



Michigan Public School Academies At a Glance

Executive Summary of the 2008 PSA Report to the Legislature

Public School Academies (PSAs) are active participants in Michigan's K-12 educational marketplace. The belief that all 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. In addition, authorizers' willingness to close schools that do not live up to the terms of their performance contracts has also bolstered the legitimacy of PSAs by ensuring a proper focus on quality.

This is not to say that PSAs are without their challenges; growing pains remain and continued attention is needed to ensure academic and operational success. In general, academic performance in charters is below statewide averages for all traditional public schools; if PSAs are truly to be an effective lever for change across the state and not just in specific communities, their overall rate of student achievement must make greater gains. In particular, high school performance requires targeted, intensive focus. Student achievement at the secondary level must improve. Sustained leadership and support is necessary to address these issues.

However, the results being achieved by PSAs in Michigan point to a sector that is becoming more mature and more fully integrated into Michigan's educational landscape.

A Word About Cluster Districts

In 2007-08, Michigan had 232 PSAs serving more than 100,000 students. These schools continue to be generally clustered in the state's urban areas. There are 20 urban "cluster" school districts in Michigan that have three or more PSAs within their boundaries. Roughly 75% of the state's PSAs are located in these cluster districts.

Whenever possible, charts in this report include data for the cluster districts as well as PSA and traditional public school statewide aggregates or averages. The cluster districts comprise a subset of "all traditional public schools" reflecting areas where PSAs are in relatively high demand and it is useful to separate out their data for baseline comparisons.

This type of comparison has been used in MDE's annual PSA

report to the Legislature since 2005. It offers an additional point of reference for understanding the performance of charter schools, since the student population in cluster districts approximates that of charter schools more closely than does the statewide average. Neither a pure statewide average nor the cluster district average, however, provides an ideal statistical measure to use in assessing the overall achievement of charter schools in Michigan. During the coming year, MDE will work with stakeholders to review various ways of analyzing and comparing charter school data in preparation for the issuance of the 2008-09 PSA Report to the Legislature.

PSA Fundamentals

Demographically, PSAs in Michigan tend to look much like their cluster district counterparts. More than half of their student populations are African American, and nearly 60% of PSA students are eligible to receive free/reduced-price lunch. PSAs continue to serve a lower percentage of special education students than schools in cluster districts.

Universities and community colleges continue to be the primary authorizers of PSAs. A majority of PSA boards contract with one of 53 service providers (also known as management companies) to provide school services, which may include facility management, personnel management, payroll and accounting, curriculum development, and professional development services for staff and teachers.

Each PSA/service provider (management company) agreement is unique. Some PSA boards contract for only one or two services, such as human resources or accounting, whereas others choose to contract for all day-to-day staff functions.

Authorizers

During the past three years, MDE has conducted on-site visits and reviews for 15 Michigan authorizers. MDE's findings show authorizers are active in their compliance monitoring efforts and that they have, in many instances, developed a broader menu of tools and resources for supporting the academic and financial performance of the PSAs they oversee.

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Academic Achievement in PSAs

MEAP performance data show PSAs and cluster districts alike lagging behind all traditional public schools; however, students in PSAs performed slightly better than students in urban cluster districts. Similar results were reflected in nearly all of the demographic subgroups measured, with PSAs outperforming the urban cluster district but performing less well than the statewide traditional public school average. African-American students in PSAs performed better than African-American students in all traditional public schools statewide.

PSA high school performance as measured by the Michigan Merit Exam (MME) is generally lower than cluster districts and all traditional public schools. Academic achievement in secondary charter schools must be an area of concentrated, focused improvement.

It is worth noting, however, that 27% of PSA high school pupils are enrolled in PSAs that offer alternative education programs. This percentage is noticeably higher than in traditional public schools, and likely has some effect on aggregated MME scores. In addition, the length of time a PSA high school has been operating has a pronounced effect on student achievement. Schools that have been operating for seven years or more perform significantly better than their younger counterparts.

PSAs "Beating the Odds"

Studies indicate the single best predictor of student academic performance continues to be socio-economic status. Student achievement generally falls as poverty levels rise. However, there are a number of PSAs and traditional public schools that have begun to beat those odds. This year, MDE identified 52 PSA buildings that succeeded in achieving over 60% proficiency with populations of more than half free and reduced-price lunch.

This year's legislative report explored and identified the strategies being used in the "beating the odds" schools. These included the following:

- Utilization of clear, consistent educational approaches
- Effective use of data
- Collaborative staff and school leadership
- Intentional development of school culture
- Consistent approaches to students' non-academic challenges
- Deliberate efforts to engage parents

Each of the PSAs is gathering data and using staff input to develop as precise a picture as possible of how their pupils are performing and what their academic and personal needs are. Then, keeping their core objectives in mind, each school develops a plan of action for moving their pupils toward success. While implementing these plans, the schools work to maximize communication and accountability among all parties – students, teachers, and parents –

at all times. This approach appears to be generating positive results among some of Michigan's most at-risk pupils.

A number of traditional school districts are also delivering promising results with high-poverty student populations. The Office of School Improvement is in the process of conducting research into the achievements of traditional school districts in this area and will issue its findings in 2009.

Report Cards/Adequate Yearly Progress

PSAs perform better than cluster districts relative to state and federal accountability programs. PSAs have more schools "not identified for improvement" than cluster districts, but not as many as all traditional public schools. No PSAs were in Phase 6 or above, but seven were in Phase 4 and two in Phase 5. The percentage of PSAs in Phases 4 and 5 was roughly comparable to all traditional public schools, but lower than cluster districts. Authorizer intervention and efforts to provide technical support for PSAs in NCLB sanction phases have so far resulted either in turn-around or in school closure before that point. This type of authorizer intervention may be instructive for those who are working with traditional schools that face performance challenges.

Charter schools that received report cards received slightly more A and B grades than cluster districts, but fewer than all traditional public schools.

Attendance/Graduation/Dropout Rates

In 2007-08, PSAs experienced higher attendance and graduation rates than did cluster districts, but PSAs had a lower attendance rate than all traditional public schools. PSA dropout rates are mixed.

PSA Financial Performance

In 2006-07, with an average of \$9,402 per-pupil revenues, the PSA average is below all traditional public schools by \$535/pupil, and below cluster districts by \$1,778.

PSA fund balances tend to be lower on average than traditional public schools' fund balances, tending toward about 5% rather than the 11-15% typically held by traditional public schools. Six PSAs had deficits in the 2007-08 school year.

PSAs typically spend a lower percentage of their revenues on instructional activities, primarily because such calculations must consider facility lease and purchase costs that come out of PSA operating expenses. Conversely, most traditional public schools incur expenses for services that many PSAs do not provide, such as transportation, meals, athletics, and co-curricular activities. In addition, PSAs also serve fewer students with special needs.

Salaries for PSAs' teachers in 2006-07 averaged \$39,334, \$16,192 less than Michigan's average salary of \$55,526 statewide.

SBE Recommendations

The opportunities and issues described in this report point to a PSA sector that is becoming more mature and fully integrated into Michigan's educational landscape. PSA performance continues to make progress and the current statutory framework is capable of delivering solid results.

SBE's recommendations are designed to strengthen the PSA sector still further to ensure greater consistency and quality among all charter schools. The following recommendations, therefore, reflect broad policy and practical suggestions that will hold Michigan's PSA sector to continued high standards of accountability. Some of these recommendations require continued discussion among policymakers; others are ready for implementation at the MDE staff level.

Legislative Action Items

PSA Location/Facilities Issues

As Michigan's PSA sector has matured, issues have arisen relative to the establishment and relocation of new charter school sites. Members of the SBE also have questions about how the specific characteristics of various PSA projects, such as school location, can change from the time of charter application to the issuance of a charter contract, and how such contracts can be amended and interpreted after their issuance.

The SBE believes that it is necessary and appropriate to develop strong guidelines relative to PSA contractual changes, particularly as they relate to school location and facilities. The Legislature is asked to provide the department charged with overseeing school building approval issues with the **authority to promulgate rules** that would establish processes and criteria for selecting and developing school locations and sites.

MDE Staffing

Adequate resources are needed to ensure continued strong monitoring of PSA compliance and performance. SBE recommends the Legislature appropriate \$225,000 in additional funds for the purpose of adding 3 FTEs to PSA program staff.

As other issues arise that require legislative clarification, the SBE will bring them forward for dialogue and consideration.

MDE Action Items

School Accountability

Accountability and transparency for all public schools is a primary objective for the SBE. MDE staff have been asked to help provide simple, uniform report cards that all schools can provide to students and families. These report cards would compare the performance of a given school to other schools in the geographic region, as well as to statewide averages.

Leadership Resources

MDE is working to deepen the connection between the charter and traditional school communities through administrative information sharing and support. This type of information sharing and collaboration may be useful in the development of effective school leadership for **all** public schools. MDE will **establish a task force** comprised of groups in both the traditional school district and PSA sectors to determine how to bolster communication and make useful information resources available.

High School Student Achievement

High school student achievement among charter schools continues to need improvement. With the relatively new Michigan Merit Curriculum and constantly rising federal accountability requirements, PSAs and traditional public schools alike need to improve their performance as quickly as possible, lest they fall even further behind. Currently, there are 109 PSAs offering some grades of high school; as their secondary capacity continues to grow it is essential to ensure they have the tools and resources they need to succeed. MDE staff will **convene a study group** to formulate more specific recommendations relative to improving high school performance.

Assurances and Verification

For several years, Michigan authorizers have voluntarily participated in a pilot “Assurances and Verification” project in which they demonstrate their systems for complying with the requirements set forth in statute. As described in this report, the outcomes of these reviews have been generally positive.

MDE staff will **formally institutionalize Assurances and Verification** and explore appropriate ways of expanding the project. Collaboration between MDE and the Michigan authorizer community has been productive and consistent to date. However, should Michigan’s authorizing community elect not to participate cooperatively in this important MDE initiative, formal criteria may be needed to provide an objective basis for moving forward. In those circumstances, MDE will recommend the Legislature assign to MDE the authority to promulgate rules that establish standards and criteria for authorizer performance.

Areas for Future Exploration

Service Provider (Management Company) Transparency

As mentioned previously, many questions have been raised about service providers (also known as management companies) and how they use their funds. Some interests argue for increased transparency and accountability on the part of service providers (management companies), citing legitimate public interest in knowing how much they earn in their work for public schools. Other interests argue that as long as the PSA is performing well, the profit margin for a service provider (management company) shouldn’t matter. Still others contend that private firms providing either PSAs or traditional public schools with services and products, such as janitorial or food services, are not expected to report their profit margins and question why service providers (management companies) should be singled out for public reporting.

Fundamental to the issues of accountability and transparency is equity—between PSAs and traditional schools, as well as among private companies working with either or both. No matter the service or product provided by a company, public disclosure may help all preK-12 boards demonstrate the value of their service agreements to the public.

Any policies or legislation regarding these issues should provide equitable treatment of all service providers working in preK-12 education, and accurately reflect the relative scope of services being provided. A service provider (management company) that exercises greater control over a school’s daily operations, for example, may require a different type of scrutiny than one that is merely providing one or two isolated and discrete services.

PSA Location/Facilities Issues

As mentioned previously, members of the SBE have questions about how decisions relative to PSA site changes are made. The SBE believes it is necessary to assure that any change in location of a PSA is an open public process that requires review and approval by the authorizer, and accommodates the needs of local communities, families and students.

Additional exploration is being done to determine the most effective procedures for handling site change requests. More information and a specific recommendation will be provided during the coming year.

Windup and Dissolution

Progress is being made on the ongoing issues of windup and dissolution. MDE has worked with authorizers to dissolve the operations of closed charter schools and return all outstanding assets to the state. Authorizers and school leaders are demonstrating their commitment to ensure that closures are handled appropriately. MDE will continue to identify administrative solutions to these issues.

Research Concepts to Pursue

In the future, MDE will pursue specific research on topics of interest to the State Board of Education and the Legislature. Subjects under consideration for research include:

- Tracking of student mobility data and patterns among all public schools
- Service provider (management company) accountability
- Student safety in PSAs
- How PSAs are addressing the new high school graduation requirements
- Post-graduation trends among PSA students