

INTRODUCTION

Forty states and the District of Columbia now have charter laws. Ohio's charter school program started in 1997 and has grown into one of the largest in the nation. During 2005-06, more than 70,000 students attended 304 charter schools (see Table 1).

broadly similar to that of the Ohio Eight. A somewhat higher percentage of charter school students are black (71 percent vs. 62 percent). A somewhat lower percentage may be economically disadvantaged (63 percent vs. 75 percent). Yet many charter

Table 1: Number of Charter Schools and Students, 1998-2006

School Year	Number of Charter Schools	Number of Charter School Students
1998-99	15	2,205
1999-00	49	7,391
2000-01	70	9,553
2001-02	96	19,869
2002-03	137	29,636
2003-04	181	42,037
2004-05	269	59,520
2005-06	304	70,598

Source: Ohio Department of Education, Office of Community Schools.

Note: As of August 15, 2006, there were 299 operating charter schools, a change of five less schools since the 2005-06 school year.

Student population. What kind of students attend charter schools in Ohio, and how do they compare to public school students more broadly? To answer those questions, it is helpful to divide charter schools into two groups: e-schools, which deliver instruction primarily online, and brick-and-mortar schools. Ohio's brick-and-mortar schools draw primarily from the Ohio Eight's urban districts; as a result, it makes the most sense to compare brick-and-mortar demographics to those of the Ohio Eight districts. As shown in Figure 1, the student population in brick-and-mortar schools is

schools do not participate in the federal free and reduced price lunch program, which the state uses as its gauge of economic disadvantage. Therefore, it is difficult to accurately measure the economic status of students enrolled in Ohio's charters.

Since e-schools enroll students statewide, it is best to compare their demographics to those of the state as a whole. Again, the numbers are very similar. About 20 percent of charter e-school students are non-white, compared to 23 percent in the state as a whole. About 41 percent are economically disadvantaged, versus 35 percent statewide.

Figure 1a: Student Characteristics in Charter Schools and Ohio Eight Urban Districts, 2005-06 (charter e-schools excluded)

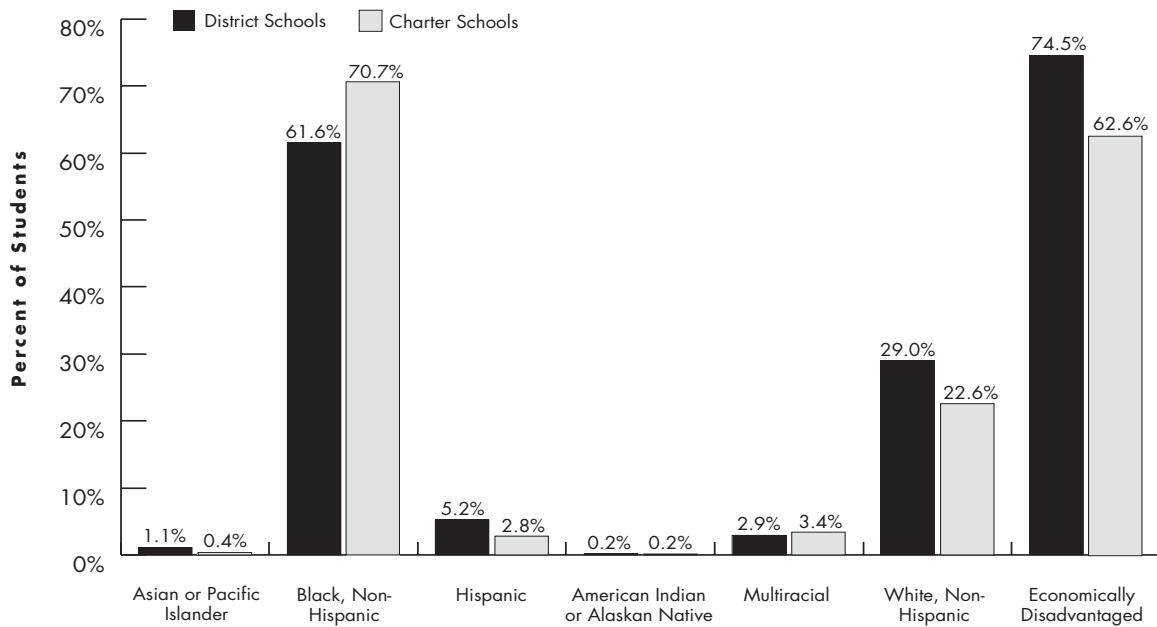
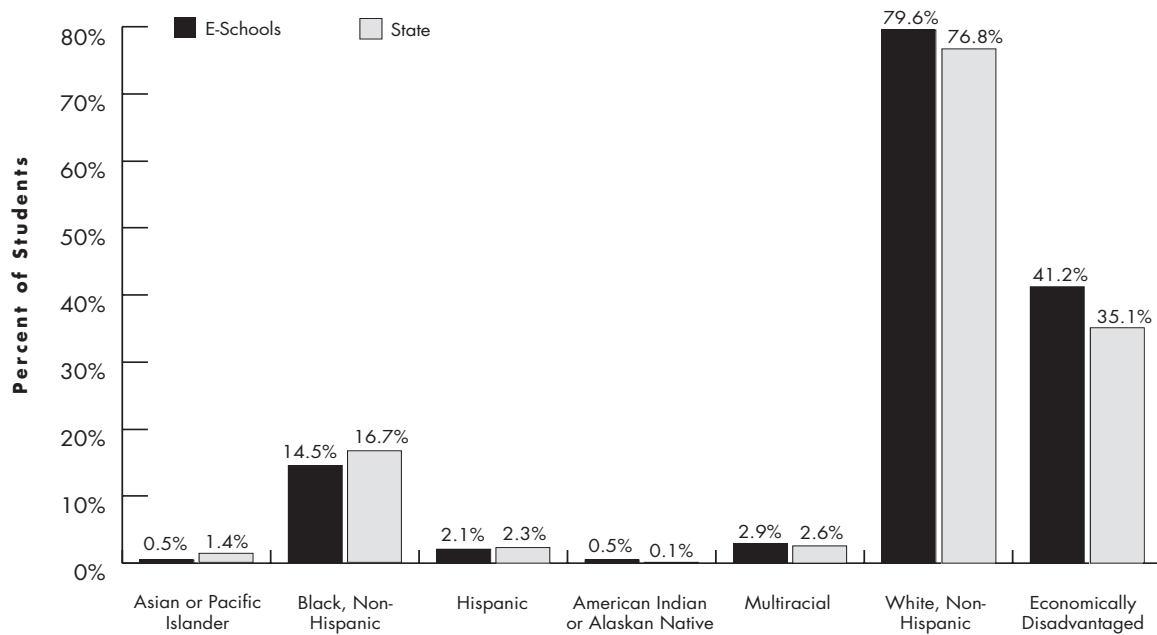


Figure 1b: Student Characteristics in Charter E-Schools and Statewide, 2005-06



Source: Office of Community Schools, Ohio Department of Education.

Evolution of the charter program. As summarized in Table 3, Ohio's charter school policies have changed greatly since the initial 1997 legislation was enacted. The early law established a pilot project in Lucas County involving the local Educational Service Center (ESC) and the University of Toledo as sponsors. Later in 1997, another bill allowed

boards of public school districts and the State Board of Education to sponsor start-up schools in Ohio's eight largest cities. In addition, all of the state's school boards were authorized to sponsor conversion charter schools. In 1999, the law was changed to allow start-ups in 21 urban districts and other districts deemed to be in Academic Emergency.

Table 2: Key Terms Related to Ohio Charter Schools

Community schools: Called "charter schools" in other states, Ohio's community schools are public schools that operate independently of traditional school districts under a contract with a "sponsor." If a community school fails to live up to the terms of its contract, the sponsor can revoke that contract or choose not to renew it at the end of its term.

Conversion school: A conversion charter school is a charter school created by the conversion of all or part of an existing public elementary or secondary school into a charter school.

E-school: E-schools deliver instruction primarily via the Internet rather than having students attend school in a brick-and-mortar building. E-schools are also known as virtual schools, online schools, and cyber schools.

ESC: An educational service center, or ESC, is an entity that provides a range of services to school districts and schools within a region of the state. ESCs can be charter school sponsors under Ohio law.

ODE: Ohio Department of Education.

Ohio Eight: Ohio's eight largest urban school districts.

Operator: An operator is an organization that conducts the day-to-day operations of a charter school under a contract with a sponsor. Operators may be nonprofit or for-profit organizations headquartered in Ohio or elsewhere. Examples include White Hat Management and Edison Schools.

Sponsor: A sponsor is an organization that approves and monitors charter schools. A school's sponsor enters into a contract with an operator to run day-to-day operations. However, sponsors bear the ultimate responsibility for school oversight and for decisions regarding whether a charter school continues operating. In Ohio, eligible sponsors include districts, public universities, educational service centers, and certain nonprofit organizations.

Start-up school: A start-up school is a newly created public elementary or secondary school independent of any school district and operating pursuant to a contract with an authorized sponsor.

By 2002, this legislation had resulted in the emergence of one large-scale sponsor (the State Board of Education with about 140 schools), two smaller non-district sponsors (Lucas County ECS and the Ohio Council of Community Schools, a nonprofit organization created as a sponsor designee of the University of Toledo), and a number of school districts sponsoring a few schools each.

A 2002 report by Auditor of State Jim Petro raised issues with how the State Board had been fulfilling its sponsorship responsibilities. Although the State Board had already created a system of regional offices to oversee charter schools and implemented well over 100 actions in response to the audit, the law was changed (with support from the State Board) to end the Board's sponsorship role (via House Bill 364, effective January 2003).

Instead of sponsoring schools directly, the State Board and ODE became an "authorizer of sponsors" with several new roles: approving and monitoring new sponsors, providing technical assistance to sponsors and schools, and reporting on the performance of all charter schools in the state. The bill allowed qualified 501(c)(3) organizations (hereinafter referred to as nonprofit organizations) and all public universities and educational service centers to apply to become sponsors. It established a two-year transition period for any new sponsors to obtain State Board approval and for the approximately 140 charter schools previously approved by the State Board to find new sponsors. It also established the first state cap of 225 start-up charter schools (effective until June 2005) and required ODE to issue an annual report card for each charter school after two full years of operation.

Although a change in law removed sponsorship responsibilities from the State Board, it left in place such rights related to start-up schools for the Lucas County ESC, the University of Toledo designee known as the Ohio Council of Community Schools, and the Cincinnati, Cleveland, and Dayton Public Schools. Each of these entities could continue sponsoring start-up schools without approval from the State Board, as could all district

school boards in the case of conversion schools. All other eligible entities (i.e., other districts, county education service centers, public universities, and nonprofit organizations) now needed to obtain approval from the State Board prior to sponsoring a start-up charter school or taking over the sponsorship of an existing school.

The intent of House Bill 364 was to have a group of high-quality, community-based organizations emerge as sponsors to take on charter contracts from the State Board and sponsor new schools to meet local needs. This worthy intent was swiftly undermined, however, when several existing sponsors decided to expand their chartering role statewide (by placing a representative within 50 miles of each charter school they sponsored as required by state law). Established sponsors began actively soliciting contracts from existing schools across the state. By July 2005, Lucas County ECS had 234 such contracts. Because schools had a choice of sponsors, the "market" kept sponsorship fees between one and two percent (rather than the three percent allowed by law), making it difficult for new sponsors to develop an adequate infrastructure to support their activities. Many policymakers had come to agree that there were serious quality concerns within the charter sector, issues that demanded further legislative action.

Given this background, House Bill 66 was enacted during the 2005 legislative session (effective July 2005), and again the sponsor and charter school landscape in Ohio shifted. This bill placed statewide caps (until July 1, 2007) on the number of new schools that could be sponsored: no more than 60 start-up schools could be chartered beyond the number operating in May 2005. Within that cap of 60, no more than 30 could be chartered by each of the two major categories of sponsor: district and non-district. While the law contained some exceptions, these caps placed a lid on charter school growth in Ohio.

Caps were also placed on the number of start-up schools that any given sponsor could approve, with

new sponsors allowed no more than 50 each, and Lucas County ESC required to reduce its number to no more than 75 by June 30, 2006 (with further reductions via attrition until it also has no more than 50 contracts). It also placed a moratorium on additional new “e-schools” (until such time as the Legislature establishes standards for such schools). Finally, the new law required average, low-performing, and new charter schools to implement fall and spring nationally normed assessments (beginning in 2006-07) on top of the annual state tests required of all public schools.

During 2005-06, ODE continued to review and approve additional nonprofit, educational service center, and district sponsors as part of its new role as “authorizer of sponsors.” The State Board adopted new standards for e-schools, but these were not ratified by the Legislature. There were also a number of charter schools switching to new sponsors as sponsor caps took effect. House Bill 530 (2006) pushed back the implementation of the additional charter school assessments to 2007-08.

As of August 15, 2006, Ohio had 299 operating charter schools overseen by 69 sponsors, of which eight were nonprofit organizations (with 145 schools), six were county educational service centers (with 85 schools), and 55 were school districts (with 69 schools).

Performance of charter schools. Like all other public schools, charter schools in Ohio administer the state assessments and are fully covered by state and federal accountability policies. Since most of Ohio’s charter schools are located within the state’s eight urban districts, it is best to use the performance of those districts as a reference point. Figures 2 and 3 compare proficiency rates in the Ohio Eight districts to those of charter schools located within those districts in reading and math respectively. In 2005-06, charter schools in two communities, Dayton and Cleveland, outperformed district schools in both subjects. In Cincinnati, proficiency rates in reading were similar, but in math, district schools had higher passing rates. In the other five

districts, proficiency rates were higher in district schools.

When aggregating scores across all Ohio districts, the proficiency rates of all charter schools in those districts were similar in 2005-06 to those in the traditional schools. In reading, 56.5 percent of charter students were proficient, compared to an average of 56.1 percent in the districts.¹ In math, 41.1 percent of charter students met proficiency, compared to an average of 43.6 percent in districts. As Figures 4 and 5 show, this relative parity is new. Five years ago, charter school proficiency rates lagged far behind those of districts. Since 2001-02, charter proficiency rates have more than doubled, while district rates have risen more slowly.

Still, proficiency rates in charter schools fall far below the state’s goal of 75 percent. The fact that charter schools have caught up to the Ohio Eight, which are themselves a set of relatively low-performing districts, does not by any means signify that charter schools are performing adequately as a group. Fewer than half of charter students in the Ohio Eight, after all, are proficient in math. In addition, averages mask wide variation across charter schools. Though there are many excellent charter schools, many others are performing at the lowest level. Thirty-four were rated in Academic Emergency for both of the two most recent years² – the state’s lowest category. One hundred four (104) schools failed to make AYP in both years. While there is much to cheer in the charter sector, there is also considerable room for improvement.

Turning the Corner. What can be done to take Ohio’s charter sector to the next level -- one better than just matching the results of Ohio’s urban districts? Our research on Ohio’s program and charter initiatives nationwide suggest a number of steps Ohio policymakers can take in this direction: strengthening both accountability and autonomy, improving sponsorship, funding charter schools fairly, and enabling high-quality new schools to open. The next four sections explain each recommendation in turn.

Figure 2: Individual Ohio Eight District Scores: Charter and District Students Passing Ohio's Reading Test, 2005-06

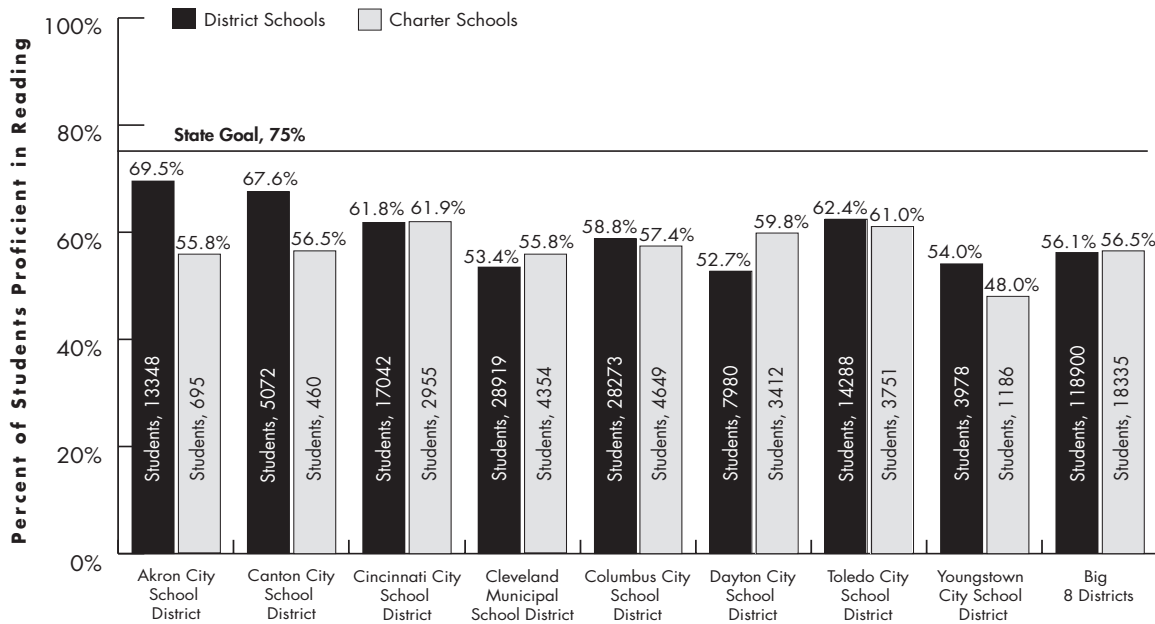
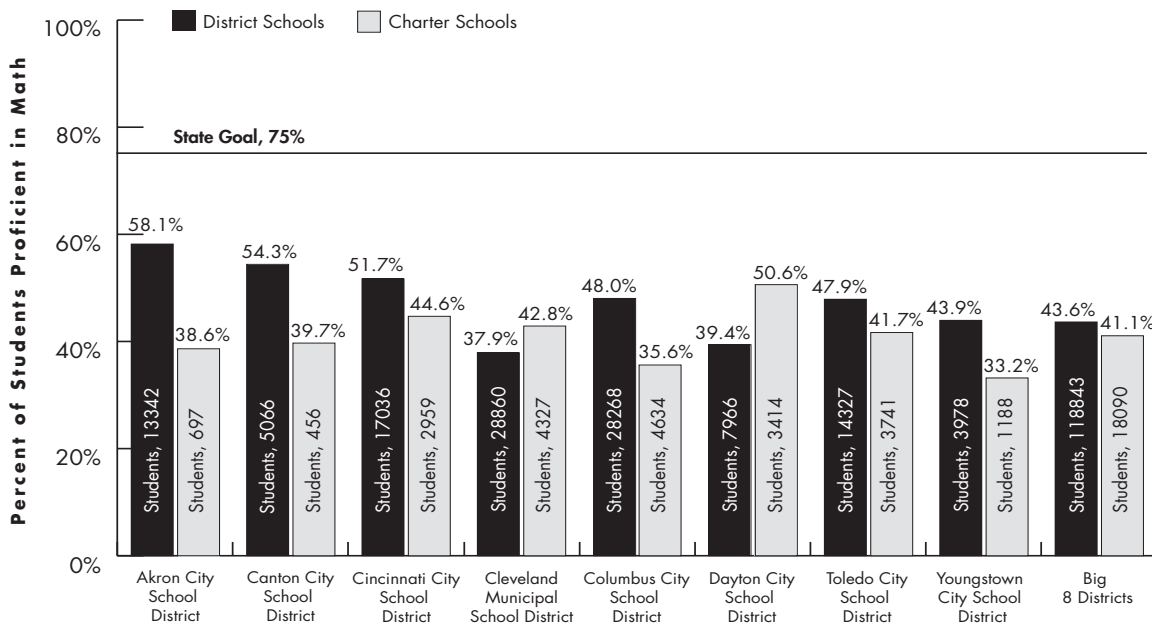


Figure 3: Individual Ohio Eight District Scores: Charter and District Students Passing Ohio's Math Test, 2005-06



Note: Grade-level data (grades 3-8 and the Ohio Graduation Test) provided by ODE Office of Community Schools, with district-wide percentages for district and charter schools tabulated (and weighted as appropriate) based on those data.³

Figure 4: Aggregate Ohio Eight District Scores: Charter and District Students Passing Ohio's Reading Test, 2001-02 to 2005-06

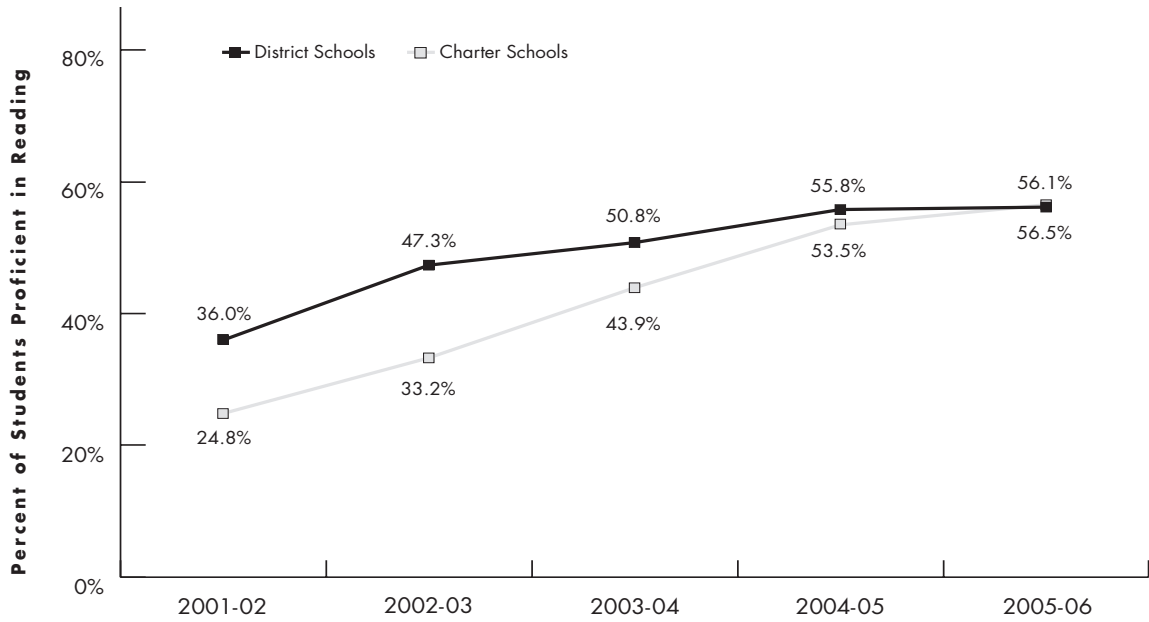
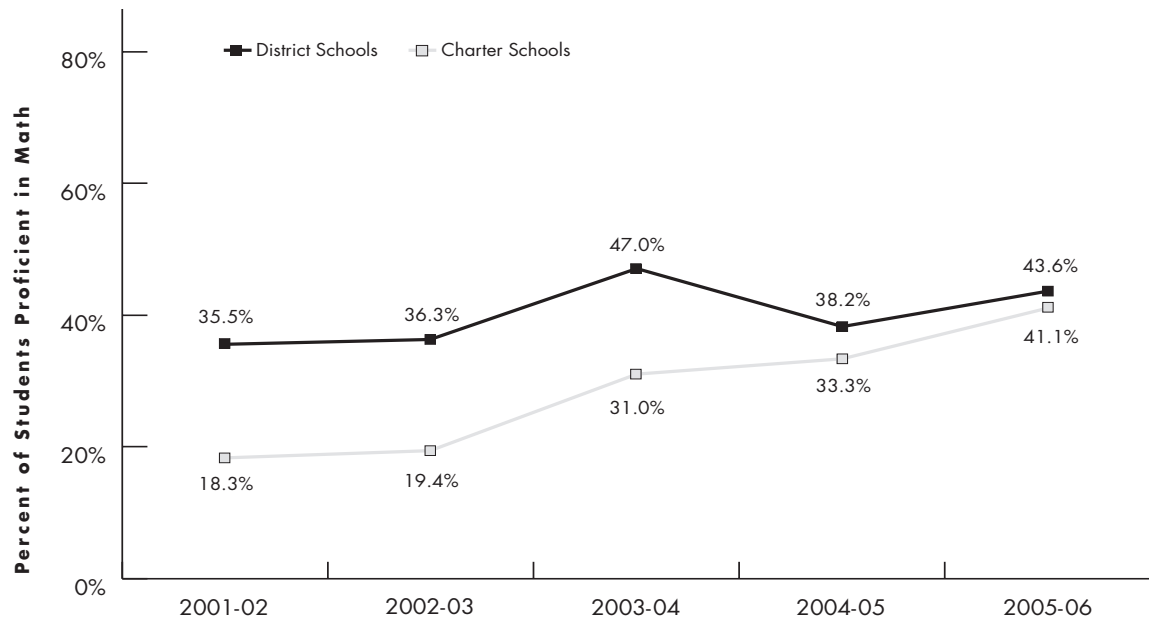


Figure 5: Aggregate Ohio Eight District Scores: Charter and District Students Passing Ohio's Math Test, 2001-02 to 2005-06



Note: All data for this chart were tabulated from data drawn from the ODE website <http://www.ode.state.oh.us>. The district proficiency rates include the Ohio Eight district rates weighted by the percentage of charter students in each district and in each grade (grades 3-8 and the Ohio Graduation Test).⁴

Table 3: Evolution of Chartering in Ohio

Date	Key Actions
June 1997	Charter school program begins. Conversions allowed statewide. Start-up charters piloted in Lucas County. Two sponsors: University of Toledo and Lucas County ESC.
August 1997	Authority to sponsor start-up charters expands to Ohio Eight urban districts; State Board added as a sponsor.
1998	First charter schools open.
1999	Authority to sponsor start-up charter schools expands from Ohio Eight to the 21 largest districts and those rated in Academic Emergency.
2000-01	The State Board of Education adopts policy statements (June, 2000, January, 2001, and November, 2001) to further define support and direction for charter schools in areas of start-up, governance, capacity building, and school accountability.
2002	State auditor Jim Petro releases extensive report urging expansion of sponsorship to include a variety of institutions.
2003	<p>House Bill 364 caps start-up charter schools at 225, ends State Board’s role as a sponsor, and increases pool of eligible sponsors. Office of Community Schools created within ODE. Location of start-ups limited to the Ohio Eight, districts in Academic Emergency and Academic Watch and those in Lucas County. State Board directed to develop guidance for the operation of e-schools (i.e., internet-based charter schools).</p> <p>House Bill 364 also requires ODE to prepare an annual report [not to be confused with the annual local school report card (LRC)] detailing effectiveness of academic programs, operations, and legal compliance and of the financial condition of all charter schools.</p>
2005	House Bill 66 caps on schools and sponsors, imposes a moratorium on e-schools until governing standards are established; and requires a fall/spring assessment system for low-performing and new charter schools, with the State Board directed to adopt rules for its implementation during 2006-07.
2006	House Bill 530 delays additional charter school assessments to 2007-08.