and an educational outcome. No effect registers as 0.00; increasingly positive effect is reflected in increasingly positive numbers.

> "What does research say about the size of the effect of charter schools on academic outcomes when the effect is measured as the difference between performance of students in charter schools and comparable students in traditional public schools?
>
> Studies that have employed large samples of charter schools and controlled statistically for background differences between students, generally find very small differences in student achievement between the two types of public schools...the effect of a typical charter school on student outcomes is not likely to be different from that of a typical traditional public school, but popular, oversubscribed charter schools operating in some large urban school districts have positive effects."[40]

The performance of students in charter schools in New York City, measured in effect size, was reported to be 0.00 (no effect) in mathematics for charter schools in general, and 0.09 for mathematics in oversubscribed charter schools, which presumable had superior programs. In contrast, curriculum choices were reported to have substantial effects compared to governance structure. A more effective math curricula was found to move students' percentile rank 12 percentage points higher (effect size: 0.30); the most effective preschool curriculum moved students 18 percentile points higher on vocabulary in kindergarten (effect size: 0.48).

More effective math curricula	0.30 mathematics
Most effective preschool curriculum	0.48 vocabulary
Most effective dropout prevention school	1.00 progressing in school
Most effective early reading program	0.80 alphabetics[41]

Whitehurst attributes the national emphasis on school governance issues, rather than on curriculum, to legislative prohibitions on endorsing particular curricula, and to the advocacy of governance reformers. In Michigan, curriculum has been a part of the school reform effort. The Michigan Merit Curriculum (MMC) established high school graduation requirements that are applicable to public school students, including those in charter schools.[42] Each high school student in the class of 2011 and thereafter will be required to complete the following credits in the listed subjects:

Michigan Merit Curriculum for High School

Credits	Subject Area
4	English Language Arts
4	Mathematics
3	Science
3	Social Studies
1	Health/Physical Education
1	Visual, Applied, Performing Arts
2	World Language (Class of 2016 and beyond)
1	Online Learning Experience

There are a number of companies that offer textbooks and teaching materials. PSAs have greater latitude to select among curriculum materials than do individual schools that are part of a larger district.

Under specific conditions, schools may develop "personal curriculum" for students with unique learning needs.

Special Programmatic Approaches

PSAs offer an array of programmatic approaches, including emphasis on the following:

Fine arts
Service and leadership
Science and math
Technology
College preparatory
Environmental science
Vocational training
Montessori
Cultural immersion
Strict discipline, alternative, or second chance[43]

PSA high schools have a 56 percent graduation rate, but, as noted, 27 percent of high school PSA students were in alternative education programs, compared to 12 percent in host district high schools and nine percent in all traditional public schools.

Studies of Charter School Student Academic Achievement

Most objective, non-ideological evaluations of charter schools have focused on student achievement and educational outcomes, but results have varied, and many of the studies have been criticized for methodological or data problems. The Michigan Department of Education has drawn attention to the challenges of finding an appropriate means of evaluating the impact of charter schools. "Measuring any school's unique program through the blunt instrument of peer comparison alone is like using a straight ruler to measure the dimensions of an apple. It is simply not sufficient as a means of telling the whole story."[44]

Some studies compare charter school averages to the statewide average; others compare charter school averages to the host district. Some studies measure schools; others measure cohorts of students. Some analyses compare charter school students to all students in the host district; others compare charter school students with students who applied, but did not win charter school lotteries. Different comparisons yield different results.

Impact of Charter School Attendance on Student Achievement in Michigan

A 2002 analysis of five years of Michigan Educational Assessment Program (MEAP) scores for fourth and fifth graders in charter schools and in the districts and the intermediate school districts within which the charters were located found that "students attending charter schools have lower test scores than students in traditional public schools. The magnitudes of the results vary by grade, year, and subject matter, but are generally on the order of 3-10 per-

Table 9
Michigan Charter Schools with Positive or Negative Residual Scores Using Data from 2006-07

	Grade 4 Math	Grade 4 Reading	Grade 8 Math	Grade 7 Reading	Grade 11 Math	Grade 11 Reading	Totals
Positive	66	66	57	67	19	23	298
Negative	98	96	72	72	32	30	400
% Positive	40.2%	40.7%	44.2%	48.2%	37.3%	43.4%	42.7%

Source: Gary Miron, Chris Coryn, and Dawn M. Mackety; The Evaluation Center, Western Michigan University; *Evaluating the Impact of Charter Schools on Student Achievement: A Longitudinal Look at the Great Lakes States;* June 2007

cent." This analysis controlled for student, building, and district characteristics.[45]

Evaluating the Impact of Charter Schools on Student Achievement: A Longitudinal Look at the Great Lakes States

A 2007 longitudinal study of charter schools (not individual students) in the Great Lakes states of Michigan, Illinois, Indiana, Minnesota, Ohio, and Wisconsin found that charter schools were "performing at lower levels than predicted on state assessments – that is, student achievement in them is lower than it is in demographically similar public schools...Despite the performance of charter schools in the region overall, at the school level a number of successful charter schools are consistently performing better than expected. Still, for some 60 percent of the school level comparisons drawn, charter schools were performing at levels lower than predicted." The study compared each charter school's actual test results (in math and reading in grade 4, reading in grade 7, math in grade 8, and math and reading in grade 11) with results predicted based on an analysis of results for all demographically similar schools statewide. The difference between the actual score and the predicted score is the residual score: a positive residual score indicates performance better than predicted and a negative residual score reflects performance worse than predicted. For Michigan charter schools, there were 298 positive scores and 400 negative scores.[46] **Table 9** lists the scores for Michigan charter schools.

Table 10
Comparison of Average Annual Change in Test Residuals by Grade for Michigan Charter Schools and Charter School Cohorts Over Five Years

	Grade 4 Math	Grade 4 Reading	Grade 8 Math	Grade 7 Reading	Grade 11 Math	Grade 11 Reading	Totals
Average Annual Change in Residuals For Charters	+2.51	+1.88	+1.53	+0.93	-0.31	+0.40	+1.16
Average Annual Change in Residuals For Cohorts	+2.92	+2.09	+2.31	+1.13	-0.92	+0.02	+1.26

Source: Gary Miron, Chris Coryn, and Dawn M. Mackety; The Evaluation Center, Western Michigan University; June 2007; *Evaluating the Impact of Charter Schools on Student Achievement: A Longitudinal Look at the Great Lakes States*

Although charter school academic performance was, in many cases, below predictions, the report notes that many Great Lakes states charter schools were making improvements over time. Older charter school states including Michigan, however, were showing only modest improvements over time (See **Table 10**).

The study found that all states in the region do have some successful charter schools.

The Impact of Milwaukee Charter Schools on Student Achievement

This study examined demographic data and student test scores in traditional public schools and charter schools and evaluated the comparative academic achievement of charter school students over the 2000-2001 to 2005-2006 period. The research found "that there is a positive relationship between attending a charter school and performance on achievement tests in mathematics, but that there is no statistically significant relationship between charter school attendance and performance in reading. The positive impact of charter school attendance on mathematics achievement is due mostly to student performance in the charter school program's initial years. In the most recent years of our study, the performance of charter schools is statistically indistinguishable from the performance of traditional public schools. Moreover, the analysis yields no statistically significant relationship between concentration and proximity of charter schools and the performance of students who attend traditional public schools."[47]

The study reveals that a decent fraction of charter schools, 17 percent, provide superior education opportunities for their students. Nearly half of the charter schools nationwide have results that are no different from the local public school options and over a third, 37 percent, deliver learning results that are significantly worse than their students would have realized had they remained in traditional public schools.

Multiple Choice: Charter Performance in 16 States

The Center for Research on Educational Outcomes (CREDO) at Stanford University published *Multiple Choice: Charter Performance in 16 States* in 2009. This longitudinal student-level analysis of reading and math outcomes included more than 70 percent of charter school students. Michigan was not one of the 16 states included in the study. The CREDO study found that: "The group portrait shows wide variation on performance. The study reveals that a decent fraction of charter schools, 17 percent, provide superior education opportunities for their students. Nearly half of the charter schools nationwide have results that are no different from the local public school options and over a third, 37 percent, deliver learning results that are significantly worse than their students would have realized had they remained in traditional public schools. These finding underlie the parallel findings of significant state by state differences in charter school performance and in the national aggregate performance of charter schools. The policy challenge is how to deal constructively with varying levels of performance today and into the future." In the nationally pooled sample, two traditionally disadvantaged groups, students in poverty and English language learners, performed better in charter schools than in the traditional system. The analysis indicates that, while charter schools have been the focus of education reformers and although they figure prominently in national educational strategy, neither authorizer oversight nor market forces have been sufficient mechanisms to deal with underperforming charters schools.[48]

Hopes, Fears, & Reality: A Balanced Look at American Charter Schools in 2008

Julian R Betts and Y. Emily Tang note that the best analyses of student achievement in charter school are not snapshots of student achievement at one point in time, but rather studies that compare those who win and those who lose lotteries to attend charter schools, or studies that examine improvements in students' test scores over time and compare each student's progress in the years he or she attended a charter school with his or her progress in years he or she attended a traditional public school. Betts

and Tang found only three studies in the first category, and ten in the second category, out of a universe of 70 studies. In addition to finding a paucity of valid studies, they note that differences in state enabling statutes mean that findings from one city or state do not necessarily represent other locations. Analysis of the more sophisticated studies found that charter schools often outperform traditional public schools on reading tests in elementary schools and on math tests in middle schools, but that charter school performance is weaker in elementary math, middle school reading, and in high schools overall.[49]

Michigan's Evaluation Systems

Michigan's school accountability system includes two metrics: Education YES - A Yardstick for Excellent Schools, which is a state-based system; and Adequate Yearly Progress (AYP), the federal system under No Child Left Behind. The Education YES! School Report Cards are a compilation of student scores on the Michigan Education Assessments Program (MEAP, for students in grades three through eight) and Michigan Merit Exam (MME, given to students in 11th grade); the MI-Access alternate assessments for students with disabilities; AYP designation; and various self-reported school performance indicators, such as family involvement in the schools, curriculum, student attendance, and professional development for teachers. NCLB was signed into law while Michigan was holding forums on Education YES!

Adequate Yearly Progress

Adequate yearly progress is determined for each school and each school district. In 2008- 09 in Michigan, 85.6 percent (3,143 of 3,671) of all schools made AYP, while 71.6 percent of PSAs made AYP. The target AYP graduation rate for high schools is 80 percent; PSA high school students graduate at a rate of 56 percent.

Table 11
School Report Card and Adequate Yearly Progress Information

	2006-07	2007-08	2008-09
Total School Districts	550	546	548
Districts Making AYP	531	525	536
Percent Making AYP	98.5%	96.2%	97.8%
Districts Not Making AYP	19	21	12
Percent Not Making AYP	3.5%	3.8%	2.2%
K-12 Districts Making AYP	484	483	486
Percent Making AYP	98.2%	98.2%	98.8%
K-12 Districts Not Making AYP	9	9	6
Percent Not Making AYP	1.8%	1.8%	1.2%
PSA Districts Making AYP	24	25	27
Percent Making AYP	80.0%	75.8%	87.1%
PSA Districts Not Making AYP	6	8	4
Percent Not Making AYP	20.0%	24.2%	12.9%
ISDs Making AYP	23	17	24
Percent Making AYP	85.2%	65.4%	92.3%
ISDs Not Making AYP	4	9	2
Percent Not Making AYP	14.8%	34.6%	7.7%

For the 2008-09 school year, 87.1 percent of public school academy districts (PSAs with more than one site) made adequate yearly progress, compared to 97.8 percent of all traditional districts and 98.8 percent of traditional K-12 districts. (See **Table 11**.)

MEAP

The Michigan Department of Education recognizes 23 urban cluster school districts that each have three or more PSAs within their boundaries. About 75 percent of PSAs are located in these 23 clusters. MDE uses performance data for these 23 clusters as one comparison for the performance of PSAs, since the PSA students resemble the student population

Table 12
2009 MEAP Results

Math

Grade	Percent of Charters Proficient	Percent of Similar Districts Proficient	Percent of All Districts Proficient
3	91.7%	90.1%	94.8%
4	87.1	85.8	92.3
5	70.4	68.2	79.5
6	73.9	69.1	82.0
7	71.3	68.9	82.2

Science

Grade	Percent of Charters Proficient	Percent of Similar Districts Proficient	Percent of All Districts Proficient
5	67.1%	67.3%	81.0%
8	61.2	59.5	75.9

Social Studies

Grade	Percent of Charters Proficient	Percent of Similar Districts Proficient	Percent of All Districts Proficient
6	59.1%	56.7%	73.4%
9	48.7	54.5	71.1

Reading

Grade	Percent of Charters Proficient	Percent of Similar Districts Proficient	Percent of All Districts Proficient
3	83.7%	83.4%	89.8%
4	73.8	73.3	84.1
5	75.5	74.6	85.2
6	81.6	79.4	87.7
7	72.1	69.6	82.0
8	77.9	74.4	83.4

Source: Michigan Association of Public School Academies, Charters Exceed Similar Districts on 13 of 15 Tests; Michigan Department of Education, Report of Percent Proficient or Advanced for All Districts

in the cluster districts more than they resemble the statewide average. MDE recognizes that neither the statewide average nor the cluster districts average are ideal statistical measures by which to judge the performance of PSAs.

The Michigan Association of Public School Academies reported that 2008 charter school MEAP results exceeded results in the 23 cluster districts where most PSAs are located on 27 of 28 tests.[50] MAPSA's report on the 2009 MEAP results indicated that the pattern continued, with charters outperforming similar districts on 13 of 15 tests (English language arts was a test category in 2008, but not in 2009). (See **Table 12**.) Furthermore, the 2008 PSA Report to the Legislature noted that African-American students in PSAs performed better on the MEAP than African-American students in all traditional public schools statewide.

Eagle Crest Charter Academy in Holland had the highest MEAP proficiency rating of any school district in the state (96.7 percent of students scored advanced or proficient on each subsection of the MEAP).

Although PSAs generally outperformed similar districts, they lagged the statewide average in every category tested. In 2009, there were, however, 62 PSAs that met or exceeded the 82.0 percent statewide average proficiency on all MEAP tests, with 22 of those PSAs having more than 90 percent of students proficient (eight of the 22 were managed by National Heritage Academies). There were 233 public school academies in Michigan in 2008-09

Eagle Crest Charter Academy in Holland had the highest MEAP proficiency rating of any school district in the state (96.7 percent of students scored advanced or proficient on each subsection of the MEAP). Canton Charter Academy in Canton tied with the Bloomfield Hills School District for fourth place in the 2009 MEAP rankings, with 95.5 percent. Cole Academy in Lansing and South Arbor Charter Academy tied for sixth place in the rankings, with 95.2 percent. All of these very highly ranked PSAs were chartered by Central Michigan University, and three of the four were managed by National Heritage Academies.

The 2009 Public School Academy Report to the Legislature includes a comparison of proficiency results for PSAs and traditional public schools on the Michigan Merit Examination (MME), administered to students in Grade 11, for English language arts and mathematics (See **Chart 13**).

Scores for both PSAs and traditional schools have been improving, but proficiency rates for public school academies lag far behind those for all students. It must be noted that a number of high school PSAs target students who have demonstrated an inability or unwillingness to succeed in traditional settings, and that about 64 percent of PSA pupils qualified for free or reduced price lunch during the 2008-09 school year.

Table 13
Michigan Merit Examination

	2006	2007	2008
English Language Arts – PSAs	24.0%	23.1%	26.0%
English Language Arts – State	51.0	52.0	52.0
Math – PSAs	15.7%	16.2%	20.0%
Math – State	47.0	46.0	49.0

Source: Michigan Department of Education, *2009 Public School Academy Report to the Legislature*

Non-Academic Attributes of Charter Schools

Charter schools are generally very popular with parents who choose that option. In Michigan, two-thirds of public school academies have waiting lists. According to the Michigan Department of Education, "The belief that parents should have the ability to choose the school that's best for their child, even if they can't afford to pay tuition or move to a preferred location, has caused many to view PSAs as an instrument of social justice."[51]

Parents who chose charter schools for their children may do so regardless of proven academic superiority. Those parents may seek a smaller, safer, more disciplined environment than they believe is available in traditional public schools. Charter schools may offer higher expectations; a focused vision or mission; more physical safety; nurturing, caring, supportive communities; individual instruction; strong moral guidance; and responsiveness to parental concerns. They may offer longer school days and longer school years. Charter schools may have more instructional time, demand greater parental participation, impose stricter regimentation, and have more authority to expel disruptive students. They may be more orderly, and have lower truancy and higher retention rates. They may offer an alternative to schools with high drop out rates, miserable achievement levels, and intimidating environments. In spite of the inability of evaluations of charter schools to prove that they produce consistently higher educational performance, these non-academic values may be equally important, or more important, to parents. Indeed, parents generally express greater satisfaction, and often demonstrate greater involvement, with charter schools than with traditional public schools.

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Charter schools may offer an academic or vocational specialty, an ethnic or cultural sensitivity, or some other characteristic not available in traditional schools. They may be schools of first choice, or schools of last resort.

Innovation and Replication

The Aspiration

Charter school advocates argue that the charter school emphasis on accountability uniquely supports the development and implementation of innovative teaching methods. In Michigan, state law reflects this aspiration for PSAs:

Section 505

> (3) A public school academy may develop and implement new teaching techniques or methods or significant revisions to known teaching techniques or methods, and shall report those to the authorizing body and state board to be made available to the public. A public school academy may use any instructional technique or delivery method that may be used by a school district.

Adoption of effective, innovative methods would be one way that traditional public schools, as well as other charter schools, could benefit from the greater latitude provided to public school academies. One of the arguments in favor of professional management companies is their supposed ability to disseminate effective practices to all of the schools they serve. Replicating successful models allows knowledge that has already been developed to be leveraged.

Charter schools that are successful in preparing disadvantaged urban students for college tend to be small (fewer than 500 students); promote meaningful, on-going relationships with teachers and mentors; provide individualized learning plans for all students; offer college preparatory rather than general or vocational education; and partner actively with other institutions in the community.[52]

The Actuality

There are a number of structural, contractual, and political reasons why traditional public schools have not embraced successful models. First and foremost, it may prove extremely difficult, if not impossible, to duplicate some qualities of successful charter schools (e.g. an extremely charismatic and talented leader). Replication efforts have been complicated by local politics, challenges in recruiting and training administrators and teachers, and difficulties in determining how much centralization and standardization is appropriate and necessary. Furthermore, there may be institutional barriers to the adoption of innovations by traditional public schools:

> Charters probably have had less of an impact on district schools than supporters have hoped or opponents have feared. Nationwide, charters serve no more than 3 percent of the public-school population, hardly enough market share to constitute formal competition. Despite wide-ranging pedagogy in charter schools, there is little evidence that district schools have made systemic efforts to learn from the charter schools in order to improve their own operations. In the New York City area, for example, a well-designed charter study suggests-though it does not quite establish-that schools with a longer school year have higher impacts on student achievement. Yet the New York City school system has not made any effort to extend its own school year, probably because of the financial and collective bargaining challenges that would accompany any such policy innovation.[53]

It is argued that because competition from charter schools forces traditional schools to improve, the majority of students who remain in the traditional system are benefited. This market-based argument assumes that traditional public schools will be forced to improve their programs, administration, facilities, and outreach to retain students. Indeed, a study published by the Michigan Council of Charter School Authorizers found that charter competition compelled traditional districts to become more customer service oriented, implement new or improved educational services, improve communications with parents, place greater emphasis on test scores, and/or implement site-based management programs.[54]

A 2008 study by David Arsen and Yongmei Ni noted that traditional public schools facing competition for students may pursue a variety of strategies other than improving their educational performance. These other options include cooperating with the supposed competitors (e.g. chartering new schools, converting existing schools to charters), working

together with other traditional districts to restrict choice options (e.g. blocking voucher efforts, obstructing new charter schools), vilifying competitors, launching marketing programs, paying more attention to parents' concerns, adding new programs (e.g. pre-K, all-day kindergarten, or extracurricular activities), or simply doing nothing and letting other schools attract their students.

The analysis of available empirical studies conducted by Arsen and Ni found mixed results: "The research surveyed here suggests, rather than conclusively establishes, that competition from vouchers and charter schools is no more beneficial for TPS (traditional public schools) performance than competition from nearby private or public schools in environments with no choice policy."[55]

The actual effects of competition may well reflect the kinds of charter schools providing competition, and whether the student population in the traditional system is growing or shrinking. If a charter school attracts the most troubled students, those who remain in the traditional school may well benefit, but if the charter attracts the most motivated students with the most concerned parents, the traditional schools those students leave may be worse off. If the traditional district is growing, a charter school may function as a safety valve, reducing overcrowding and the need for additional teachers and facilities.

The assertion that competition from charter schools will improve traditional schools appears not to be true in Michigan, where the total student population has been declining. A 2009 study of the Michigan experience "suggests that charter competition had a negative impact on student achievement and school efficiency in Michigan's traditional public schools. The effect is small or negligible in the short run, but becomes more substantial in the long run." The analysis of school level data from 1994 through 2004 found that, in Michigan, urban districts that had larger proportions of low income and African-American students had increasingly significant charter competition. "Charter competition appears to reinforce a vicious cycle of enrollment loss, revenue decline, program cuts, lower educational quality, and further enrollment loss in those districts."[56]

In another report by David Arsen and Yongmei Ni, the authors found that traditional public schools in Michigan respond to charter competition by devoting a smaller share of resources to instructional services and a larger proportion to non-instructional services, specifically to business and administration. "In short, we find no support for the hopeful prediction that the competition generated by charter schools will compel school district personnel to shift resources to classroom instruction in order to improve student learning." Further, higher levels of charter competition are associated with declining fund balances in districts losing students to charter schools.[57]

Charter Incubators

Nationally, organized efforts to use a replication model to increase the number of successful charter schools have been funded by major foundations including the Bill and Melinda Gates, Walton, and Pisces Foundations. These efforts have focused on duplicating proven models, whether home-grown or developed by professional management organizations.[58]

Whether or not traditional public schools are using charters as models, and whether or not charter competition has a negative impact on the proportion of spending on instructional programs, nonprofit organizations devoted to incubating charter schools and providing information on best practices are being established. In Nashville, TN, Mayor Karl Dean is forming a nonprofit, Center for Charter Schools in Tennessee, to help increase the number of charter schools by finding and training new leaders and providing support to new schools. This incubator is modeled after organizations in New Orleans and New York.[59]

In the District of Columbia, where 38 percent of the public school students attend charter schools, members of the DC Public Charter School Board are organizing a nonprofit to research and teach best practices for financial management and governance.[60]

State Statues and Federal Laws

Michigan Constitutional and Statutory Authority for Charter Schools

Constitutional Language

Article VIII, Section 1 of the 1963 Michigan Constitution states that "Religion, morality and knowledge being necessary to good government, and the happiness of mankind, schools and the means of education shall forever be encouraged." Article VIII, Section 2 states, in part, "The legislature shall maintain and support a system of free public elementary and secondary schools as defined by law. Every school district shall provide for the education of its pupils without discrimination as to religion, creed, race, color or national origin." The state constitution does not mention charter schools or public school academies, though "free public elementary and secondary schools" are those defined by law.

Article VIII, Section 2 states, in part, "The legislature shall maintain and support a system of free public elementary and secondary schools as defined by law. Every school district shall provide for the education of its pupils without discrimination as to religion, creed, race, color or national origin."

State Statutes

In Michigan, public school academies were first authorized in the 1993 Charter School Act. The Michigan Education Association (MEA) initially opposed non-union charter schools and in 1994 filed suit challenging the constitutionality of the 1993 act. The Michigan Chamber of Commerce, which supported competition in education, funded the legal costs to defend the charter school statute. In 1997, the Michigan Supreme Court ruled that charter schools are public schools and may receive public funding.

Michigan law currently allows four kinds of charter schools, all of which are included in the term "public school academies" in the statute:

- Public school academies (PSAs) chartered under Part 6a of the revised school code.[61]
- Urban high school academies (UHSAs) chartered under Part 6c of the revised school code to operate in Detroit.[62]
- Strict discipline academies (SDAs) chartered under sections 1311b to 1311l of the revised school code to serve suspended, expelled, or incarcerated young people.[63]
- Schools of excellence chartered under Part 6e of the revised school code.

The unique features of urban high school academies, strict discipline academies, and schools of excellence are described in detail in **Appendix I**.

Ranking Michigan's Charter School Statutes

Charter school enabling legislation can be measured on a variety of qualities, which reflect different values. Charter school advocacy organizations rate states' charter school laws using criteria that include the number of schools allowed, whether various authorizers are allowed, operational autonomy, and funding equity. The Center for Education Reform (CER), which advocates for school choice, claims that there is a direct correlation between strong charter school laws and successful charter schools with strong achievement gains. CER advocates for state laws that do not limit the number of charter schools, that permit a number of entities to authorize charter schools, that exempt charter schools from most laws and restrictions, and that provide full funding and fiscal autonomy to charter schools.

According to CER's Ranking and Scorecard 2009, Michigan's charter school law earns a grade of "B" and the rank of this state's law declined from third in 2008 to seventh in 2009. (The District of Colum-

Table 14
Center for Education Reform
Charter School Law Ranking and Scorecard for 2009

State	Michigan
Year Law Passed	1993
Multiple Authorizers (15 points maximum)	12
Number of Schools Allowed (10 points maximum)	4
Operations (15 max)	
State Autonomy	3
District Autonomy	5
Collective Bargaining	3
Equity (15 max)	
100% Funding	8
Facilities Funds	0
Implementation Points	0
2009 Total Score (out of 55 points maximum)	35
2009 Rank	7
2008 Total Score	44.5
2008 Rank	3
Number of Charters as of Feb. 2009	250

bia law was rated the strongest, and Mississippi's was rated 41st, the weakest.) CER's evaluation of the Michigan charter school enabling statute is summarized in **Table 14**.

Another advocacy group, the National Alliance for Public Charter Schools, has developed a model charter law and compared states' statutes to that model. The National Alliance for Public Charter Schools ranks Michigan's law 14th and calls for lifting all caps; strengthening requirements for charter application, review, and decision-making processes; and ensuring equitable access for capital funding and facilities.

A flurry of recent changes in states' statutes in response to federal Race to the Top funding competition may alter advocate organizations' state rankings.

Wendy C. Chi and Kevin G. Welner of the University of Colorado at Boulder analyzed the various ranking systems, which they assert are arbitrary.[64] A host of values could be applied to evaluate enabling laws, including some that are contradictory, such as faster and more growth versus slow growth to allow for learning and adjustments, or less regulation and more choice versus a rigorous oversight process. Other charter school issues that could be considered in a ranking system include the following:

- Assistance in creating new schools
- Bipartisan support for legislation
- Broad service to community
- Equity
- Facilitates improvement to the public education system
- Facilitates innovation within the public realm
- Minimal (and overseen) involvement by for-profits (EMOs)

- Public accountability (renewal procedures, performance reports, and fulfillment of state standards)
- Results in higher student achievement
- Rigorous approval process
- Social cohesion
- State financial support
- Strong evaluation component.

The National Context: Federal Support for Charter Schools

Although determining whether to allow charter schools is a state responsibility, successive federal administrations have advocated for and supported the development of charter schools through a number of programs, including Credit Enhancement for Charter Schools Facilities of Title V, the State Charter School Facilities Incentive Program, the Charter Schools Program of No Child Left Behind (NCLB), and Race to the Top of the American Recovery and Reinvestment Act of 2009 (ARRA). The federal Individuals with Disabilities Education Act (IDEA) also has implications for charter schools.

Although determining whether to allow charter schools is a state responsibility, successive federal administrations have advocated for and supported the development of charter schools through a number of programs.

Some federal programs specifically promote charter schools as a solution for failing traditional public schools. The policy decision to replace a failing public school with a charter school assumes that the charter structure will deliver a better educational product than the failed school was able to deliver.

No Child Left Behind

The federal Elementary and Secondary Education Act (ESEA), renamed the No Child Left Behind Act of 2001 (NCLB) applies to both traditional and charter schools.

Highly Qualified Teachers

Sections 1119(a) and 9101(23) of ESEA, as reauthorized by NCLB, establish requirements for qualifications for teachers of core academic subjects (English, reading or language arts, mathematics, science, foreign languages, civics and government, economics, arts, history, and geography). In order to be "highly qualified," a teacher must be licensed to teach in the state, hold a bachelor's degree, and have demonstrated subject manner competency in each of the academic subjects he or she teaches, in the manner determined by the state. However, section 0101(23)(A)(i) of the federal law provides that a teacher who teaches core academic subjects in a charter school meets the certification requirements if he or she meets the requirements established in that state's charter school law regarding certification or licensure (Michigan requires that teachers in PSA be certified).

Adequate Yearly Progress

Federal requirements include assessments, planning, teacher and administrator qualifications, and sanctions for schools not making adequate yearly progress (AYP). AYP, which measures the extent to which schools succeed in educating all students to proficiency in at least reading and mathematics, must be calculated for each school including charter schools, each school district, and each state. To make adequate yearly progress, a school must test 95 percent of its students in total and in each required student subgroup defined by the federal law. Subgroups are as follows:

- Major racial/ethnic groups
  - Black or African American
  - American Indian or Alaska Native
  - Asian American, Native Hawaiian, or other Pacific Islander
  - Hispanic or Latino
  - White
  - Multiracial
- Students with disabilities
- Limited English proficient
- Economically disadvantaged

The school must attain the state-established target achievement goal in English language arts and mathematics, or reduce the percentage of students in the non-proficient category of achievement by 10

percent ("safe harbor"). In addition, the school must meet or exceed the other academic indicators set by the state: graduation rate of 80 percent for high schools and attendance rate of 85 percent for elementary and middle schools. These achievement goals must be met for each subgroup that has at least 30 students in the group.

Michigan's state objectives for AYP for 2008-09 were as follows:

- 65% for elementary mathematics
- 59% for elementary English language arts
- 54% for middle school mathematics
- 54% for middle school English language arts
- 55% for high school mathematics
- 61% for high school English language arts

Although there has been criticism of varying states' standards, the standardized testing required by the federal No Child Left Behind Act has allowed for the identification of failing public schools. Schools that receive federal Title I funds that fail to make adequate yearly progress for two years in a row in the same content area are designated as in need of improvement. Those schools must inform parents of the designation and prepare a school improvement plan.

Converting failing schools to charter schools has generated tremendous interest in recent years. That interest rests on the hope of reformers that chartering offers a way to radically change the operations of a school, to redirect its institutional energies toward success rather than failure. Based on what is currently known about conversion schools, that is only a hope, not an intervention documented as having a high probability of success.

Conversion

NCLB allows local educational agencies (LEAs are school districts) to convert low performing Title I schools into charter schools.[65]

According to a recent Brookings Institution report, fewer than one percent of schools restructured under NCLB have been converted to charter schools, and those conversion charter schools differ in important ways from schools that were started as charters. The analysis of conversion charter schools in California compared reading and math scores in those schools in 1986, before they became charter schools, and in 2004, or in 1986 and 2008, after they converted (only schools for which there was adequate data for 1986 and for 2004 or 2008 were included). Interpretation of the data is complicated by a number of selection issues and by the fact that most of the conversion schools to date have converted on their own initiative, retained their original staff, and give enrollment preference to students who live in the old attendance area. Achievement gains in reading and math were compared to those in California's traditional schools and were found to be very modest in the comparison of 1986 and 2004 data. The conversion schools in the 1986-2008 comparison had math scores that were lower in 2008 than they had been in 1986, and reading scores were nearly the same, even though the students in the conversion schools in 2008 "came from significantly more advantaged households than students attending the same schools in 1986."[66] The Brookings report, which calls for more and better studies, concludes that:

> Very careful research is also needed on why many conversions revert to traditional public schools. As noted above, in California about half of the early charters in the 1990s were conversions. Now the figure is only 16 percent. Some of the largest charter management organizations have been reluctant to take on failing schools as turnaround projects. They prefer starting schools from scratch rather than inheriting struggling schools, even those starting over after reconstitution. Conversions must negotiate with their former districts over the use of district facilities, provision of services, and union rules. Moreover, flexibility in lengthening the school day or year—an innovation many successful charters have embraced—can be constrained by the collective bargaining agreements that conversions must follow.

> Converting failing schools to charter schools has generated tremendous interest in recent years. That interest rests on the hope of reformers that chartering offers a way to radically change the operations of a school, to redirect its institutional energies toward success rather than failure. Based on what is currently known about conversion schools, that is only a hope, not an intervention documented as having a high probability of success. More must be learned about conversion charters if they are to realize their promise as a tool of school reform.[67]

Effectiveness of NCLB

Research by Professors Brian Jacob of the Gerald R. Ford School of Public Policy at the University of Michigan and Thomas S. Dee of Swarthmore College found "that the NCLB reforms generated statistically significant increases in the average math performance of 4th graders as well as improvements at the lower and top achievement percentiles. There was also evidence of improvements in 8th grade math achievement, particularly among traditionally low-achieving groups and at the lower percentiles. However, the authors find no evidence that NCLB increased reading achievement at either the 4th or 8th grade."[68]

The Obama administration is proposing broad changes in NCLB, including eliminating the 2014 deadline for bringing every child to academic proficiency, changing the federal financing formula to include academic progress, and eliminating the rating system based on AYP.

NCLB includes the Public Charter Schools Program, which provides grants to states.

Federal Charter Schools Program

The federal Charter Schools Program (CSP) was designed to encourage the creation of strong charter school laws by states and to expand the number of charter schools by providing support for planning, program design, and initial implementation. CSP was authorized in 1994 under Title X, Part C of the Elementary and Secondary Education Act of 1965 (ESEA), and amended in 1998 by the Charter School Expansion Act. Since 1994, this federal program has received almost $2 billion in funding.

According to the U.S. Department of Education, the purpose of the Charter Schools Program is "to increase the national understanding of the charter schools model by

(1) providing financial assistance for the planning, program design, and initial implementation of charter schools;
(2) evaluating the effects of such schools, including the effects on students, student academic achievement, staff, and parents;
(3) expanding the number of high-quality charter schools available to students across the Nation; and
(4) encouraging the States to provide support to charter schools for facilities financing in an amount the States have typically provided for traditional public schools."[69]

In general, these federal grants are made to state educational agencies for those state agencies to regrant, but a special rule allows for federal grants to be made directly to eligible applicants in states that do not participate in the program.

In order to receive CPS funds, a charter school must meet criteria contained in the federal law, including the following:

- Be exempt from state or local rules that inhibit the flexible operation and management of public schools.
- Operate under public supervision and direction.
- Operate in pursuit of specific educational objectives defined by the developer and the authorized public chartering agency.
- Operation as a nonsectarian school.
- Not charge tuition.
- Be a school to which parents chose to send their children, and admit students on the basis of a lottery if more students apply than can be accommodated.
- Have a written performance contract that includes measurement criteria.
- Comply with applicable state and federal laws.

The Michigan Department of Education received a Public Charter Schools Program grant for $22.8 million over a three-year period, to be used to provide grants to strengthen the pool of charter school developers and support new charter schools. In 2009-

10, $7.8 million is available for planning subgrants to support qualified PSA developers as they apply for charter contracts; implementation subgrants to PSAs in the first two years of operation; and dissemination grants for evaluation, mentorship, and high school design programs.

The Michigan Department of Education offered 12 to 15 competitive federal Charter Schools Program Start Up and Implementation grants to development team applicants who had a charter application on file with a Michigan authorizer for the school year starting in fall of 2009. These grants provided each grantee with $35,000 for strengthening the academic vision and evaluation plan; $75,000 to strengthen the business plan; and $50,000 for ramp-up after the charter was granted. Grantees that opened PSAs were eligible for two more implementation grants of $150,000 each. Planning and implementation grants must be used within 36 months of the first award. The state has federal funds for two more rounds of planning and implementation grants; grant announcements and applications are available at www.michigan.gov/charters.

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American Recovery and Reinvestment Act and Race to the Top

Provisions of ARRA

The American Recovery and Reinvestment Act of 2009 (ARRA) was intended in the short term to stimulate the economy, and in the long term to invest in education and other essential public services to ensure the economic health of the nation. Four principles guide the distribution and use of ARRA funds:

- Spend fund quickly to save and create jobs.
- Improve student achievement through school improvement and reform.
- Ensure transparency, reporting, and accountability.
- Invest one-time ARRA funds carefully to minimize the "funding cliff."

ARRA's education component, which totals more than $100 billion, includes both categories of funds to be distributed on a formula basis and categories to be distributed on a competitive basis.

The ARRA Race to the Top program will provide $4.35 billion in competitive grants to encourage and reward states that create the conditions for education innovation and reform and to improve education quality and results by investing in school reforms that work. Race to the Top funds are intended to reward states that raise their academic standards, improve teacher quality, and expand the reach of charter schools. In addition to requiring states to remove barriers to new charter schools, Race to the Top seeks to strengthen the process for identifying and closing ineffective charter schools. Race to the Top includes four federally prescribed intervention models for failing public schools:

- The Turnaround Model requires replacing the principal, rehiring no more than 50 percent of the staff, and reorganizing the school day.
- The Transformation Model requires replacing the principal, instituting schoolwide instructional reform, increasing learning time, and improving the school's connection to the community.
- The Restart Model requires bringing in an education management organization to run the school, which would eliminate the collective bargaining agreement, or converting to a charter school.
- The School Closure Model requires closing the school and dispersing the students.

Grants from the program were made to states in two rounds. Up to 40 of the possible 500 points in the proposed scoring system for the grants were given for "ensuring successful conditions for high-performing charter schools and other innovative schools." A number of states have changed legislation to improve their odds of competing successfully for Race to the Top funding.

Note: Other federal grant programs for charter school facilities are described in the section on facilities.

Michigan's Response to Race to the Top

Michigan's application, Project Reimagine, was linked to several changes in state law related to education. Five bills aimed at qualifying Michigan for Race to the Top funds were signed by the Governor on January 4, 2010,[70] and included provisions for a new category of charter schools called schools of excellence. The new sections of the Revised School Code allow high quality Michigan charter schools to convert to "schools of excellence," thereby freeing up their spots within the legislative cap of 150 university-authorized charter schools to be granted to another applicant; permit the opening of up to ten schools of schools of excellence that model high performing charter schools; and provide for the establishment of two K-12 cyber charter schools aimed at drop-outs. Also included were provisions increasing the drop-out age to 18, allowing alternative certification of teachers, evaluating teachers and administrators in part on student growth, creating a turnaround czar in the Department of Education and providing for state takeover of failing schools, and opening a hot line for teachers who have not been provided with books and supplies.

One charter school, University Preparatory Academy in Detroit, was among the 14 districts chosen for participation in Project Reimagine. Those districts were intended to be demonstration projects for changing how education is provided in Michigan.

Michigan was not among the winners in the Race to the Top competition.

Virtual Schools and Cyber Schools

The National Scene

In the 1990s, the Internet became a very effective enabler of distance learning, giving birth to online, or virtual, schools. In 2005, the U.S. Department of Education unveiled the National Educational Technology Plan to encourage all states to establish virtual schools. The draft plan is expected in 2010, and will "provide a vision for how information and communication technologies can help transform American education. The plan will provide a set of concrete goals that can inform state and local educational technology plans as well as inspire research, development, and innovation."[71] Nationally, 27 states have state virtual schools that provide supplemental courses online, and 24 states have full-time online schools. Many are affiliated with national education management companies.

Some states have authorized virtual charter schools. The Chicago Virtual Charter School is a tuition-free, public school that opened in 2006. Students enrolled in virtual charter schools receive instruction and supplies for free; some programs provide students with a personal computer and an Internet connection.

According to at least one evaluation, virtual schooling is a potentially powerful means of increasing choice, competition, and educational quality. However, the initial development costs for virtual courseware that uses the newest technologies, which are higher than the costs for traditional textbooks and instructional materials, can only be rationalized if the potential market for the product is large. This argues for a national accreditation system that ensures quality and removes standard setting from local or state bureaucracies that could be most disrupted by the by the introduction and proliferation of virtual education.[72]

"Cyber schools" are accredited schools that teach a full-time course of instruction, designed to lead to a degree, online. Courses are available to students on a 24/7 basis and allow a more highly personalized learning experience which can facilitate either accelerated, normal, or extended time course work.

The Michigan Scene

The nonprofit Michigan Virtual University (MVU) serves the K-12 community through the Michigan Virtual School (MVS), established by PA 230 of 2000, and Michigan Learnport, which provides online resources for educators. MVU is funded by state appropriations, course tuition fees, and grants. Michigan Virtual School offers more than 150 online courses for traditional and nontraditional students. MVS offers core academic courses; college equivalent courses; remedial, enrichment, and world language courses; and innovative online experiences. MVU, which partners with K-12 schools to supplement their offerings, reported 11,000 course enrollments in 2007-08 and 16,000 course enrollments in 2008-09. In 2006, the state required that students have an online learning experience before graduating. Further, Michigan public school districts can request a waiver of attendance requirements for students taking three or more online courses.[73]

"Cyber schools" are accredited schools that teach a full-time course of instruction, designed to lead to a degree, online. Courses are available to students on a 24/7 basis and allow a more highly personalized learning experience which can facilitate either accelerated, normal, or extended time course work. The availability of waivers of attendance requirements and access to online courses developed by national education companies have led to development of a number of cyber schools by Michigan school districts, including Westwood Community School District, Genesee County's GenNET online learning network, and 19 other schools. These programs are targeted at students who dropped out or were expelled from traditional high schools. Some programs allow students to work from home entirely, while others require periodic or regular on-site attendance. Westwood Cyber uses an instructional

model called "Not School" that requires students to complete projects that are developed with the aid of assigned mentors and that allow students to meet academic requirements.

PA 205 of 2009 allows the establishment of two charter cyber schools in Michigan and defines "cyber school" for purposes of the Revised School Code[74] as "a school of excellence...that provides full-time instruction to pupils through online learning or otherwise on a computer or other technology, which instruction and learning may be remote from a school facility."

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The two allowed charters for cyber schools have been granted: one, authorized by Ferris State University, is managed by Connections Academy and is located in Okemos; the other, authorized by Grand Valley State University, is managed by K-12, Inc. and is located in Grand Rapids. These cyber schools are open to all students who were previously enrolled in public school in Michigan. They must offer all of grades K to 12, and may not have an initial enrollment of more than 400 (though each may grow to 1,000 students). The entity that applied for a cyber school charter must have demonstrated experience in serving urban and at-risk students using online learning. The contracts for these cyber schools provide that a certified teacher will be responsible for each course (though another adult assisting with oversight of a pupil need not be a certified teacher), that educational services will be available for at least 1,098 hours during a school year, and that each student participates in the educational program for at least 1,098 hours during a school year.

At the end of the second year of operation, the authorizer of a cyber school must report to the superintendent of pubic instruction and to the legislature on the operation of the school and make recommendations for statutory or rule changes related to cyber schools.

PA 203 of 2009, signed into law on January 4, 2010, specifies that a student's participation in a cyber school's educational program, conducted online, is considered regular school attendance.

Private Schools and Public Policy

Parents and guardians have the option of choosing a nonpublic school or homeschool for their children. Government has an interest and a responsibility to ensure that these options are safe for the children and that the education provided meets minimum standards. Government must also determine what relationship students who are attending nonpublic or homeschools may have to public schools and what access those students may have to related services such as transportation, reimbursement for school lunch and school breakfast programs, and special programs for students with disabilities. In a few programs outside of Michigan, publicly funded vouchers pay for students to attend private schools. Private schools include both parochial schools and nonsectarian schools.

Parents and guardians have the option of choosing a nonpublic school or homeschool for their children. Government has an interest and a responsibility to ensure that these options are safe for the children and that the education provided meets minimum standards.

Parochial Schools

Originally schools attached to a Catholic parish, "parochial" schools are now defined as schools that are affiliated with any religion (Catholic, Protestant, Jewish, Muslim, among others). These schools incorporate the belief that religious training, faith development, and spiritual growth should be a part of children's daily education. Although affiliated with a particular church or faith, parochial schools are generally open to students of other faiths. Parochial schools are supported by student tuition, endowments, donations and grants, and they often pay teachers less than public schools.

In 1606, the Franciscans opened the first Catholic school in the U.S. in St. Augustine, Florida. The schools that were subsequently established by English colonists were publicly supported and often had a strong Protestant bias. In response, Catholic orders including the Jesuits, Franciscans, and Ursulines defined their ministry to include the establishment of Catholic schools. In 1852, the First Plenary Council of Baltimore urged every Catholic parish in the U.S. to establish a school. Jewish denominations also accelerated the establishment of affiliated schools in the early to mid 19th Century as a response to a perceived Protestant bias in public schools.

While the largest number of parochial schools in the U.S. are Catholic, the Lutheran, Episcopal, Baptist, Calvinist, Seventh Day Adventist, and other Christian churches have established and operated church affiliated schools. Between 1995 and 2007, the number of students enrolled in Catholic schools declined while the number enrolled in Conservative Christian schools increased. Some "Christian schools," which are affiliated with conservative Protestant churches or denominations, refuse any government funding.

Nonsectarian Private Schools

Private schools were established in Colonial America, although the line between parochial, private, and publicly funded was much less clear in the earliest schools, which often received support from a variety of sources. Nonsectarian private schools are now funded by tuitions, endowments, donations, and grants. They include day schools, boarding schools, and military academies.

Nonsectarian private schools, which may be categorized as regular, special emphasis (e.g. Montessori), or special education, tend to be more expensive than parochial schools. Regular nonsectarian schools tend to rely more on academic records for admission, and report that academic excellence is the most important goal. For many special emphasis schools, which have fewer admission requirements, promoting personal growth and self esteem are important goals. Special education schools mainly serve students with disabilities, are typically small, and often charge significantly higher tuition than other private schools.[75]

In Michigan, a homeschool family operating under Section 380.1561(3)(a) may be considered a nonpublic school. Homeschools will be described in a following section.

Private School Attendance Nationally

In October, 2008, there were 31.7 million families in the U.S. with one or more children enrolled in kindergarten, elementary, or high school. Nearly 90 percent of these families sent their only child, or all of their children, to public school, which could be a charter school. Just over eight percent of the families sent their only child, or all of their children, to private school. Just over two percent of the families sent at least one child to public school and at least one child to private school. As family income increased, a larger proportion of families sent their only child, or all of their children, to private schools. (See **Table 15**.)

The decision to send children to private school was most pronounced in single householder families making more than $75,000: 15 percent of these families sent their child or children to a parochial or nonsectarian private school.

Table 15
U.S. Families with Children Enrolled in Kindergarten, Elementary, or High School, by Family Income (Numbers of Families in Thousands)

	Public School Only		Public and Private		Private School Only	
	Number	Percent	Number	Percent	Number	Percent
All Families	28,376	89.6%	708	2.2%	2,578	8.1%
Less than $20,000	3,900	94.8	68	1.7	144	3.5
$20,000 - $74,999	12,134	92.2	180	1.4	841	6.4
More than $75,000	7,338	87.7	322	3.6	1,211	13.7
Not Reported	5,004	90.6	137	2.5	382	6.9
All Married-Couple Families	18,793	88.1%	522	2.4%	2,009	9.4%
Less than $20,000	1,131	94.0	14	1.2	58	4.8
$20,000 - $74,999	7,809	91.8	118	1.4	578	6.8
More than $75,000	6,650	82.8	298	3.7	1,085	13.5
Not Reported	3,202	89.4	92	2.6	288	8.0
All Unmarried House-holder Families	9,584	92.7%	186	1.8%	569	5.5%
Less than $20,000	2,769	95.2	55	1.8	86	3.0
$20,000 - $74,999	4,325	93.0	63	1.4	263	5.7
More than $75,000	688	82.1	24	2.9	126	15.0
Not Reported	1,802	92.8	45	2.3	94	4.8

Source: U.S. Census Bureau, Current Population Survey, October 2008

Table 16
Number of Institutional Nonpublic Schools in Michigan

School Year	Total Schools	Meeting Reporting Requirements		Partially Reporting		Non-Responding Schools
		Schools	Students	Schools	Students	
1999-00	1,060	939	184,997	30	4,934	91
2000-01	1,049	918	181,198	41	4,687	90
2001-02	1,021	901	178,288	34	4,121	86
2002-03	997	874	168,556	40	4,950	83
2003-04	961	855	160,754	26	3,272	80
2004-05	931	816	154,518	28	3,308	87
2005-06	896	770	146,978	14	1,787	112
2006-07	870	681	137,881	3	477	186
2007-08	848	674	134,178	8	629	166
2008-09	820	659	129,903	5	266	156

Source: Michigan Department of Education, Center for Educational Performance and Information

Private Schools in Michigan

The Michigan Department of Education requests that nonpublic schools provide information on enrollment, qualification of teachers, and course of study. Although the number of non-responding schools is increasing, both the number of nonpublic schools and the number of students enrolled in nonpublic school are declining, according to Michigan Department of Education reports (See **Table 16**).

In 2008-2009, there were 15 Intermediate School Districts within which there were more than ten nonpublic schools that met state reporting requirements (See **Table 17**).

Table 17
ISDs with the Largest Numbers of Reporting Nonpublic Schools

Wayne	91
Oakland	87
Kent	57
Macomb	37
Ottawa	24
Saginaw	22
Bay Arenac	21
Washtenaw	21
Berrien	18
Genesee	18
Ingham	17
Traverse Bay	16
Kalamazoo	15
Monroe	12
Livingston	10
St Clair	10

Source: Michigan Department of Education

The Private, Denominational and Parochial Schools Act, PA 302 of 1921

PA 302 of 1921 provides for limited state supervision of nonpublic schools, as well as minimum sanitary conditions, courses of study, and the certification of teachers in nonpublic schools: Sec. 1. states that "It is the intent of this act that the sanitary conditions of the schools subject to this act, the courses of study in those schools, and the qualifications of the teachers in those schools shall be of the same standard as provided by the general school laws of this state."

Supervision

PA 302 of 1921, Section 1 states that "The superintendent of public instruction has supervision of all the private, denominational, and parochial schools of this state in such matters and manner as provided in this act." Nonpublic schools are requested to complete the Nonpublic School Membership Report annually. Section 5 states that "The superintendent of public instruction by himself, his assistants, or any duly authorized agent, shall have authority at any time to investigate and examine into the conditions of any school operating under this act as to the matters hereinbefore set forth and it shall be the duty of such school to admit such superintendent, his assistants or authorized agents and to submit for examination its sanitary condition, the records of enrollment of pupils, its courses of studies as set forth in section 1 of this act and the qualifications of its teachers. Any refusal to comply with provisions herein on the part of such school or teacher shall be considered sufficient cause to suspend the operation of said school after proceedings taken as stated in section 4 of this act."

Teacher Certification

In order to teach in a nonpublic school in Michigan, an individual must have a Michigan teaching certificate. Section 3 of PA 302 of 1921 states "No person shall teach or give instruction in any of the regular or elementary grade studies in any private, denominational or parochial school within this state who does not hold a certificate such as would qualify him or her to teach in like grades of the public schools of the state."

In order to teach in a nonpublic school in Michigan, an individual must have a Michigan teaching certificate.

In May, 1993, the Michigan Supreme Court ruled in the *DeJonge* case that parochial schools that claim an objection to teacher certification based on a sincerely held religious belief are exempt from minimum teacher education requirements.

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Criminal History Checks

All schools, including nonpublic schools, are required to submit information about all school employees in order for the Michigan State Police and the Federal Bureau of Investigation to conduct required criminal history checks.

Curriculum

Nonpublic schools are required to provide curricula comparable to those provided in local school districts. Instruction includes mathematics, reading, English, science, and social studies in all grades, and the U.S. Constitution, the Michigan Constitution, and the history and form of civil government in the U.S. and Michigan in high school. The state does not dictate the specific content in basic courses, and nonpublic schools may or may not choose to use the K-8 Grade Level Content Expectations (GLCE), the High School Content Expectations (HSCE) and Guidelines that have been developed for Michigan public schools. They may purchase any textbooks and instructional materials they deem necessary. There is no law that requires nonpublic schools to maintain student records, and if a student transfers to a public school, that school generally evaluates the student to determine grade placement and transfer of credits.

Private schools are required to meet state standards for the education of handicapped students.

The Michigan Supreme Court ruled in *Clonlara v State Board of Education* (442 Mich 252) that nonpublic schools were not subject to the requirement to provide a minimum of 180 days and 1,098 hours of instruction.

Private School Facilities

PA 628 of 2002 requires governmental inspection of all school building construction, including nonpublic schools, as well as the review of any required construction documents. School construction projects must be submitted to the Department of Energy, Labor and Economic Growth (DELEG) for required plan review, permits, and on-site inspections; projects must meet the requirements of the Stille-DeRossett-Hale Single State Construction Code Act and the Fire Prevention Code. Nonpublic schools and local communities must both petition DELEG to have plan reviews and building inspections done by qualified local building departments. The state requires state enforcement of fire codes. Local county health departments are responsible for health and safety inspections of nonpublic schools.[76] PA 302 of 1921 gives the superintendent of public instruction the authority to close any private school that does not meet minimum sanitary conditions.

Contractors and trades people who perform work on private school construction projects must comply with state licensing laws.

Homeschooling

Background

Homeschooling is the education of children by a parent or legal guardian in the home, rather than in a school. Prior to passage of compulsory education laws, most children were homeschooled, but the practice generally faded away after passage of compulsory education laws.

In the 1960s and 70s, however, a series of books and articles challenged the methods and results of conventional public schools. In *How Children Fail,* published in 1964, John Holt advocated against the use of curricula and schedules. In *Better Late than Early,* an ex-missionary, Dr. Raymond Moore, developed the concept that formal schooling was both harmful to children and responsible for children's behavioral problems. A number of support groups, magazines, and businesses were subsequently developed to facilitate the modern homeschooling movement.

Michigan legislation provides almost complete independence for homeschoolers who assert a sincerely held religious objection to certification of teachers.

Parents of many homeschooled children reject both public and private schools for religious, philosophical, social, political or other reasons. Changes in tax regulations in the 1980s forced many smaller Christian schools to close, adding to the number of parents who chose homeschooling. The perception of continuing problems (violence, drugs, bullying, high drop-out rates, curriculum content, etc.) in public schools, as well as the availability of technical and moral support via the Internet, have contributed to the movement. Curriculum materials for homeschooling are readily available: a number of organizations, many of which advertise themselves as Christian centered, offer curriculum services and teaching materials. Some homeschooling families also take advantage of some public school courses and athletics.

The U.S. Department of Education estimates there were 1.5 million homeschooled students nationwide in 2007. According to a report by the U.S. Department of Education using data from the National Household Education Survey, "About 2.9 percent of all students ages 5 through 17 were homeschooled in 2007, most of them on a full-time basis. A larger percentage of students in two-parent households were homeshooled (3.6 percent) compared to students in one-parent households (1.0 percent). A greater percentage of students living in rural locales were homeschooled (4.9 percent) than were students living in cities or suburbs (2.0 percent vs. 2.7 percent, respectively)." Further, more girls than boys were homeschooled, and the largest proportion of homeschooled students were white. In this national survey, only 16 percent of homeschooled students were enrolled in school for any period of time during the week (84 percent were entirely homeschooled).[77]

The Home School Legal Defense Association (HSLDA), an advocacy organization, estimates that there are more than 2 million K-12 homeschool students in the U.S., and that the average homeschool parent spends $500 per child per year.

Homeschooling in Michigan

Michigan legislation provides almost complete independence for homeschoolers who assert a sincerely held religious objection to certification of teachers. As noted previously, Michigan's Revised School Code[78] provides six exemptions to the requirement that a child attend a public school. Either of two of these six exemptions may apply to children who are homeschooled:

(a) The child is attending regularly and is being taught in a state approved nonpublic school, which teaches subjects comparable to those taught in the public schools to children of corresponding age and grade, as determined by the course of study for the public schools of the district within which the nonpublic school is located.

(b) The child is being educated at the child's home by his or her parent or legal guardian in an organized educational program in the subject areas of

reading, spelling, mathematics, science, history, civics, literature, writing, and English grammar.

Under exemption (a), a homeschool may operate as a nonpublic school. Homeschoolers who do not have a religious objection to teacher certification must have all instruction done by a certified teacher, and employ curriculum that is comparable to that taught in public schools. While there is no minimum required number of hours or days of instruction, these private schools must annually provide required information to the local school district or ISD (See **Table 18**).

Children may also be exempt from attendance in public schools under exemption (f), in which case the rules are different from those applicable to homeschools that operate as private schools. Homeschoolers who have a sincerely held religious objection to teacher certification are exempt from

Table 18
Number of Homeschools Meeting Reporting Requirements

School Year	Number of Home Schools	Number of Students
1989-90	454	887
1990-91	435	822
1991-92	431	798
1992-93	464	867
1993-94	648	1,183
1994-95*	1,076	1,937
1995-96	1,645	2,980
1996-97**	1,279	2,361
1997-98	1,298	2,269
1998-99	1,269	2,140
1999-00	1,183	1,953
2000-01	1,182	1,914
2001-02	1,088	1,817
2002-03	1,033	1,738
2003-04	989	1,659
2004-05	943	1,566
2005-06	847	1,426
2006-07	797	1,328
2007-08	789	1,320
2008-09	757	1,266

* In May, 1993, the Michigan Supreme Court held in the DeJonge case that religious nonpublic schools that claim an objection to teacher certification based on a sincerely held religious belief are exempt from the minimum teacher education requirement.

** In July, 1996, the Michigan Legislature amended the Compulsory School Attendance Law by providing an exemption for any child that is educated at home by his or her parent or legal guardian in an organized educational program in the subject areas of reading, spelling, mathematics, science, history, civics, literature, writing, and English language. These "exemption (f)" homeschools have no relationship with the Michigan Department of Education and are not included in the table above.

Source: Michigan Department of Education

that requirement, there are no minimum hours or days of instruction required, and no testing and reporting requirements. In Michigan, homeschool teachers who are the parents or legal guardians of students not only do not have to be certified, there is no minimum level of education required of the parents or legal guardians and no literacy standards applied to the parents or legal guardians. Michigan's lenient homeschooling laws provide parents and legal guardians with a great deal of latitude and freedom from government interference and oversight.

According to the HSLDA, advocates for homeschooling, Michigan is one of ten states in which there is no requirement for parents or legal guardians to initiate any contact with the school, school district, State Department of Education, or other governmental body to inform them that the parent or guardian is homeschooling a child. (Other states requiring no notice are Connecticut, New Jersey, Indiana, Illinois, Missouri, Oklahoma, Texas, Idaho, and Alaska.) Fourteen states require notification only. Twenty states and the District of Columbia require parents to send notification, test scores, and/or professional evaluations of student progress. Six states require parents to send notification or achievement test scores and/or professional evaluation, and have other requirements such as curriculum approval by the state, teacher qualification of parents, or home visits by state officials. These high regulation states are Rhode Island, Massachusetts, Vermont, New York, Pennsylvania, and North Dakota.

People v. DeJonge

Section 10 of PA 451 of 1976, the Revised School Code[79], states:

> It is the natural, fundamental right of parents and legal guardians to determine and direct the care, teaching, and education of their children. The public schools of this state serve the needs of the pupils by cooperating with the pupil's parents and legal guardians to develop the pupil's intellectual capabilities and vocational skills in a safe and positive environment.

HSLDA's website quotes the first sentence of Section 10 and notes "This effectively reversed the Michigan Supreme Court in HSLDA's case *People v. Bennett* which ruled the parental right to direct the education of one's homeschooled child was not fundamental.

In Michigan, the pivotal homeschool court case was *People v. DeJonge*. In 1985, Mark and Chris DeJonge were convicted by a jury in the Ottawa District Court of violating the compulsory education law by educating their children at home without the aid of state certified teachers. In 1989, the Court of Appeals affirmed the ruling. In 1990, the Michigan Supreme Court remanded the case back to the Appeals Court, which affirmed its previous ruling. In 1993, in a four to three ruling, the Michigan Supreme Court determined that "The state failed to show that the teacher certification requirement is the least restrictive means of discharging its interest in the education of the defendants' children, requiring reversal of their convictions...the teacher certification requirement is an unconstitutional violation of the Free Exercise Clause of the First Amendment as applied to families whose religious convictions prohibit the use of certified instructors. Such families should be exempt from the dictates of the teacher certification requirement." (People v DeJonge (After Remand) 442 Mich 266)

Issues Related to Homeschooling

Because there are neither licensing nor reporting requirements for those homeschools where parents have a sincerely held religious opposition to teacher certification (although some do voluntarily report), it is impossible to know how many of these homeschools there are and how many students are being taught in them.

While the vast majority of homeschoolers are well intentioned, articles in *The Detroit News*[80] reported on some of the less idealistic reasons for which parents have removed their children from school: to hide child abuse or neglect; to care for younger siblings or ailing parents; to avoid truancy and disciplinary actions for their children. The articles noted two specific cases in which parents of children who died tragically (Calista Springer, Ricky Holland) claimed that they were homeschooling their children, in spite of having no books or educational materials in their homes.

Public policy issues related to homeschooling include the quantity and quality of education and the socialization being provided to future citizens and voters. While studies of educational attainment commissioned and published by homeschool advocate organizations report high average scores on standardized tests by select homeschool students who chose to take the tests, many homeschool students are not tested and there is no record of the curricula or academic achievement in these cases.

The ultimate challenge is the balance between the state's interest in assuring a standard curriculum and quality of instruction in order to develop productive citizens and informed electors, against the rights of parents to determine what and how their children will learn.

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Public Funding for Nonpublic Schools

In response to heavy immigration from Catholic Ireland after 1840, and to the increase in the number of Catholic schools, most states passed "Blaine Amendments." These state constitutional amendments prohibited the use of tax money to fund parochial schools. In 1925, the U.S. Supreme Court ruled in *Pierce v Society of Sisters* that students could attend private schools to comply with compulsory education laws, ruling unconstitutional an Oregon law requiring all children to attend public schools. This ruling affirmed the legal right of parochial schools to operate, but subsequent decisions overruled efforts to provide direct federal or state aid to parochial schools. Other publicly funded programs, including those that provide auxiliary services including bus transportation, textbooks, loans, school lunches, and health services to all children, have been upheld.

The success of supporters of public funding for nonpublic schools ignited efforts to amend the state constitution to prohibit that support. The "Parochiaid Amendment" was the first initiated proposal under the 1963 constitution, and was a direct response to legislative efforts to provide direct financial aid to nonpublic schools.

Direct Funding and the Michigan Constitution

Attempts to provide direct public funding to private schools were unsuccessful until 1970, when the school aid act provided that the state would pay eligible private schools up to 50 percent of the salaries of certified lay teachers who teach secular subjects in fiscal years 1971 and 1972, and 75 percent of the salaries of certified lay teachers who teach secular subjects in subsequent years. The appropriation was challenged, but in September, 1970, the Michigan Supreme Court ruled that the 1971 and 1972 appropriations for nonpublic school teachers' salaries were constitutional.

The success of supporters of public funding for nonpublic schools ignited efforts to amend the state constitution to prohibit that support. The "Parochiaid Amendment" was the first initiated proposal under the 1963 constitution, and was a direct response to legislative efforts to provide direct financial aid to nonpublic schools. The second paragraph of Article VIII, Section 2, of the 1963 Michigan Constitution, which prohibits school tuition vouchers, was added by Proposition 3 on the November, 1970 ballot.

> No public monies or property shall be appropriated or paid or any public credit utilized, by the legislature or any other political subdivision or agency of the state directly or indirectly to aid or maintain any private, denominational or other nonpublic, preelementary, elementary, or secondary school. No payment, credit, tax benefit, exemption or deductions, tuition voucher, subsidy, grant or loan of public monies or property shall be provided, directly or indirectly, to support the attendance of any student or the employment of any person at any such nonpublic school or at any location or institution where instruction is offered in whole or in part to such nonpublic school students. The legislature may provide for the transportation of students to and from any school.

According to the ballot instructions, the constitutional amendment would accomplish the following:

A. Prohibit use of public funds to aid any nonpublic elementary or secondary school.
B. Prohibit use of public funds, except for transportation, to support the attendance of any students or the employment of any person at nonpublic schools or at any location or institution where instruction is offered in whole or in part to nonpublic school students.
C. Prohibit any payment, credit, tax benefit, exemption or deductions, tuition voucher, subsidy, grant or loan of public monies or property, directly or indirectly, for the above purposes.

At the time of that proposal, which passed by a 57 to 43 percent margin, nearly all of the estimated 270,000 students who attended nonpublic schools in Michigan were in parochial schools affiliated with the Roman Catholic, Lutheran, or Christian Reformed churches.

In 1971, in *Traverse City School District v Attorney General* (384 Mich.390, 185 NW2d 9), the Michigan Supreme Court determined that the language "or at any location where instruction is offered in whole or in part to such nonpublic school students" is unconstitutional and unenforceable, but the remainder of the constitutional amendment was valid.

Indirect Funding

In 1929, direct support of parochial schools was expressly prohibited in Michigan law: Section 7 of PA 302 of 1921 provides that "Nothing in this act contained shall be construed so as to permit any parochial, denominational, or private school to participate in the distribution of the primary school fund." Currently, however, public school districts may be required to make services, including bus transportation services and auxiliary services, available to nonpublic school students.

Elective Courses in Public Schools

Nonpublic school and homeschool students have the right to enroll in non-essential elective courses such as band, drama, art, physical education, music, computer, advanced placement, and drivers education, in public schools (this includes public school academies). Nonpublic and homeschool students may take online courses offered through the Michigan Virtual School.

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Auxiliary Services

PA 341 of 1965 and PA 343 of 1965 required that any auxiliary services provided by a school district or local health department to resident children attending public schools had to be provided on an equal basis to children attending private schools. If particular ancillary services are provided to public school students in a district, the Revised School Code requires that those services also be made available to students in nonpublic schools located in that district. The United States Supreme Court ruled in *Agostini v Felton* (117 S Ct 1997) that intermediate and local school districts must make auxiliary services available on site at all nonpublic schools.

Students who attend nonpublic schools, including homeschools, that complete the Nonpublic School Membership Report each year, may be eligible for publicly funded auxiliary services. These services are generally related to special education and include the following:

- Health and nursing services and examinations
- National Defense Education Act testing
- Speech and language services
- Social work services
- School psychological services
- Teacher consultant services for children with disabilities
- Remedial reading
- Other ancillary services for students with disabilities
- Other services determined by the legislature

Transportation Funding

In 1939, indirect support, in the form of transportation for students in private and parochial schools, was authorized. In 1963, the school bus law was amended to require publicly funded transportation for nonpublic school students if the district provides transportation for public school students in the elementary level, middle or junior high school level, or high school level, as defined by the local school board, in which the nonpublic school pupil is enrolled, and if other conditions are met. If a school district provides public transportation for public school students, it must provide transportation to resident and nonresident nonpublic school students to and from the site where auxiliary services are provided to those nonpublic school students "to the extent the reasonable costs of transportation of nonspecial education pupils are paid for by the state..."[81]

Special Education

In order to receive publicly funded special education services, a student in a nonpublic school must be found to have a qualifying impairment and be in need of one or more special education services by an Individualized Educational Program Team (IEP Team). The nonpublic school makes the referral to the local school district; the IEP Team and evaluation is provided by the local school district. If a special education eligible student in a nonpublic school needs a special education service, it must be provided, even if it is not currently being provided to any of the students in the public school district.

The intermediate school district plan for special education describes how these services are provided within that ISD, whether by the ISD itself or by local districts.[82]

Federal Programs

Federally funded programs may be available to students in nonpublic schools that choose to participate. Funding for services to nonpublic school students is based on the number of children who live in Title I school attendance areas and meet the eligibility requirements for free or reduced price school meals. Students in nonpublic schools may also qualify for IDEA grants (special education funding under the Individuals with Disabilities Education Act).

School Voucher Programs

Background

School vouchers, which may be publicly or privately funded, are certificates that can be redeemed at private schools to fully or partially pay tuition costs. School vouchers that are publicly funded have been very controversial, based on charges that they violate the separation of church and state and that they threaten public education.

In the 1950s, economist Milton Friedman supported the idea of publicly funded school vouchers as a free market means to improve schools. In the Friedman plan, the public funding per pupil would be modest, and parents could add private spending if they chose to do so. Schools could set tuition based on the program offered and clientele desired. There would be few restrictions on, and little regulation of, schools, but there would be a large choice of schools at different tuition levels.

A different voucher strategy developed in the 1970s to address equity issues included compensatory vouchers, i.e. larger vouchers for the poor, and prohibited adding private funds to the voucher. This plan called for providing transportation and support services, regulating admissions and curriculum, and requiring standardized tests and reporting. In 2002, in a five to four decision, the U.S. Supreme Court ruled in *Zelman, Superintendent of Public Instruction of Ohio, et al, v. Simmons-Harris et al*. that vouchers did not violate the Establishment Clause. This reinvigorated the voucher movement in various regions of the country.

There are now about 171,000 students in 18 publicly funded voucher programs in 10 states (not including Michigan) and the District of Columbia. Most of these programs offer vouchers to students in low income families, low performing schools, or special education programs.

Arguments Pro and Con

Parents who support vouchers want the choice of selecting the public or private school that best suits a particular student and best reflects the preferences of the parent, and want public funding to support that choice. Ideologically, advocates of vouchers may support the transfer of the power to make educational decisions from government to parents. Some supporters of vouchers note a fairness issue, in that parents who elect to send their children to private schools nevertheless are still obligated to pay taxes to support public schools. For some supporters, vouchers offer immediate opportunities for poor children who are in bad schools (especially those in dangerous, failing, inner city schools) to go to good

schools. Some voucher supporters object to the "values free" and multicultural curriculum in public schools and extol the spiritual and traditional moral values taught in parochial schools.

Opponents of vouchers, including teachers' unions, argue that vouchers weaken public schools by siphoning off funds, that money for vouchers supports students who would attend private school even without vouchers, that public funds should not support private schools that can exercise selectivity over admissions, that public funding will lead to increased government control of religious schools, that private schools lack accountability. Opponents believe that using public funds to support attendance at religious schools is a violation of the Constitutional separation of church and state. Opponents claim that generally higher levels of academic performance in private schools are a result of selection bias, and that assumptions that vouchers would improve student achievement for disadvantaged students have proven to be untrue.

Although the low-income students in the city who use public vouchers to attend private schools are still scoring about the same academically as their similarly income-disadvantaged peers in Milwaukee Public Schools, the voucher schools were considered more efficient because they were achieving results similar to those of the traditional public schools for less public money per pupil.

Vouchers in Michigan

An initiated constitutional amendment on the November, 1978 ballot would have established a voucher system applicable at state approved public and nonpublic schools and required the legislature to establish a program of general state taxation to support the education system. Proposal H was defeated by a 74 to 26 percent margin.

In 2000, another voucher initiative on the statewide ballot would have removed the general prohibition against indirect aid to nonpublic schools including parochial schools, and removed specific prohibitions on payments; credits; tax benefits, exemptions, or deductions; tuition vouchers; subsidies; grants; and loans of public money to nonpublic schools including parochial schools. The constitutional amendment would have established a voucher system in qualified districts (those with less than two-thirds of students graduating in four years) or approving districts (those that choose to participate) for elementary and secondary school tuition at nonpublic schools. The proposal also required regular testing of the knowledge in academic subjects of teachers in public schools and in nonpublic schools that accepted vouchers. Proposal 00-1 was defeated by a 69 to 31 percent margin.[83] The Michigan Education Association and local school boards led the opposition.

Voucher Programs in Other Locations

Milwaukee

The Milwaukee Parental Choice Program adopted in 1989 initially allowed low-income children to attend private nonsectarian schools, and allowed those students to take with them about 60 percent of the money spent on financing their public education (about $2,500 in 1989) to secular private schools. No more than 15 percent of students could participate in the program in any year. In 1995, the program was extended to include non-secular schools. On June 10, 1998, the program was found to be constitutional by the Wisconsin Supreme Court. In November, 1998, the U.S. Supreme Court refused to hear an appeal of the state decision, allowing the Wisconsin Supreme Court verdict to stand. In 2006, a number of changes were made and the number of students participating was capped at 22,500. In 2009, voucher enrollment was 21,062 in 111 schools (four of the voucher schools have more than 750 students) receiving $6,442 per pupil. In 2008, there were 127 voucher schools and the payment per student was $6,607.

In June, 2009, legislation was passed that required voucher schools to release standardized test scores, which will allow a better comparison of student achievement. Results from the first two years of a planned five-year study by the University of Arkansas indicated little difference in academic achievement between students in voucher schools and those in Milwaukee Public Schools[84] (Milwaukee also has

charter schools; most of those in the city were chartered by Milwaukee Public Schools.) The third year results confirm "that students in the Choice program generally are experiencing achievement rates that are comparable to similar MPS students."[85] Although the low-income students in the city who use public vouchers to attend private schools are still scoring about the same academically as their similarly income-disadvantaged peers in Milwaukee Public Schools, the voucher schools were considered more efficient because they were achieving results similar to those of the traditional public schools for less public money per pupil.[86]

Cleveland

The Ohio legislature adopted a limited voucher program for the City of Cleveland in 1995, and expanded the program in subsequent years. In a 2002 case (*Zelman v. Simmons-Harris*), the U.S. Supreme Court determined in a five to four decision that the Cleveland Scholarship and Tutoring Program was constitutional and that the ultimate purpose of improving elementary education was secular. Ohio's statewide Educational Choice Scholarship Pilot Program, established in 2005, targets students in failing schools. The Special Education Scholarship Program for autistic children allows attendance at public or nonpublic special education programs.

Since 2004, the federal government has funded the D.C. Opportunity Scholarship Program (OSP).

More than 1,700 students participated in the OSP in the 2007-08 school year, but only 1,319 participated in 2008-09 because the program was closed to new students in the spring.

District of Columbia

Since 2004, the federal government has funded the D.C. Opportunity Scholarship Program (OSP). This voucher program for low income students (those with household income up to 185 percent of poverty) in Washington D.C was authorized in the District of Columbia School Choice Incentive Act of 2003. Although a lottery was used to determine awardees, preferences were given for students attending schools in need of improvement. The program, which provides grants up to $7,500 per student to attend private schools, is administered by the nonprofit Washington Scholarship Fund which also administers the privately funded Signature Scholarship Program. More than 1,700 students participated in the OSP in the 2007-08 school year, but only 1,319 participated in 2008-09 because the program was closed to new students in the spring. While 56 percent of participating private schools were faith based, 82 percent of OSP students attended faith based schools.

The enabling legislation mandated an evaluation of the program, and the fifth annual report was released in March 2009. The findings of *the Evaluation of the DC Opportunity Scholarship Program: Impacts after Three Years* were derived from analysis of student achievement for early applicants to the program and are as follows:

- After three years, there was a statistically significant positive impact on reading test scores, but not on math test scores.
- The OSP had a positive impact overall on parents' reports of school satisfaction and safety, but not on students' reports.
- The same pattern of findings holds when the analysis is conducted to determine the impact of using a scholarship rather than being offered a scholarship.
- The OSP improved reading achievement for five of the ten subgroups examined.
- No achievement impacts in either reading or math were observed for five other subgroups of students, including those who entered the program with relative academic disadvantage.

On March 16, 2010, the Senate rejected a measure that would have reopened the program to new students. Funding will continue for students now participating in the program until those students graduate. During the Senate debate, Senator Tom Harkin, the chairman of the Health, Education, Labor, and Pensions Committee, noted that the 60 charter schools now operating in the District provided D.C. parents with school choice.[87]

Florida

While some programs target low income students, another approach is to provide publicly funded vouchers to students in failing public schools. A Florida plan would have allowed students in failing schools to attend another public school or to receive a voucher to attend a private school. In 2006, in *Bush v. Holmes*, the Florida Supreme Court struck down legislation that would have established that voucher system for students in failing school districts because the law violated the state constitution. A scholarship program for students with disabilities was established in 2001 and amended in 2006 to provide for fiscal and academic accountability.

Utah

In 2005, Utah created the Carson Smith Special Needs Scholarship program for students with disabilities to attend secular or non-secular schools. In 2007, Utah enacted the Parent Choice in Education Act, a universal voucher program that allows tuition scholarships for all of the state's public school students to attend a sectarian or secular private school. The amount of the voucher is based on income criteria, and public school districts that lose students receive mitigation payments.[88]

Other States' Programs

Arizona offers voucher programs for students in foster care and for students with disabilities. Maine and Vermont have programs whereby school districts provide vouchers for children in towns that do not have their own public schools, allowing those children to attend public schools in neighboring towns or to attend approved nonsectarian private schools.

In *Owens, Colorado Governor v. Colorado Congress of Parents, Teachers and Students*, a Colorado plan targeted at low income students in poorly rated districts was found unconstitutional by the Colorado Supreme Court.

Florida, Pennsylvania, Illinois, Indiana, Arizona, Rhode Island, and Minnesota have programs that grant tax credits to individuals and corporations that contribute to a foundation that provides private school scholarships to students from low income families.

Effect of Vouchers on Student Achievement

A 2008 study by Cecilia Elena Rouse and Lisa Barrow in the Annual Review of Economics reviewed evidence on the effect of vouchers on student achievement: "The best research to date finds relatively small achievement gains for students offered education vouchers, most of which are not statistically different from zero. Further, what little evidence exists regarding the potential for public schools to respond to increased competitive pressure generated by vouchers suggests that one should remain wary that large improvements would result from a more comprehensive voucher system. The evidence from other forms of school choice is also consistent with this conclusion. Many questions remain unanswered, however, including whether vouchers have longer-run impacts on outcomes such as graduation rates, college enrollment, or even future wages, and whether vouchers might nevertheless provide a cost-neutral alternative to our current system of public education provision at the elementary and secondary level."[89]

Tuition tax credits appeal to those who fear that vouchers could result in increased public regulation of participating private schools.

Tuition Tax Credits

Tax credits for private school tuition are an alternative to education vouchers that accomplish much the same purpose. Six states provide tuition tax credits, generally at modest levels, although proponents continue to urge increasing the amounts. Some states, including Minnesota, provide tuition tax deductions for educational expenses.

Tuition tax credits appeal to those who fear that vouchers could result in increased public regulation of participating private schools.

Conclusion

Every state in the U.S. has established a system of primary and secondary public education and compulsory education laws, based on the understanding that it is government's responsibility to educate citizens and the desire to create educated and informed citizens who can vote and stand for election. Harvard economist Claudia Goldin notes that "For much of its history U.S. education was spurred by a set of 'virtues,' the most important of which were public provision by small fiscally independent districts, public funding, secular control, gender neutrality, open access, a forgiving system, and an academic curriculum." These virtues resulted in an enormous diffusion of educational institutions and the early spread of mass education. They also resulted in a tremendous economic expansion and in the creation of a large middle class.[90]

There is a sense (though not universal agreement) that in the new economy, prosperity is tied to the attraction of knowledge workers, and that systems of education are crucially important in creating and attracting the workforce that can create prosperity. Recognition of the importance of education to the economic success of regions, states, and the nation has concentrated attention on strategies to improve the provision of public education.

There is also a strong desire on the part of some parents to choose a nontraditional school that better meets the needs of their children and better reflects their own values. Parents seeking a choice other than the traditional assigned public school, often prefer that choice to be supported by public funding.

For these and other reasons, including the failure of some traditional schools to produce graduates who are career or college ready, traditional educational systems designed during and for the old manufacturing economy are being reevaluated, the historic "virtues" of the U.S. system of public education are being challenged, and new forms of delivering education are being examined.

Public education, which was a purely local affair at the turn of the twentieth century, is increasingly being funded by, and being subjected to requirements established by, the state and federal governments. Federal policy for improving traditional public schools includes closing the worst performing of those schools and allowing local officials four options, one of which is replacement of the failed school with a newly constituted charter school.

Charter schools, called public school academies in Michigan, are publicly funded schools organized under a charter, freed from some of the rules imposed by school districts, but required to operate under requirements contained in the charter and in state law. In Michigan, special categories of public school academies have been developed to respond to needs for strict discipline environments, to offers by philanthropists, to potential federal funding, and to Internet based opportunities. The state has sought to ensure experimentation and innovation by allowing multiple authorizers and to ensure educational quality by defining and encouraging replication of successful models, and by requiring certified teachers, standardized testing and reporting, and board independence.

Evaluations of charter school student academic achievement have been challenged by insufficient data and have produced mixed results. There are some outstanding charter schools, but in general, overall, charter school students in Michigan are performing academically somewhat better than students

in the districts where PSAs are clustered, but not as well as the statewide average.

Arguments for charter schools include the importance of parental choice, the desirability of focusing on educational outcomes, and the desirability of schools free of restrictions imposed by traditional districts and unions. Proponents assert that charter schools promote innovation and competition, not just in the charter schools themselves, but also in traditional schools that find themselves in a newly competitive environment. However, available research on the effect of school choice on traditional public schools in Michigan has found that charter competition had a negative impact on the traditional districts that faced the most competition.

Successful charter schools tend to be small, have extended school days and hours, and offer intensive student support including tutoring and character education. This is a model that traditional schools with union contracts have had difficulty adopting. While the goal of innovation is constrained by requirements that charters abide by many of the same rules as traditional school in terms of teacher qualifications, attendance requirements, curriculum, testing and reporting, it is true that there is generally more administrative flexibility in charter schools.

One of the common arguments against charter schools is that they divert students and resources from traditional public schools, especially struggling traditional schools that need increased, not reduced, resources. Opponents argue that charters have distracted the education community from the necessary focus on improving traditional schools, but it can also be argued that in distressed cities with failing schools, a robust system of high performing charter schools can enhance opportunities for disadvantaged but motivated students and can be part of a strategy to attract families back to the city.

It can also be argued that in distressed cities with failing schools, a robust system of high performing charter schools can enhance opportunities for disadvantaged but motivated students and can be part of a strategy to attract families back to the city.

Opponents of charters note that many traditional public schools perform very well. These advocates of traditional public schools discount the importance of parental choice and stress the fact that average charters nationally are producing student achievement that is similar to the traditional public school districts in which they are located. They also note the funding imbalances and class disruptions that can result from the flow of students from traditional to charter schools, and back from charter to traditional schools.

Another argument against charter schools is that they will stratify students by ethnicity or socioeconomic status, increasing racial and/or economic segregation; this tends to be true. (In urban and suburban districts, defining school attendance on a geographic basis tends to have the same effect: many families who can afford to, move to the school districts of their choice.) Indeed, a number of charter schools have been developed specifically for minority or at-risk students, in an effort to meet their special needs and interests. At the same time, concerns that PSAs would skim the most motivated students have, in large part, been replaced by concerns that PSAs skim the students who are the least expensive to educate.

In spite of the fact that nationally, students in charter schools generally perform academically at about the same level as students in the host district, the federal government has actively promoted the expansion of charter schools. Federal Race to the Top funding competition has prompted many states, including Michigan, to amend state laws to, among other things, increase the allowable number of charter schools. Recent legislative changes in this state are aimed at replicating successful charter models, concentrating them in the areas of greatest need (where traditional public schools are struggling, and are most at risk from the loss of per pupil revenues), and closing underperforming public school academies.

Ironically, the existing concentration of PSAs in low performing districts, and the policy of concentrating new charter schools in districts that are struggling with high drop out rates, may in fact increase the negative impacts on those host districts. Some recent studies of the Michigan experience have found that increased school choice results in increased social stratification and negative effects on students who remain in traditional public schools, as well as increased financial pressure on those traditional districts.

Better tracking of individual student achievement over time, and more definitive research on the effects of public school academies on their students (including graduation rates and subsequent education), on the host districts and PSA students' home districts (to determine how these districts respond to competition), and on the host community (where the availability of charter schools may retain or attract population and economic activity) is desperately needed to determine whether the benefits of choice are overwhelmed by the unintended negative consequences of that choice. When results are available, the state policy on charter schools should be revisited.

There are numerous other public policy issues related to nontraditional schools, not the least of which is the appropriate relationship between public funding and accountability. State legislation seeks to find the best balance between imposing the same requirements on charter schools as on traditional schools and the desire to promote innovation and experimentation that can lead to development of new best practices and more effective ways of engaging high needs students. In Michigan, the policy discussion has focused on the statutory cap on the number of charters that may be granted by public universities, the effect of charter schools on traditional districts in terms of the number and attributes of students remaining in the traditional system, and reductions in funding that can affect traditional school offerings. Other policy questions concern reporting requirements and the criteria by which charter schools are measured, the required content of charter documents, the degree and quality of oversight provided by authorizers, the role and influence of management organizations, whether public funds should be more readily available for charter school facility costs, the definition of standards of accountability and transparency, the desirability and possible form of community involvement, and union representation for charter school teachers.

One of the most promising, new, nontraditional educational models is the virtual classroom. For resource-deprived schools, and for students who need or want an Internet-based learning experience, this approach offers great possibilities. As education officials determine the optimal balance of virtual and "bricks and mortar" classes, and learn how that balance varies by student age, aptitude, and attitude, they must also determine what proportion of public resources should be diverted to virtual teaching. The virtual model may allow access to the best teachers and to specialized classes that schools cannot otherwise afford, but much work remains to realize the full potential of this approach.

Privately funded schools, both parochial and nonsectarian, provide an alternate to traditional public schools and public school academies. Non-sectarian private schools generally emphasize academic achievement; parochial schools incorporate religious teachings. Although the number of parochial schools has been declining, tuition supported schools may better reflect the values of particular parents. These schools can be selective in their admission policies and can therefore provide a more consistent and predictable educational experience. A 1970 amendment to the Michigan Constitutional outlaws voucher programs, which allow public funds to be used to wholly or partially pay tuition at private schools.

Michigan law permits homeschooling, and allows homeschooled students to participate in some public school classes and programs. Data on homeschooled students is limited, but policy questions include the following: Should Michigan's lenient homeschooling laws be strengthened to require notification of local school boards, curriculum standards, literacy testing of parents who homeschool their children, and/or testing of homeschooled children? And, if more control is exercised, should public resources be made available?

Charter schools, private schools, and homeschooling reach a relatively small percentage of students. The

vast majority of students remain in traditional public schools, which are not unaffected by competing systems, especially if those systems attract the more motivated students with the most engaged parents. While it is hoped that traditional school staff become more open to innovative approaches and seek best practices from all sources, the reality may be that traditional school teachers and administrators perceive nontraditional models as threats and become more defensive and closed to new approaches. There is evidence that traditional public schools do respond to competition, though not necessarily by increasing resources for instructional services.

Government has an essential interest in ensuring an educated electorate and a productive citizenry. Schools are the primary means by which these goals are met. An ideal public school system would successfully meet the needs and preferences of all students and all parents. Those needs and preferences are so different, and in some cases so opposed, that such a system cannot be realized. There are, however, policy recommendations that can be realized: The first is that the state must set high academic achievement standards and require annual testing for all students in publicly funded schools to determine whether standards are being met and to allow school effectiveness to be measured. The second is that timely and relevant information about all individual schools should be available to parents to enable them to make informed choices among schools. The third is that underperforming public school academies should be closed.

Government has an essential interest in ensuring an educated electorate and a productive citizenry. Schools are the primary means by which these goals are met. An ideal public school system would successfully meet the needs and preferences of all students and all parents. Those needs and preferences are so different, and in some cases so opposed, that such a system cannot be realized.

As we continue to search for a strategy that will guarantee that every child receives the best possible education, traditional schools, charter schools, private schools, and homeschools can all play a vital role. Virtual classes and virtual schools can be expected to play an increasingly important role. The challenge for parents and educators will be to find the right educational environment for each student to allow that student to reach his or her fullest potential. The challenge for public officials will be not only to ensure that the right educational environment exists for each student, but that those facilities are accessible and effective.

Appendix I
Special Categories of Public School Academies in Michigan

Schools of Excellence

On January 4, 2010, Governor Granholm signed SB 981, which became PA 205 of 2009. This bill was part of a package of five bills designed to make Michigan's application for Race to the Top funds more competitive. In an effort to increase the number of high quality charter schools and to concentrate them in high needs districts, the act established a new category of PSA called "schools of excellence."

A total of ten new charter "schools of excellence" may be authorized by local and intermediate school districts, community colleges, and universities, in addition to the two cyber K-12 schools aimed at high school dropouts. The first five new schools of excellence must serve high school students. In addition to the ten new schools, an unlimited number of high quality charter schools may convert to schools of excellence, with the authorizer allowed to open a new PSA for each of its schools that convert. Because there is no cap on the number of high quality charter schools that may convert to schools of excellence, there is the potential for unlimited charter expansion, based on quality performance. However, schools of excellence may only be located in school districts that had an average graduation rate of less than 75 percent in the past three years for which data are available.

The board of an existing PSA that meets specified quality criteria may, with the approval of its authorizer, adopt a resolution to convert to a school of excellence.

Contract requirements for schools of excellence are more stringent than for PSAs, and include compliance certifications; prohibited relationships between members of the board of directors, owners, officers or employees of the educational management organization, and school employees; public disclosure of aspects of operation and management including the contract, board members, policies, budget, copies of bills over $10,000 that were paid, quarterly financial reports, teachers' and administrators' names and salaries, facility leases, management contracts, health and safety reports, and other information concerning the school's operation. The board of directors must include representation from the local community. Like PSAs, schools of excellence must comply with the Open Meetings Act, Freedom of Information Act, and other applicable state laws.

A school of excellence may be located in all or part of an existing public school building, and may operate only one location for any grade or configuration of grades. Like PSAs, schools of excellence may not discriminate in pupil admissions on the basis of intellectual or athletic ability, measures of achievement or aptitude, disability, or any other basis that would be illegal if used by a traditional school district.

A school of excellence may use any teaching technique that may be used by a school district and is authorized to develop and implement new teaching techniques or methods. New or revised teaching techniques are to be reported to the authorizer and state board to be made available to the public.

Authorizers of schools of excellence are responsible for oversight and act as fiduciary. If the superintendent of public instruction determines that a school of excellence that has been open for at least four years, and is in at least the second year of restructuring, is among the lowest achieving five percent of all public schools, the authorizer must revoke the school's charter.

Conversion to Schools of Excellence

The board of an existing PSA that meets specified quality criteria may, with the approval of its authorizer, adopt a resolution to convert to a school of excellence. Those quality criteria are:

- For grades K to 8, on average over a three-year period, at least 90 percent of students achieved a score of proficient or better on the Michigan education assessment program math and reading tests, or, if at least 50 percent of students qualify for free or reduced price lunches, at least

70 percent of students achieved a score of proficient or better.

- For grades 9 through 12, at least 80 percent of students graduate or are on track to graduate, the school has at least 80 percent average attendance, and the school has at least an 80 percent postsecondary enrollment rate.

The school seeking to convert must negotiate a new contract, which may be granted by the governing board of a state public university, the board of a community college, an intermediate school board, or the board of a K-12 school district with the same geographical constraints as imposed on charterers for PSAs. The old contract ends at the time the conversion occurs. If the original authorizing body was a university (there is a limit of 150 PSA charters that may be granted by universities collectively), then for a period of 12 months, that university is the only one that may issue a new contract to fill the availability created by the conversion. That replacement PSA must be located in a school district that has an average graduation rate of less than 75.5 percent for the past three years for which data are available.

A student who is expelled from, and not reinstated to, a public school in Michigan may not be admitted to another regular public school, but may be admitted to an appropriate alternative education program if the district operates such a program, may be admitted to a strict discipline academy (SDA), or the intermediate school district may provide homebound educational services to the student.

As with the application for a PSA, if a school district denies an application for a contract to organize a school of excellence, the applicant may petition the school board to place the question on the ballot. The petition must contain all the information required to be in the application and must be signed by at least 15 percent of the electors in the school district. The district must place the issue on the next regular school election held at least 60 days after receiving the petition.

Strict Discipline Academies

Michigan law requires a public school to permanently expel a student who possesses a dangerous weapon, commits arson or criminal sexual conduct, or commits physical assault against an employee or a volunteer at a public school.[91] A student who is expelled from, and not reinstated to, a public school in Michigan may not be admitted to another regular public school, but may be admitted to an appropriate alternative education program if the district operates such a program, may be admitted to a strict discipline academy (SDA), or the intermediate school district may provide homebound educational services to the student. It is the responsibility of the expelled student and his or her family to find an educational alternative.

According to state law, strict discipline academies are a form of charter school that is designed for the following types of pupils:

- Pupils placed in the strict discipline academy by a court or by the department of human services or a county juvenile agency under the direction of a court.
- Pupils who have been expelled for bringing a weapon to school, or committing arson or criminal sexual conduct in a school building or on school grounds.
- Pupils who have been expelled for assaulting a school employee or volunteer or making a bomb threat to school property or a school event.
- Other pupils who have been expelled from school, or pupils who have been suspended from school for more than 10 school days, and who are referred to the strict discipline academy by that pupil's school and placed in the strict discipline academy by the pupil's parent or legal guardian. A suspended pupil may only attend the strict discipline academy for the duration of the suspension.
- Special education pupils whose individualized education program team recommends that the special education pupil be placed in the strict discipline public school academy.

Strict discipline academies may be authorized by universities, community colleges, intermediate school districts, or school districts. An authorizing body considering an application for a strict discipline academy must take into consideration the resources available to a strict discipline academy, the population to be served, and the educational goals. An applicant for a strict discipline academy who is rejected by a school district may petition to place the issue on the ballot using the same procedure available to a school of excellence applicant.

When an expelled pupil is enrolled in a strict discipline academy, that academy becomes eligible for the prorated share of either that PSA's or the expelling school district's foundation allowance, whichever is higher. Strict discipline academies are not intended for individuals who are committed to a high-security or medium-security juvenile facility. If the Department of Corrections or a state agency other than the Department of Human Services has custody of, or jurisdiction over, a child, that state department or agency has the financial responsibility for educating the child.

Strict discipline academies may offer the last best chance for students who have not been successful in traditional schools.

A strict discipline academy may be located in all or part of an existing public school building, but in situations where a building is shared, strict discipline academy students must be physically separated from the general student population. A strict discipline academy may not charge tuition, and may not discriminate in admissions based on intellectual or athletic ability, measures of achievement or aptitude, status as a student with a disability, or any other basis that would be illegal if used by a school district. However, a strict discipline academy may limit admission to pupils who are within a particular age range or grade level or on any other basis that would be legal if used by a school district. A strict discipline academy may include any grade up to grade 12 or any configuration of grades, including kindergarten and early childhood education, as specified in its contract. The authorizing body may approve amendment of a contract with respect to ages of pupils or grades offered.

Except for a foreign exchange student who is not a United States citizen, a strict discipline academy may not enroll a pupil who is not a resident of Michigan. Generally, enrollment in a strict discipline academy is open to qualifying pupils who live within the geographic boundaries of the authorizing public school district, intermediate school district, or community college. For a strict discipline academy authorized by a state public university, enrollment is open to all qualifying pupils who live anywhere in the state. If there are more applicants than there are spaces available, a random selection process must be used. However, a strict discipline academy may give enrollment priority to a sibling of a pupil enrolled in the strict discipline academy. Except for a suspended pupil who is attending the strict discipline academy for the duration of the suspension, a strict discipline academy must allow any pupil who was enrolled in the strict discipline academy in the immediately preceding school year to enroll in the strict discipline academy in the appropriate grade unless the appropriate grade is not offered at that strict discipline academy.

Strict discipline academies, which include the Outlook Strict Discipline Academy in Allegan, Lighthouse Academy in Grand Rapids, Frontier Learning Center in Fenton, Blanche Kelso Bruce Academy which has six sites in Detroit, and McGivney School in Detroit, may offer the last best chance for students who have not been successful in traditional schools.

Urban High School Academies

Philanthropist Bob Thompson used $100 million from the proceeds of the 1999 sale of Thompson-McCully Co., a road paving company, to establish The Thompson Foundation. In 2003, Mr. Thompson offered $200 million to establish 15 new, small, charter high schools in Detroit, with the requirement that 90 percent of students graduate and 90 percent of graduates attend college. Mr. Thompson did not want the Detroit Public Schools (DPS), which was then operating under special state supervision, as the chartering authority for these new PSAs.

The state legislature responded with Public Act 179 of 2003, which authorizes urban high school academies, and which was passed in an unusual manner. Senate Bill 393 was enrolled on August 13, 2003, and presented to the Governor on September 8. On September 18, the Senate requested that the bill be returned, which the Governor did. The Senate then made and passed a motion to vacate the enrollment. On September 23 (15 days after the bill had been sent to the Governor), the House approved a motion agreeing with the Senate's request to return the bill.

On September 25, 2003, an estimated 3,000 Detroit teachers demonstrated outside the state capitol in Lansing in opposition to the expansion of charter schools, shutting the Detroit school district down for the day. Political leaders in Detroit, and some in Lansing, supported the Detroit Federation of Teachers (DFT). DFT later threatened legal action against any university that chartered an urban academy under PA 179.

On October 2, 2003, the Attorney General determined that the Governor did not veto the bill within the 14 day period allowed, and the bill was not concurrently recalled by both the Senate and House within the 14 day period. SB 393 therefore became PA 179 of 2003.

No more than 15 contracts may be issued for urban high school academies. The governing body of a state public university is authorized to issue such a contract; three urban high school academies have been chartered by Grand Valley State University. The contract must be for an initial period of ten years and if educational goals are met, the authorizing body must automatically renew the contract for an additional ten-year term. These schools may operate only in counties with a population of over 1 million (Wayne and Oakland).

According to the law, criteria to be considered by an authorizing entity considering an applicant for an urban high school academy include the following:

- The proposed school will operate at least all of grades 9 through 12 within three years after opening.
- The proposed school will occupy a building or buildings that are newly constructed or renovated after January 1, 2003.
- The proposed school has a stated goal of increasing high school graduation rates.
- The proposed school has received commitments for financial and educational support from the entity applying for the contract.
- The entity that submits the application for a contract has net assets of at least $50,000,000.

Mr. Thompson withdrew his plan in reaction to political and public opposition (coincidentally on the same day that the Attorney General opined that the charter school bill presented to the Governor was law), but his foundation subsequently provided funding for construction or renovation of seven schools in Detroit, including University Prep Academy, the Henry Ford Academy: School for Creative Studies, and University Prep Science and Math Middle School. In 2009 the Thompson Educational Foundation gave $13.5 million for the development of the new University Prep Science and Math High School, scheduled to open in September, 2010.

Urban high school academies may have more than one site per charter and board of directors. This means they can operate a system of K-8 feeder elementary schools leading into the same high school under the same charter and board.

Appendix II
The Process of Starting a New PSA

Unlike traditional public schools that are structured by school districts to accommodate the number of resident students in a particular grade cluster, public school academies are founded by individuals and groups with a particular educational vision, to serve those students who choose to enroll. Founders may be parents, community members, teachers, or administrators.

The process of starting a new public school academy includes the following steps:

- Applicant develops the vision/concept
- Applicant finds a chartering authority; files a Phase One application (used by most authorizers to screen applicants); on approval of the Phase One application, moves to more intensive Phase Two negotiations on a charter
- Applications require the following information:
    - Name of the Applicant
    - Proposed board members for consideration by the authorizer
    - Proposed articles of incorporation as a Michigan nonprofit corporation
    - Proposed by-laws
    - Documentation meeting the authorizers specific requirements
        - Governance structure of the PSA
        - Educational goals and assessment methods
        - Admissions policy that provides public notice and open enrollment
        - School calendar and day schedule
        - Age or grade range of students proposed to be enrolled
    - Job descriptions for staff
    - Identification of the local and intermediate schools districts in which the PSA will be located
    - Assurance that the PSA will comply with applicable state and federal law
    - If authorized by a local education agency (LEA), assurance that the collective bargaining agreements in place for the LEA will be honored for PSA employees
    - A description of and address of the site where the PSA will be located
- Applicant and authorizer agree to the specifies of the charter
- Charter requirements include the following:
    - Documented evidence of need (community analysis, parent profile and preferences)
    - Academic vision (curriculum decisions, instructional design decisions)
    - Data and evaluation design (metrics, collection, reporting)
    - Business plan
    - Facility plan
    - Staffing plan
    - Operational and management plan
    - Equipment and furnishings plan
    - Budget
- PSA and authorizer negotiate a contract that contains greater detail about how the authorizer will hold the PSA accountable for performance
- PSA secures a facility that meets state school code requirements and can get a certificate of occupancy. While charter schools receive operating funds from the state, they do not have access to capital funds for the construction or renovation of suitable facilities in the same way that traditional schools do. There are state and federal programs that assist charter schools to access low interest loans for facilities development.
- PSA negotiates contract with an education service provider and/or establishes administrative and other structures for the PSA
- PSA hires highly qualified teachers. Charter school teachers must be certified by the state, just like traditional school teachers.

- PSA attracts students; admits anyone who applies, including those with special needs; holds a lottery if applicants exceed spaces.

The Michigan Association of Public School Academies and the National Charter School Institute provide technical assistance to charter teams. In addition, for-profit and nonprofit educational management companies offer consultation and other assistance to entities attempting to establish a new charter school.

A PSA may provide any combination of grades pre-K through 12 as specified in its charter. There is no minimum or maximum student population size specified in the enabling statute. Many PSAs start with one or a few grades, and add grades over time. For Fall 2009, 27 PSAs added or deleted grades: three schools deleted grades and 24 added one or more grades.

Start up costs for a public school academy may be expected to be between $250,000 and $500,000. A federally funded, state-administered grant program is available to assist in funding start-up costs.

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