



# Providing **Quality Choice Options** in Education



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State policy leaders are concerned that the current supply of schools is not successfully educating all students to meet achievement goals set by the state. States have identified approximately 20,000 schools that did not meet expectations for adequate yearly progress and more than 11,000 schools that failed to meet adequate yearly progress targets for two consecutive years.<sup>1</sup> Increasingly, policy leaders are concluding that providing quality education options can raise student achievement and improve existing schools.

Governors are looking to maximize public investment in education. They want to ensure that students attend schools that meet their learning needs and that more students graduate from high school ready for success in postsecondary education and the workplace. Given the slow pace of achievement and graduation rate improvements, many policymakers have decided that providing assistance to existing schools and assessing the results of their work with students are not enough. These policymakers have begun giving families and students greater choice in education options. They believe different education options can help meet the goals of improved student achievement and higher graduation rates, meet *No Child Left Behind Act* (NCLB) requirements to offer choice options, encourage innovation and improvement across the education system, satisfy parental demands for options, and reduce segregation by race and income.

Education options have expanded under state leadership, and students and their families can select from a myriad of choices. Under these options, students may attend:

- **public schools** other than their assigned neighborhood school, either in the same district or a nearby district;
- **magnet schools**, which are public schools for students from different districts that often offer a thematic curriculum, such

- as mathematics, science and technology, or the arts;
- **charter schools**, which are fiscally independent public schools that operate under a performance contract; or
- **private schools** through publicly funded scholarship programs available in some locations.

In addition, some students have access to course options through:

- **virtual schools** that offer courses via technology; and
- **dual-enrollment programs** that enable high school students to enroll in postsecondary courses and earn college and high school credit simultaneously.

Between 1993 and 2003, the percentage of students in grades 1–12 choosing to attend a public school other than their assigned public school increased from 11 percent to 15 percent, while the percentage attending assigned public schools decreased from 80 percent to 74 percent. The percentage of students attending private schools also increased during this period. This increase, however, was smaller than the increase in the percentage of students attending a public school other than their assigned public school.<sup>2</sup>

Research on the effectiveness of choice options in improving student achievement is inconclusive, though some options have been shown to have positive effects on participants' achievement. Many choice programs are either too new to show results or their impact on student achievement has not been studied.

This publication is for states that are interested in employing choice options. Several states are seeking to enhance these education options to meet various goals, including creating a competitive environment that drives all schools to improve performance. Research and best practices to date suggest that certain finance policies, program design elements, and accountability measures can be used to promote these options.



## Policies That Promote Choice

Governors and policymakers interested in expanding choice options will need to consider what policy levers to use and what assistance to offer education providers. To increase the availability, accessibility, and viability of choice options, states can pursue these strategies.

### **Provide equitable funding for all education providers.**

When the state uses the same weighted per-pupil funding mechanism for all education providers, it can ensure that all education options are equally funded.

### **Adopt school-based funding mechanisms.**

When the state uses a funding mechanism that enables money to follow students to their schools, education resources can be more equitably distributed.

### **Increase the state share of K-12 education funding for choice options.**

When the state covers a larger proportion of per-pupil expenditures for choice options, funds are more portable and can more easily travel across district boundaries to different education providers.

### **Offer new choice providers revenue for planning, startup, and facilities.**

By providing these resources, a state enables choice providers to use more of their per-pupil operating funds to deliver a high-quality education option.

### **Strengthen and broaden charter laws.**

States can increase the number of charter school options through laws that do not place a cap on the number of schools, that allow multiple entities to approve and start schools, and that create an appeals process for rejected charter school applicants.

### **Build the capacity of choice providers.**

States can help ensure that providers of education options have the capacity to handle program, financial, and administrative responsibilities by supporting the training of leaders and the provision of technical assistance to these providers.

### **Support transportation costs for choice participants.**

In many locations, and particularly for low-income students, meaningful choice can only be realized if the state helps ensure transportation is provided.

### **Offer tuition assistance for choice participation.**

By providing state tax or financial assistance for students to attend private or parochial K–12 schools, or to take college courses while still in high school, more students can access these options.

### **Make attending school in a nonresident district an option for more students.**

State policy can encourage or require resistant districts to accept nonresident students.

### **Expand eligibility for students to take college courses while in high school.**

States can open dual-enrollment programs to more students by being flexible in defining which students are prepared for college-level coursework.

### **Increase the availability of virtual course offerings.**

State-sanctioned virtual (cyber) options can greatly expand the variety and depth of courses available to students, particularly in rural areas.

## Policies That Help Ensure Quality Choices

Growing a supply of education options is one step in promoting choice, but it is also important for states to help ensure those options are of high quality. Good performance information for families, schools, and policymakers makes effective choices possible and can improve the quality of all education options. States can pursue these strategies to hold choice providers accountable.

### Measure academic achievement consistently.

When all students are required to take the same state tests, families and policymakers can make valid comparisons of education options.

### Include measures of progress in accountability systems.

Students who choose to attend a choice option come with varying levels of academic proficiency. State accountability systems that reveal how much value is added can help families and policymakers evaluate the effectiveness of various options.

### Create a data collection system that tracks students across options and provides timely results.

Building a more sophisticated state data collection system enables parents and policymakers to assess the effectiveness of education options.

### Provide families with good information about education options.

States that incorporate into their report cards information about school performance and other factors (e.g., class size, school safety, curricular focus, and teacher qualifications) enable families to make informed choices about education options for their children.

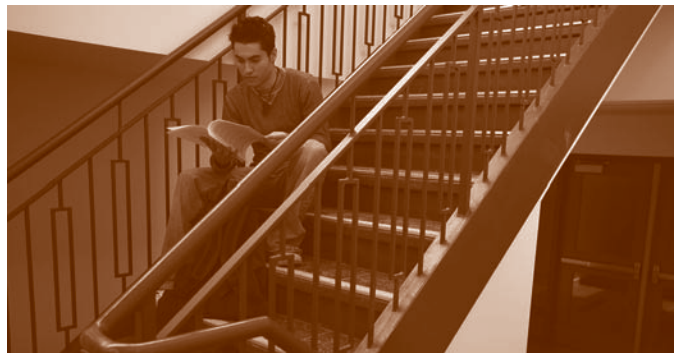
### Include consequences for failure.

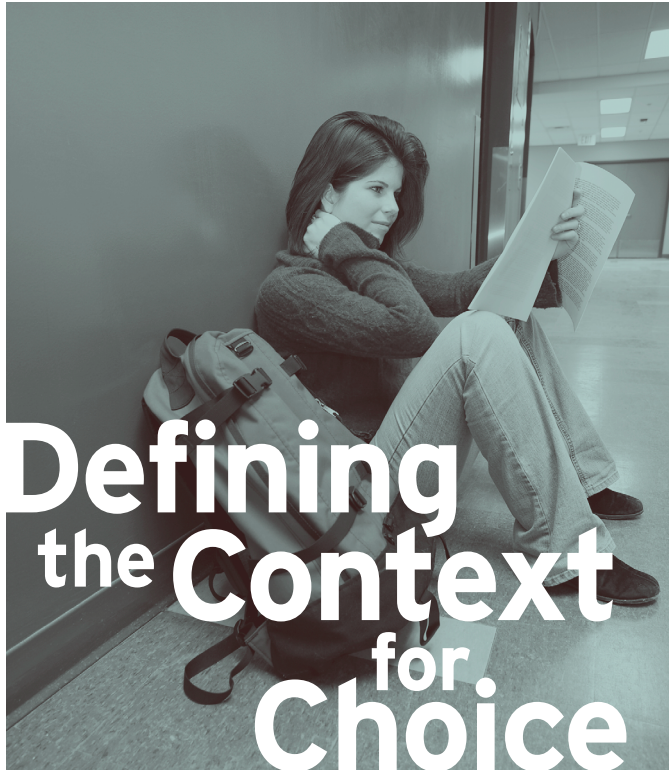
States can offer assistance for failing education options and use closure, takeover, reconstitution, and other kinds of sanctions in their accountability system.

### Share information about successful educational approaches.

Good performance information enables states to identify exemplary models and share best practices.

Many of the recommended strategies move states toward including a continuum of choice options in their education system in a coherent manner. In creating a vision for education that incorporates multiple options, states will need to decide which forms of choice are feasible or appropriate. States may also need to implement changes incrementally and cushion the short-term financial impacts of these changes.





**M**any governors and state policy leaders are concerned that the current supply of schools is not successfully educating all students to meet achievement goals set by the state. States have identified approximately 20,000 schools that did not meet expectations for adequate yearly progress and more than 11,000 schools that failed to meet adequate yearly progress targets for two consecutive years.<sup>3</sup> Research on student achievement gains since the enactment of the *No Child Left Behind Act* has concluded that most states are moving in the right direction in reading and math in elementary school grades. Yet, in many places, the pace of improvement is too slow to ensure all students will be proficient in reading and math by 2014.<sup>4</sup> Nationwide only 71 percent of ninth-grade students graduate from high school on time and, worse, only slightly more than 50 percent of black and Latino students graduate.<sup>5</sup> Of the three-quarters of high school graduates who pursue postsecondary education, nearly a third must take remedial education courses.<sup>6</sup> Governors are looking to maximize public investment in education. They want to ensure that students attend schools that meet their learning needs and that more students graduate from high school ready for success in postsecondary education and the workplace.

Given the slow pace of achievement and graduation rate improvements, many policymakers have decided that providing assistance to existing schools and assessing the results of their work with students are not enough. These policymakers have begun giving families and students greater choice in education providers, and families and students have responded. The past decade has seen a substantial increase in the use of choice options.

In 2003 12.5 million children attended schools other than their assigned public school; of those, 7.4 million children chose other public options.<sup>7</sup> Although only a small percentage of students take advantage of provisions that allow them to attend a school other than their neighborhood school, this percentage is increasing. Further increases are likely as the transferability provisions in the federal *No Child Left Behind Act* motivate states to introduce new choice options and encourage new providers to enter the marketplace. Across the nation, students and their families can select from multiple choice options, including dual-enrollment programs and magnet, virtual, and charter schools (see “What Is Meant by Choice?” on page 8).

## Which State Education Goals Can Choice Address?

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Policymakers can select from multiple choice programs to meet various state education goals, primarily the goals of improved student achievement and higher graduation rates. It is important for state policymakers to think about choice programs as part of a coherent and comprehensive public education system. Choice options can address these state education goals.

- **Improving academic achievement and increasing graduation rates.**

Even while striving to make existing schools better, policymakers are trying to get needed results by creating different and potentially better education options.<sup>8</sup> Research shows that some options have resulted in improvements in academic achievement and graduation rates in some states and, in some cases, have stimulated changes in traditional district schools (see “Appendix A: Selected Research on Choice Options”).

- **Providing high-quality options for students who attend schools identified as “in need of improvement.”**

The *No Child Left Behind Act* codified the need for high-quality options, requiring districts to make them available to students who attend schools identified as “in need of improvement.” Analyses point to a significant gap between the supply of these options and the demand for them in most districts. In many large cities, only a small percentage of the transfer requests allowed under the law are being fulfilled.<sup>9</sup> For this demand to be met, states must work to increase the supply of higher-performing schools from which families can choose.

- **Encouraging innovation across the system.**

By affording authority and flexibility to education providers to design and implement different education practices, states can foster an environment where promising new approaches can be incubated and replicated. Successful innovations can be shared with the traditional system or deliberately and purposefully scaled up to reach more students. Competitive pressures brought to bear by choice can also spur district schools to be more open to change and to develop new ways of educating students.<sup>10</sup>

- **Satisfying parental demands for education options.**

When choice spurs the creation of more effective, innovative options inside and outside the district system, students and families are more likely to find an option that matches their needs. Parents who choose the schools their children attend are more satisfied with the schools their children attend than are other parents.<sup>11</sup> Providing various education options, including both traditional and innovative models, can also help maximize student achievement by ensuring that students who learn better in different ways have appropriate options.

- **Creating an environment that encourages all education providers to improve.**

By improving the quantity and quality of choice options, states can create new competitive pressure for schools to improve systemwide. Some research points to positive system effects when district-run schools face real competition.<sup>12</sup> However, if only very few or low-quality options exist for students, district-run schools will feel limited pressure to respond in positive ways.

- **Preparing students for postsecondary education.**

States are increasingly concerned about the growing number of students who are not adequately prepared to enter postsecondary institutions when they graduate from high school. Postsecondary education is a significant determinant of future economic well-being for students and can have an important impact on the economic vitality and productivity of a state.<sup>13</sup>

- **Reducing segregation by race and income.**

Many urban areas have been under significant pressure and, in some cases, under a court order to reduce segregation and its negative impacts. Although some areas have been forced to desegregate through mandatory programs, many have responded with voluntary programs that entice students with diverse backgrounds to attend schools outside their neighborhood.<sup>14</sup>

## How Can Choice Programs Help Achieve State Education Goals?

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Not all choice programs will be feasible or appropriate for every state. Governors will need to choose those approaches that will work best for their state. Given the state's priorities, education goals, and political landscape, some choice programs will be more suitable than others. Although all the programs can help improve student achievement, many of them also serve other purposes.

### Charter Schools

Charter schools can address many state education goals. These public schools are freed from some regulations in exchange for a commitment to improve student achievement. Usually they are open to all students, regardless of their resident district or academic proficiency, and often they are developed in geographic areas where parents and educators are dissatisfied with the current district school choices. Sometimes this dissatisfaction springs from persistent poor academic performance. In this way, charters can offer an education option to parents and help meet NCLB choice requirements. Charter schools are given the flexibility to respond to student needs in innovative ways and serve as laboratories for new approaches. To the extent charter schools compete with traditional district schools for students, they can also provide an incentive for other schools to improve.





To date, the evidence about better academic achievement for charter school students is inconclusive though encouraging.<sup>15</sup> Some state-level studies and multistate studies show charter school students outperforming their peers.<sup>16</sup> Other research shows similar or lower levels of achievement.<sup>17</sup> Effects depend on multiple factors, including state charter laws, funding levels, populations served, and how long the school has been in operation. Moreover, the lack of comparable measurements or a dearth of measurements that track progress in student performance limits comparisons between charter schools and traditional district schools. (See “Appendix A Selected Research on Choice Options.”)

### Scholarships and Vouchers

With voucher programs, parents and students can be provided a scholarship that can be used at a private or parochial school. These scholarship programs could be targeted to low-income students or specifically linked to NCLB provisions. Under this approach, low-income students in persistently underperforming schools—as defined by the state accountability plan developed under NCLB—would be given vouchers to attend participating private schools. Some research shows the threat of voucher competition can spur underperforming schools to improve at a greater rate than underperforming schools that are not facing such a threat. Some random assignment studies also indicate higher levels of achievement for students attending private schools using a voucher.<sup>18</sup>

### Dual High School-College Enrollment

Better preparation for college, expansion of advanced coursework, and more choices can all result from the adoption of dual high school-college enrollment programs. Under these programs, students

attend all or part of their academic program at a postsecondary institution and receive both high school and college credit. Such programs spur the development of more advanced courses in district high schools as well as give high school students access to courses on college campuses.<sup>19</sup> Few states have studied the effect of dual-enrollment programs on academic achievement. **Florida** found that high school students who participated in dual-enrollment programs at a community college earned higher grades when they enrolled in a state four-year college. An analysis of **Utah** students who participated in one campus’ dual-enrollment program found them more likely to earn a B average, have a 90-percent attendance rate, and receive positive teacher recommendations.<sup>20</sup> By accelerating students’ time to degree, dual-enrollment programs can also save states money.<sup>21</sup>

### Interdistrict Open Enrollment

Interdistrict choice programs give parents and students more education options by allowing students to attend school in a nonresident district. Such programs can be designed to reduce segregation by race and income, enabling urban students to attend school in surrounding suburbs and suburban students to attend school in the inner city. Neighboring districts can also be an important source of higher-performing schools for students offered this option. Competition induced by this form of choice can encourage surrounding districts or schools within a district to improve the variety and quality of their educational offerings. These programs have not been designed primarily to improve achievement, so states have not measured their impact on student achievement. Use has been increasing, however. For example, some midwestern states with mandatory programs report a more than fourfold increase in participation since the programs started in the late 1980s and early to mid-1990s.<sup>22</sup>

## Magnet Schools

Interdistrict and intradistrict magnet schools, though designed primarily to reduce segregation, can provide an important option for students and parents and create competition-induced improvements. In many cases, these schools offer specialized education (e.g., mathematics, science and technology, or the arts) and aim to attract students from a broad geographic area and voluntarily desegregate students in the process. Some magnet schools have succeeded in their efforts at desegregation, but evidence about their academic impact is scarce.<sup>23</sup>

## Virtual Schools

Virtual schools use the Internet and computer technology to expand education options for students. In many cases, these programs expand the course offerings available to students, particularly in rural areas. Such programs can grant degrees and provide a student's entire education. These programs can also be used to provide more advanced coursework. A recent meta-analysis conducted on the effects of distance learning on student outcomes found this type of education produced superior results in some cases and inferior results in others, but on average virtual learning proved to be at least as effective as traditional classroom instruction.<sup>24</sup>

## What Is Meant by Choice?

**"Choice"** is used throughout this publication to mean decisions that families in most states can make about where their children will be educated and which education providers will receive public funding.

- Intradistrict and interdistrict choice are two forms of **open enrollment** that allow students to attend public schools within or across district lines. Sixteen states require districts to allow students to attend school in a nonresident district and 28 states allow districts to choose whether to participate.<sup>25</sup>
- Some states provide funding for public **magnet schools** that enroll students from different districts. Often these schools offer specialized instruction and are developed around a curricular theme (e.g., mathematics, science and technology, or the arts). They are designed to attract a variety of students, often with the intention of promoting desegregation efforts in urban areas. More than 1 million students attend more than 4,000 magnet schools and programs nationally.<sup>26</sup>
- **Charter public schools** are freed from some regulations in exchange for a commitment to improve student achievement. Currently, they are operating in 40 states. Charter schools, led by educators, families, community groups, or private organizations, sign a performance contract with an authorizing organization. If the charter school's contract terms are not met, including student achievement levels, the authorizer can close down the school. Because charter schools are fiscally independent, they must attract students to remain open. Approximately 3,400 charter schools educate approximately 1 million students nationally.<sup>27</sup>
- A few states make **private and parochial schools** a more viable option to families in two ways. Publicly and privately funded vouchers are provided to families or an institution to cover the expenses for a student's attendance at a private or parochial school. Most voucher programs target special populations (e.g., low-income students, low-performing students, and students with special needs) or aim to meet the educational needs of students who live far from a public school. Three states have publicly funded voucher programs. Some states allow families that send their children to private schools to take tax credits or deductions. States also offer tax credits and deductions to individuals or businesses that contribute to organizations granting students scholarships to private schools. Seven states provide a tax credit for various educational expenses, including books, materials, and sometimes tuition.<sup>28</sup>
- **Dual-enrollment programs** allow high school students to enroll in postsecondary courses and earn college and high school credit simultaneously. Programs in 18 states require high schools to inform students about dual enrollment and accept some or all credit toward high school graduation. In states with voluntary programs, secondary and postsecondary institutions have the option to participate. Seven states pay postsecondary tuition directly.<sup>29</sup>
- States have used the Internet and computer technology to enhance **virtual education** options. Twenty-two states have established a virtual school and sixteen have at least one cyber charter school.<sup>30</sup> Twenty-five states allow for the creation of cyber charter schools.<sup>31</sup> It is estimated between 40,000 and 50,000 students, primarily at the high school level, participated in at least one online course in 2001-02.<sup>32</sup>



Education systems in most states were not designed to encourage multiple education providers or facilitate student movement to different providers. Several challenges have emerged as states have added new choice options and competitive pressures to a system that was originally designed to provide education exclusively through school districts. **As governors employ choice to address goals such as improving student achievement and raising high school graduation rates, they will likely encounter challenges such as:**

- an inequitable distribution of education resources;
- a lack of funding portability;
- limited pressure to improve; and
- disincentives for participation among new education providers and students.

## Current Financing Mechanisms Can Result in an Inequitable Distribution of Education Resources

Current state policies that fund school districts, rather than schools, can lead to an inequitable distribution of resources. Traditionally, state funding policies have channeled money for education to local

school districts and relied primarily, or exclusively, on districts to provide public education. Districts usually decide which programs to offer and assign students to schools based on where they live. Most districts allocate a specific number of staff positions to schools instead of a defined amount of funding. When the most-experienced and higher-paid teachers choose to teach in the schools with the fewest disadvantaged students, more resources are in effect allocated to schools with fewer challenges. This can result in significant funding disparities among schools within a district and in students with the greatest needs receiving the fewest resources.<sup>33</sup>

For education options such as charter schools and voucher programs that do not receive funding through typical per-pupil funding mechanisms, limited state or district funding can mean that these education options must operate with fewer resources than their district counterparts. Charter schools in some states receive just the state share of operating expenses, rather than the state and local revenue shares that other public schools receive. Compounding these financial limitations, many charters lack access to local district funds raised for capital improvements and have limited access to the capital market. This forces many of them to use some of their operating funds or to seek private funds to locate, equip, and maintain facilities.<sup>34</sup> In most voucher programs, the scholarship amount a student receives is much less than the full state per-pupil expenditure.

## Current Funding Systems Hinder Student Mobility and Resource Allocation Among Education Providers

A funding system that is rooted in local financing is increasingly out of sync with notions of equity and student mobility across geographic boundaries.<sup>35</sup> Local communities have varying degrees of wealth, which can create inequities in education funding across a state. Most states have responded by equalizing local contributions. Under these equalized foundation funding approaches, part of the funding for every student still comes from local taxpayers. As more and more students take advantage of choice options and leave their neighborhood schools, the concept of education as a local responsibility has become blurred. Some state policies are even explicitly designed to move students from one district to another, usually to reduce segregation and ultimately improve achievement.

Increases in the variety of cross-district choice options and in the number of students participating in these options raise questions about taxpayer accountability and the appropriate role for state and local revenue sources. States will need to determine whether local taxpayers should be responsible for part of the costs when a resident student attends a school outside the district and how these funds will be transferred.

## Financing Approaches Can Limit Competitive Pressures to Improve

Current state-level funding mechanisms often do not include real financial penalties for failure with students. When the funding approaches for choice options limit the financial impact on districts or schools, the power of competition to encourage improvement can be significantly lessened. States sometimes limit the financial impact by allowing some revenue to remain with the student's original education provider. However, when districts lose all revenue along with students to other providers of education, some research shows that districts respond by improving their educational services.<sup>36</sup>

## Some Financing Approaches and Program Design Elements Create Disincentives for Provider Participation

When funding levels are low and restrictions and barriers to entry are high, relatively few providers will enter the educational market. For example, to the extent charter schools receive less funding per student than traditional district schools—sometimes as low as 75 percent of the amount other schools receive—the incentive to develop and operate this option is reduced.<sup>37</sup> (Of course, this lower level of resources also makes it more difficult to operate successfully.) When few options are developed, choice is not a reality for most students.

Starting a new school is extremely difficult and requires considerable time, energy, and other resources. Although many schools are eligible for some federal funding channeled through states, this level of support may not be enough to get school developers through the crucial planning and startup phases. New providers can also face serious cash flow issues during their first year because of payment schedules in many states that withhold substantial funding amounts until pupil populations stabilize in the fall and throughout the year.

Most providers outside the district public school system lack access to bonding and levy referenda and the lower interest rates accompanying these vehicles that traditional school systems use to finance facilities. Charter schools, for example, often must use per-pupil “instructional revenue” to fund their facilities.<sup>38</sup> On average they spend between 20 percent and 25 percent of their instructional revenue to repay loans and bonds. This compares with recommended levels of between 12 percent and 15 percent.<sup>39</sup> In addition to the significant financial burden this places on schools, efforts to conform to credit-worthiness criteria in order to lower interest rates or qualify for loans may have a negative impact on the type of program being offered. For example, many banks consider 500 students to be a minimum and push schools to grow quickly, even though many charter schools, particularly those serving the most disadvantaged students, are smaller by design.<sup>40</sup>

Educators start many choice options with strong ideas about how to educate students. Yet these options function not only as education institutions, but also as small businesses. In many cases, their leaders also take on administrative responsibilities typically handled by central school district bureaucracies. As a result, operators must handle complex financial and administrative arrangements for their school or program, often without support or training.

State laws vary greatly in the number of charter schools they permit, the types of authorizers they allow, and the processes for application approval. These provisions have considerable import for the number of charter schools in a state. Several states place caps on the number of charter schools. In many states, school districts are given the exclusive right to authorize charter schools, even though school districts that view charter schools as competition can be reluctant to sponsor charters. Although many local school boards are hostile to the potential competitive threat posed by charter schools, several states do not give charter applicants access to an appeals process if their application is rejected by the local school board.

Some dual-enrollment funding approaches do not cover costs for postsecondary providers. In a voluntary system, few postsecondary institutions are willing to participate in a money-losing proposition so student access is very limited. Vouchers, both privately and publicly funded, are being tried in a few cities but, to date, these efforts have been occurring on a small scale. Setting voucher amounts low and requiring private and parochial schools to accept the voucher as full tuition payment can limit the number of education providers that are willing to participate.



## Some Financing Approaches and Program Design Elements Create Disincentives for Student Participation

States have set various goals for choice options. Some states have targeted options to students in low-performing schools (see “Targeting Choice to Students in Low-Performing Schools” on page 18). Others have offered options more broadly in an effort to improve achievement systemwide. Many states have pursued both strategies. How a state chooses to structure its choice programs, however, can have a significant impact on whether the students the program is designed to serve will choose to participate.

For example, some state voucher, dual-enrollment, and virtual-school programs require an additional family or student contribution. This approach of setting low state funding levels and requiring families to pay some portion of tuition can discourage student participation, particularly among disadvantaged students.

In many locations, meaningful choice can only be realized if transportation is provided to all students. Many students, particularly low-income students, rely on publicly provided busing to get to and from school. Such transportation becomes even more important when students seek choices in a nonresident district. Research on efforts in **Minnesota** and **Wisconsin** to desegregate their largest urban districts through open-enrollment programs with neighboring suburban districts found that providing transportation increases minority participation greatly.<sup>41</sup> In Cleveland, Ohio, parents cite transportation as one of the top reasons for declining a scholarship under that city’s voucher program.<sup>42</sup>

In most states, dual-enrollment programs have been geared to students who are performing at high levels. Policies limited to academically advanced and highly motivated students are likely to exclude students who need an extra push to pursue postsecondary

education offerings. In addition, restrictive academic admissions requirements may dissuade students disengaged from traditional academic study from participating in dual-enrollment courses.<sup>43</sup>

Most states do not have mandatory open-enrollment programs under which all districts must participate. Even where participation is mandatory, districts are allowed to reject requests from nonresident students under some circumstances, such as lack of capacity and increased racial segregation. Many districts, particularly high-wealth, high-achievement districts, are reluctant to accept interdistrict transfers, and many districts reject nonresident students based on capacity.<sup>44</sup> In addition, most interdistrict open-enrollment programs allow choice at the district, not school, level, which limits a parent’s ability to select a particular school that might be the best match for a student’s needs.<sup>45</sup>

Virtual schools can greatly expand the variety and depth of coursework available to students, particularly in rural areas. Yet many states leave it to individual districts to negotiate agreements with private providers. Patchwork provisions can leave many of the most vulnerable students without such options or require them to foot some or all of the costs.

# Developing State Strategies that Facilitate Choice



The way governors and policymakers finance and structure school choice options can determine whether these programs will help the state achieve its education goals. As governors and policymakers work to expand and strengthen choice options in their state, they will need to consider what policy levers can increase the availability of choices as well as what assistance can be offered to build the capacity of education providers.

States can adopt all or some of these funding and program design strategies to encourage choice and support provider and student participation:

- use the same weighted per-pupil funding mechanism for all providers;
- adopt school-based funding mechanisms;
- increase the state share of education funding for choice options;
- offer new providers resources for planning, startup, and facilities;
- strengthen and broaden charter laws;
- build the capacity of education providers;
- support transportation costs for choice options;
- offer tuition assistance;
- increase the availability of interdistrict open-enrollment slots;
- expand eligibility for dual-enrollment programs; and
- increase the availability of virtual school offerings.

The implementation of these broad strategies will require careful design work in a state. Although this process can be complex and difficult, much can be learned from the experiences of other states that are highlighted under each strategy. In addition, states may want to implement cushioning provisions alongside the changes they make to their finance system to increase choice options. Such provisions can help ease short-term fiscal impacts and make the changes more politically palatable (see “Cushioning the Burden of Financial Shifts” on page 13).

## How Can States Expand and Strengthen Choice Options?

States interested in promoting choice can revisit their financing tools to ensure they treat all education providers fairly and equitably. They may also want to ensure their funding mechanisms enhance the portability of students and resources.

**STATE STRATEGY:** Use the Same Weighted Per-Pupil Funding Mechanism for All Providers to Ensure an Equitable Distribution of Education Resources.

Forty-three state funding systems recognize that some students are more expensive to educate than others.<sup>46</sup> Recognizing these cost differentials, most states fund districts through a per-pupil allocation system that gives school districts more resources for some students based on certain characteristics (e.g., special needs or low income).<sup>47</sup>

## Cushioning the Burden of Financial Shifts

Some states have limited the immediate impact for districts that are losing revenue because of student participation in choice options. For example, **Colorado, Florida, New Mexico, Oklahoma, Rhode Island, and Wyoming** allow the school district to keep a small portion of the operational funds allocated to charter schools to reduce the financial impact and cover administrative costs. The percentage the districts are allowed to keep varies, but it is usually about 5 percent. Districts in Colorado with fewer than 500 students can retain up to 20 percent. This policy recognizes the larger impact that loss of revenue can have on a very small district.

**Virginia, Wyoming,** and other states with dual-enrollment programs provide full funding to both secondary and postsecondary providers to offset any revenue loss resulting from program participation. This helps ensure that both high schools and colleges view dual enrollment as institutionally beneficial.

Some states have moved to create a more equitable funding system for their choice options by allocating resources to these options using the same weighted per-pupil formulas. For example, **Delaware** allows 100 percent of “computed” state funding based on the weighted state funding formula plus 100 percent of local funding based on the previous year’s expenditures to follow the student to the charter school. By funding the choice option based on the standard state formula, additional resources attached to students with certain characteristics are available to the education provider. In **Minnesota**, for example, a charter school receives state aid, grants, and revenue as if it is a school district. Similarly, **California** treats charter schools as districts, with 100 percent of state and school district operating funds following the student.

Dual-enrollment programs, which allow high school students to attend all or some of their courses in a postsecondary setting and simultaneously earn high school and college credit, can be funded similarly. **Minnesota, Texas,** and **Washington** move the appropriate proportion of per-pupil funding from the high school to the postsecondary provider. For example, if a student is completing 50 percent of his or her coursework at a postsecondary institution, 50 percent of the weighted per-pupil funding would stay in the district and 50 percent would be allocated to the postsecondary institution. This example also illustrates how money can follow a single student to multiple education providers.

Under interdistrict open enrollment, students can apply to leave their resident district and attend school in another “receiving” district. In states such as **Arizona, Colorado, Minnesota, Nebraska,** and **South Dakota**, full state funding follows the student to the receiving district. This approach is consistent, transparent, and pre-

dictable. The receiving district includes the open-enrolled student in its fall counts to the state, and taxpayers in the receiving district cover the local portion of the equalized foundation amount for that student.

## The Benefits of School-Based Financing

Many states have enacted some form of site-based management, but it may not be enough. Decentralized school management will not automatically improve schools.<sup>48</sup> The odds are improved, however, if certain elements are in place. Among those elements are that the system must “provide schools control over the budget and the power to reallocate current resources to more productive uses.”<sup>49</sup> Other elements include focusing on goals, involving teachers in decisionmaking, allowing schools to select staff, implementing schoolwide professional development, and rewarding effective behaviors.<sup>50</sup>

If a state is interested in seeing its districts move to similar models of building-based budgeting, it may want to consider enacting policies that encourage or require more building-based fiscal autonomy. Although top **California** education officials are considering state involvement and a mandatory plan has been proposed in **Colorado**, no state has yet to take this step.<sup>51</sup> Given the lack of state-level experience, looking to other countries may be instructive. Based on experiences in the 1990s in England and in Edmonton, Canada, and Victoria, Australia, school finance expert Allan Odden proposes a framework for converting to school-based funding systems. Under this framework, the state would mandate conversion but afford individual districts significant control over the process.<sup>52</sup>

Some states may want to take an interim step of requiring districts to report on revenue and/or expenditures by building. Reporting by building, such as **Florida** requires, enables states to track how equitably resources are being distributed within individual districts and makes it clearer to families, taxpayers, and policymakers how much money is going to provider sites rather than district services.

### **STATE STRATEGY: Adopt School-Based Funding Mechanisms That Lead to an Equitable Distribution of Education Resources.**

Most states allocate the majority of their elementary and secondary education resources based on per-pupil formulas, but how districts distribute this funding can lead to inequities. District policies often allocate staff positions, rather than weighted per-pupil dollars, to individual school buildings. In most districts, teachers with the best credentials, most tenure, and highest salaries choose to teach in school buildings with fewer educational challenges. The result is that schools

servicing more disadvantaged students receive fewer resources.<sup>53</sup> Many school-based funding systems also give building-level leadership more fiscal autonomy. With more fiscal autonomy, principals can address the unique needs of their students and community, respond to competitive pressures, and create more education options within the district system (see “The Benefits of School-Based Financing” on page 13).<sup>54</sup>

**STATE STRATEGY: Increase the State Share of Education Funding for Choice Options to Enhance the Portability of Students and Resources Among Education Providers.**

Some states have addressed portability explicitly as it relates to choice options by using state resources to fully fund student participation in these options. Under this approach, the state covers both the state and local portion of funding. For example, **Florida** uses state funds to fully cover the cost of participation in its statewide virtual school. Students in **Minnesota** charter schools also receive all their funding directly from the state. Direct state funding for choice participants can address portability issues that arise when money must be redistributed from local taxpayers in a resident district to an education provider in another district.

## How Can States Encourage and Support Provider and Student Participation?

States wanting to promote choice can offer resources and technical assistance to providers to encourage their participation. They can also offer supports to students to encourage their enrollment in different education options.

**STATE STRATEGY: Create an Incentive for New Education Providers by Offering Resources for Planning, Startup, and Facilities.**

Although most states receive and distribute federal startup funding for charter schools, some states have provided additional financial assistance to charter schools during the crucial planning and startup phases. States that want to create a supply of high-quality choice options can get more providers involved and increase the likelihood that schools get off to a strong start by assisting them financially during this critical time.

Ten states assist new charter schools through a grant for planning and startup or a low-interest/no-interest loan program to help with cash flow during the early years. In **Alaska** grants are provided based on \$500 per pupil. Other states, such as **Ohio**, only assist charter schools that do not receive federal money. **New Mexico** and **Oklahoma** have created incentive or stimulus funds to assist with startup. **Louisiana** has created a no-interest loan fund, and **Ohio** started a Community School Revolving Loan Fund for cash flow emergencies.

For charter schools, facilities can be a significant challenge. These schools lack access to the typical revenue streams for capital improvements and construction, so often they must resort to using operating revenue to fund facilities. Because many of them already are receiving less operating revenue, funding facilities from this pool of money can seriously compromise a school’s ability to provide a high-quality educational program. Some states have tried to address this challenge by assisting charter schools with facilities needs (see “Capital Ideas for Charter Schools” below).

Charter schools are not the only form of choice that struggles with facilities challenges. **Connecticut** allows interdistrict magnet schools to receive state financial assistance to construct and renovate buildings. Between two-thirds and three-quarters of the funds allocated to interdistrict magnet buildings would have been allocated to traditional district construction under Connecticut’s school construction program. However, the state has assisted its 45 interdistrict magnet schools with some additional funding—25 percent to 33 percent more.<sup>55</sup>

### Capital Ideas for Charter Schools

States such as **California**, **Minnesota**, and **Pennsylvania** provide lease aid to charter schools to offset a significant portion of facilities costs. Lease aid programs take several forms. California provides lease aid of up to \$750 per student, but it targets the relief to schools in low-income locations. For the 2004-05 school year, Minnesota charter schools are eligible to receive lease aid in the amount of the lesser of \$1,200 per student or 90 percent of the lease. This amount can be prorated based on state appropriations, however. Pennsylvania’s charter schools are typically reimbursed by multiplying their projected enrollment by a set aid amount—\$160 for elementary school students and \$220 for secondary school students. According to the state education department, in most cases this amount fully funds lease costs.

States also assist charter schools with capital costs using several mechanisms. **Colorado** provides up to \$332 per pupil to help qualifying charters with capital construction needs. Colorado and other states, including **California**, **Indiana**, **Michigan**, and **Texas**, help charters with capital construction needs through bonds, credit enhancement programs, and revolving loan funds, which allow charters to borrow money at more favorable rates to purchase, construct, or renovate facilities. In California, for example, a Charter School Revolving Loan Fund was created for charters prior to their first renewal. To lease and renovate facilities, these schools can borrow up to \$250,000 in multiple loans at a low, fixed rate.



In addition to providing financial assistance, states have promoted and encouraged shared facilities among schools, social service agencies, and other organizations to stretch tax dollars and provide better services for students and others in the community. The **North Carolina** Department of Public Instruction encourages and provides technical assistance on shared facilities, because this approach can reduce costly duplication of facilities and structures and enables underused schools to be utilized many more hours per day.<sup>56</sup>

### **STATE STRATEGY: Strengthen and Broaden Charter Laws to Help Increase Education Provider Participation.**

Forty states now have charter school laws.<sup>57</sup> Strategies to strengthen and broaden charter school laws include:

- eliminating caps on the number of charter schools;
- allowing multiple entities to authorize charter schools;
- establishing an appeals process for rejected charter school applicants; and
- allowing various routes to charter school status.

**Absence of Caps.** Several states, including **Arizona, Delaware, Florida, Georgia, Minnesota, New Jersey, Pennsylvania, and Wisconsin**, allow an unlimited number of charter schools. In these states, the charter option is potentially available to more students. States need to think carefully about appropriate regulations, particularly if the number of charters is unlimited. It is important to have an appropriate balance between an open charter school market and protections for students and public investments.

**Multiple Authorizers.** In many states, school districts are given the exclusive right to authorize charter schools. School districts that view charter schools as competition can be reluctant to sponsor charters. A healthy supply of charter options is more likely if the state and other authorizers can also sponsor charter schools. In states where local school districts do not have a monopoly on charter authorization, districts are more likely to improve existing programs and implement new educational programs and specialty schools.<sup>58</sup>

Several states, such as **Florida, Indiana, Michigan, Minnesota, and New York**, allow postsecondary institutions to sponsor charters. In limited geographic areas of **Missouri** and **Wisconsin**, specific postsecondary institutions can sponsor charters. In addition, the mayor of Indianapolis, Indiana, and the city of Milwaukee, Wisconsin, can sponsor charter schools. Minnesota nonprofit organizations with a fund balance of \$2 million can also serve as sponsors. Some states, including Michigan and Minnesota, allow intermediate school districts to sponsor charter schools. Nondistrict authorizers such as state agencies and postsecondary institutions are more likely to establish clear expectations, gather sufficient data, and make merit-based decisions about the charter schools they sponsor.<sup>59</sup>

Some states have allowed certain authorizers unlimited chartering opportunities while taking a more cautious approach to other authorizers. **Indiana**, for example, provides unlimited chartering opportunities for local boards and public universities, but the state caps the number of charters at five per year for the mayor of

Indianapolis. States can experiment in this way, if they are uncertain about how certain categories of authorizers will function. Other states have approached the same issue in different ways. Local boards, intermediate boards, and community colleges in **Michigan** can sponsor an unlimited number of charters. Yet state universities can only authorize up to 150 charter schools, with no more than 50 percent by one university. **New York** law provides for 100 new startup charters but unlimited charter conversions. The use of such creative approaches enables the supply of charter schools to grow and also provides political and regulatory balance.

Some states or their designee (e.g., a state chartering board, the state board of education, or the state education department) also serve as sponsors. In many cases, the state serves as a sponsor of last resort, because other possible authorizers, particularly local school districts, reject an application. For example, **Colorado** legislation established a nine-member state board to grant charters in communities where school districts resist or lack interest in charters. **Arizona** allows charter applicants to apply directly to a state authorizing board.

**Appeals Process.** Many local school boards are hostile to the potential competitive threat posed by charter schools, so some states give charter applicants access to an appeals process if they are rejected by the local school board. Charter applicants in 12 states can appeal the local school board's decision to the state. In these cases, the state can then serve as the sponsor. **Indiana** has set up a panel to review and approve rejected charter school proposals, but this board cannot serve as a sponsor. In Michigan applicants rejected by a local school board may have the question of their approval placed on the local ballot. **Idaho** created a seven-member gubernatorially appointed commission that has the authority to consider petitions from new charter school applicants that have been denied or referred by the district.

**Multiple Paths to Charter Status.** By allowing current schools, both public and private, to convert to charter school status and individuals or groups to start new schools, states can maximize options for students. Although conversions do not technically add to the supply, they may allow for the creation or continuation of innovative programs. **Alaska** law provides for the conversion of public and private schools to charter status, the chartering of new schools, and the chartering of home-based schools. **Arizona, Michigan, North Carolina, and Texas** allow the chartering of all of these, except home-based schools.

### **STATE STRATEGY: Build the Capacity of Education Providers to Participate in Offering High-Quality Options.**

States have been considering and implementing various approaches that build the capacity of choice providers to handle the complex responsibilities associated with starting and effectively running a school or program. These approaches include training leaders, offering technical assistance, and facilitating coordinated purchasing of services.

States can support the development of school leaders to ultimately improve the quality of the options these leaders create and run. They



can provide support directly or serve as a catalyst for getting other entities involved in technical assistance and capacity-building efforts.<sup>60</sup>

Statewide leadership development programs can be useful for traditional school leaders taking on new responsibilities in a more autonomous traditional school system as well as for those performing this role in choice options. States can follow the lead of some large urban districts such as New York City that have partnered with private or nonprofit programs, including New Leaders for New Schools. KIPP (Knowledge is Power Program) and Building Excellent Schools provide other models for how new leaders can be supported. For school leaders, these programs offer extensive training, field-based experiences such as internships, and ongoing support from mentors.<sup>61</sup> States can partner with established leadership development programs, create similar programs through universities, or establish such initiatives in their own education departments.

In most states that allow charter schools, multiple organizations provide technical assistance to them. Technical assistance comes primarily from resource centers and member associations. Various consultants, including educational management organizations such as Edison Schools, also are available to charter schools, usually for a cost. States can play a vital role in organizing and coordinating these sources of technical assistance to ensure important capacity-building needs are addressed. They can also help choice providers better understand how to work with consultants and determine the skills and knowledge providers must have to succeed. The **Arizona** Department of Education, for example, couples its special education enforcement efforts for charter schools with significant direct technical assistance.

Many states have some regional or intermediary service providers. As charter schools grow and other forms of cross-district choice are implemented, these providers can play an important role. In **Connecticut**, for example, regional organizations manage enrollment, transportation, and other coordination functions for some interdistrict magnet schools. States could consider supporting this kind of regional coordination effort to alleviate some of the districts' financial burden.

Small providers such as charter schools that do not have the financial capacity to hire staff to handle administrative and financial management functions sometimes tap regional or intermediary service providers to coordinate the resources of several schools to acquire services through joint purchasing. **Ohio** allows charter schools to make use of regional special education technical assistance centers created for the traditional system.

**STATE STRATEGY: Provide Support for Transportation Costs to Increase Student Participation.**

In many locations, meaningful choice can only be realized if transportation is provided to all students. If a state considers choice to be a part of a broader strategy to provide education options for low-income students, the lack of transportation can have a significant, negative impact. States have taken several steps to address this barrier and encourage students, particularly disadvantaged students, to participate in choice options.

In **Connecticut**, **Minnesota**, and **Wisconsin**, full cross-district or regional transportation is provided to low-income students who participate in regional urban-suburban, open-enrollment programs. States such as **Delaware**, **Washington**, and **Wisconsin** reimburse low-income families for costs associated with transporting their child to another district or require the resident or receiving district to reimburse families. Some states reimburse families based on mileage, up to a maximum amount.

Transportation of students participating in interdistrict open-enrollment programs in **Arizona** is the responsibility of families, unless the resident district is in academic distress. Targeting transportation to students from low-performing schools can enable them to attend a higher-performing option. This approach also helps districts meet NCLB requirements. Neighboring districts are an important source of options for students in failing schools, but without transportation choice is diminished. States can encourage cross-district choice by reimbursing parents for transportation costs or by requiring districts to make use of new or existing funds to provide transportation to students.

Some states, including **Minnesota** and **Pennsylvania**, require school districts to provide transportation to charter school students within district borders. In these states, the school district receives transportation funding from the state in the same manner it receives funding for transportation of other students in the district. In Minnesota, however, charter schools may use district transportation or receive a per-pupil allocation—\$223 in fiscal 2004—and provide their own transportation. If a charter school opts to use district transportation, the state pays the \$223 per pupil directly to the district.

Low-income families in **Florida** can apply for scholarships of up to \$500 to cover transportation costs associated with enrollment of their child in a public school located outside their district of residence. The scholarships are provided by not-for-profit scholarship funding organizations. Corporations can provide contributions of up to \$5 million, and donor corporations receive a dollar-for-dollar tax credit.

### **STATE STRATEGY: Offer Tuition Assistance to Foster Greater Student Participation.**

By providing financial assistance to families and students for private and parochial K–12 schools and public and private postsecondary institutions, states can make additional options available to students. These schools and institutions can be an important source of alternative high-quality providers for students in failing schools, as defined by the *No Child Left Behind Act*. Using tuition assistance to encourage more students to participate in education options ultimately helps ensure the long-term viability of these providers.

Dual-enrollment programs allow high school students to attend all or some of their courses in a postsecondary setting and, in many states, simultaneously earn high school and college credit. Such programs offer choice to high-performing students in most states. A few states, including **Utah**, and **Virginia**, pay a student's tuition directly. Several other states, including **Maine**, require the state, the high school, the postsecondary institution, or a combination of these to pay the tuition.<sup>62</sup> More students will likely participate in a dual-enrollment program if the student is not required to pay tuition.

**Florida**, **Ohio**, and **Wisconsin** now have a publicly funded voucher program.<sup>63</sup> If targeting such programs to the academically neediest students is the goal, states can consider a limited voucher plan, such as Florida's. Its A+ Plan gives students who are assigned to a failing school the option to attend a private school using state-generated funds to offset tuition costs. States can also choose to target financially needy students or, as in the case of Florida's McKay scholarship program, special needs students. Under the McKay program, students with special needs are given the opportunity to attend a private school or transfer to another public school if they are dissatisfied with their current school. (See "Targeting Choice to Students in Low-Performing Schools" on page 18).

Most states do not have publicly funded state voucher programs, but many have at least one private organization that provides tuition assistance to low-income students interested in a private or

parochial school education (e.g., Arizona's Scholarship Fund, the Children First Virginia Scholarship Fund, and the Independent Scholarship Fund serving California's Bay Area). **Arizona** and **Florida** provide tax credits for individuals that support scholarship-funding organizations. Arizona's tax credit program paid \$28.2 million in scholarships to 21,160 students in 2004. Florida's program allows corporations and taxpayers to contribute up to \$5 million to any single eligible nonprofit scholarship-funding organization with an overall limit of \$88 million on credits.

A different approach, found in states such as **Iowa** and **Minnesota**, is a credit for educational expenses incurred by the taxpayer. Iowa offers a tuition credit of up to \$250 for tuition or textbooks for each dependent attending a nonprofit school in the state. Minnesota's credit caps out at \$2,000 per family or \$1,000 per child. The credit, available to low-income taxpayers, also is refundable. This allows the taxpayer to receive the full amount even if he or she does not owe the full amount in taxes. **Arizona** provides the most flexibility, allowing its credit of \$500 to apply to a contribution to a scholarship-funding organization or for certain educational expenses incurred by the taxpayer.

### **STATE STRATEGY: Make Interdistrict Open Enrollment an Option for More Students to Pave the Way for Greater Participation.**

Nineteen states have some form of mandatory open enrollment among school districts. In these states all districts must participate, but many districts reject nonresident students based on capacity. This problem is particularly acute when students residing in urban, lower-income districts seek to enroll in schools in suburban, higher-wealth districts. Yet several states have taken steps to encourage more open enrollment slots and establish requirements to minimize arbitrary rejections.

A unique program in **Connecticut** encourages districts to create long-term open-enrollment slots when they construct new school buildings. The state provides school construction reimbursements to districts according to a wealth-based formula. Districts that create dedicated open-enrollment "seats" as part of their construction project receive a bonus on their reimbursement. Some districts in Connecticut have taken advantage of the program's incentives to create long-term open-enrollment capacity.

To prevent arbitrary rejections, some states have established guidelines for how districts can make acceptance decisions.<sup>64</sup> **South Dakota** requires each school district to adopt written policies "to establish capacity standards for programs, classes, grade levels, and school buildings in their district and/or set student/teacher ratios."<sup>65</sup> Districts may only use these capacity standards to determine a student's eligibility for open enrollment. Similarly, **Arkansas** and **Delaware** lay out for districts criteria for selecting students that take into account, for example, sibling preferences and capacity issues. **Arkansas** and **Utah** make it clear that districts cannot reject students based on previous academic performance.

Arizona’s open-enrollment program allows students to apply for enrollment in a specific school in a nonresident district. Schools within a district vary considerably, and a specific school may be a better fit for a particular student. Most interdistrict open-enrollment programs are district-based, and districts are given latitude to place a student in the school they deem available and appropriate. By allowing school designations, states afford students and their families the opportunity to make more refined choices.

### Targeting Choice to Students in Low-Performing Schools

In light of limited resources and political realities, some states have chosen to target choice options to students attending chronically underperforming schools. A few states that do not have mandatory interdistrict open-enrollment laws, for example, have made cross-district open-enrollment programs available for students in low-performing districts or schools. Under **Arkansas’** program, “Any student attending a resident district classified as being in academic distress shall be eligible and entitled to apply to transfer to another geographically contiguous nonresident district not in academic distress . . . .”<sup>66</sup> **Kentucky** and **Louisiana** also allow students in low-performing schools to attend a different school in another district.

If a state is interested in using private schools to increase the supply of high-quality options, particularly for the neediest students in the lowest-performing schools, the **Florida** approach offers an example of linking student eligibility for vouchers to accountability measures. Under its A+ program, only students in or assigned to a school that receives a grade of “F” for two years within a four-year period are eligible for opportunity scholarships. Students may use these scholarships to attend a higher-performing public school or a participating, approved private school.

### STATE STRATEGY: Expand Eligibility for Dual-Enrollment Programs to Enable Broader Choice Participation.

To maximize participation, 18 states now require dual-enrollment opportunities to be provided to students. High schools must inform students of their option to take college courses and must accept at least some credits earned in college toward high school graduation. Likewise, higher education institutions in these states are not permitted to deny access to students solely because they are still enrolled in high school.<sup>67</sup> Some states, however, have begun to think more broadly about which students might benefit from college-level coursework.

Although most states restrict their dual-enrollment program to high school juniors and seniors, **Alabama**, **Arkansas**, **Ohio**, and **South Dakota** allow some advanced freshmen and sophomores to participate. **Maine** takes another approach. Its two-tiered system allows any student—including freshmen and sophomores—with a 3.0 grade point average, course prerequisites, and school/parent permission to take dual-enrollment courses. Juniors and seniors need only high school and college permission.<sup>68</sup>

**Ohio** students interested in taking a dual-enrollment course must demonstrate advanced academic skills, defined as a 3.0 or better grade point average, in the specific subject. This approach recognizes that many students may excel in one subject, such as math, and allows the student to take more rigorous coursework in that content area.<sup>69</sup>

**Florida’s** dual-enrollment program has two tracks: one for academic courses, which requires a 3.0 grade point average for participation, and the other for technical courses, which has a 2.0 grade point average requirement. Enrolling students must also pass regular college-entrance proficiency exams.<sup>70</sup>

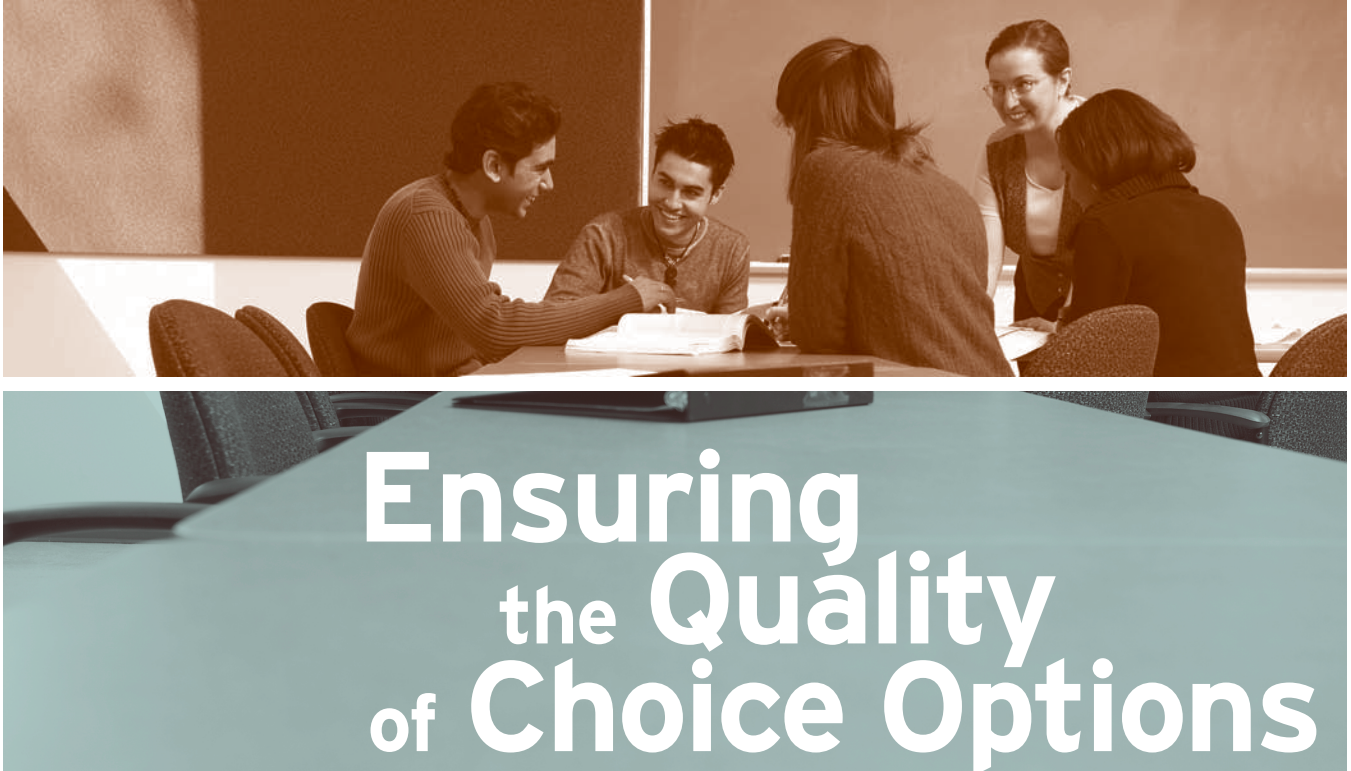
Twenty-one states allow dual-enrollment courses to be taken on a college campus or in a high school. Many students do not live near a postsecondary institution or lack access to transportation, so allowing programs to operate in the high school may increase student participation in this education option.

### STATE STRATEGY: Increase the Availability of Virtual School Offerings to Create New Opportunities for Learning.

Virtual schools can greatly expand the variety and depth of courses available to students, particularly in rural areas. These schools also offer an alternative learning approach, which may be especially effective with some students. States such as **Florida** and **Kentucky** operate their own statewide virtual schools. By covering all student participation costs, these states have lowered barriers to participation. In 2004–05, more than 21,000 students took advantage of this option in Florida. One-third of Advanced Placement enrollments through the Florida Virtual School involved students in rural, low-performing, or high-minority schools.<sup>71</sup>

Fourteen states have used their charter school law to create electronic options for students.<sup>72</sup> Cyber charter schools usually offer full academic programs, rather than discrete classes, to participants and offer some combination of on-site and electronic instruction. Some cyber charter schools serve elementary school students as well as students at the middle and high school levels.<sup>73</sup>

States have used different approaches for online course access for home-schooled students. Some states, including **Minnesota**, have limited the dollars available for these students.<sup>74</sup> Others, such as **Florida**, have encouraged home-schooled students to participate in online courses.<sup>75</sup>



# Ensuring the Quality of Choice Options

**G**rowing a supply of education providers is critical for choice to work effectively. It is also imperative that states ensure the choices offered are of high quality. Good performance information enables families, schools, and policymakers to assess the effectiveness of different options and make informed decisions about which to pursue.

## Why Is Holding Choice Providers Accountable Key?

A strong state accountability system can reveal whether choice providers are preparing students to meet achievement goals set by the state. In addition, this system can help determine whether the investment of public funds is producing a positive return. States also need to ensure students are protected from a health and safety perspective.

### Accountability Is the First Step to Raise Student Achievement

Although it is important to enact financing and program design policies that enable more education options, good information about how students are faring academically is also central to meeting the goal of improved student achievement. Collecting and sharing performance data has the potential to help ensure high quality in several ways.

- Families can choose the best possible school for their children.
- Schools can better understand individual student achievement levels and respond accordingly.
- Policymakers can identify low-achieving schools and respond through a combination of assistance and sanctions.
- Successful schools can be identified and their methods can be shared with other schools.
- Successful school models can be scaled up so more students have access.

### Accountability Ensures Wise Investment of Public Funds and Protection of Students

Education is one of the largest investments for states. During the past century, education funding has increased dramatically, as has the state share of this funding. Unfortunately, policymakers have not seen an accompanying dramatic improvement in student achievement. They appropriately question whether new outlays for education will produce a more positive return on investment. To justify additional state resources for choice, policymakers need to know that these options are of sufficient quality and that they can drive quality improvement in the larger public education system. Consequently, there must be accountability for academic results.

States also need to ensure the health and safety of students as well as the appropriate use of public funds. For example, charter schools in most states are required to meet the same health and safety regulations (e.g., for transportation, facilities, and food service) as tradi-

tional district schools. In addition to these health and safety regulations, charter schools must adhere to state and federal laws when serving students with disabilities. Finally, they are held financially accountable in various ways. Most states require charter schools to conduct annual audits and hold charter schools responsible for student counts that determine funding levels.

## How Can States Hold Choice Options Accountable?

States have defined and continue to refine the standards and assessments that serve as the basis of their accountability system. By including choice options in this accountability system, states can assess the effectiveness of these options and families can make informed decisions about their children's education. **In setting up this system, states may want to:**

- use a common test across all education providers;
- develop methods for assessing progress as well as absolute achievement;
- create an accurate and timely data collection and reporting system;
- implement consequences for failure; and
- share information on best practices.

### **STATE STRATEGY: Measure Academic Achievement Consistently to Enable Valid Comparisons of Choice Options.**

States may want to require *all* education providers receiving public funding to use the same test to measure academic achievement. Data consistency enables families and policymakers to make valid comparisons and understand better how various education options are performing relative to one another.

All states require charter school students to take the same state tests as students in the traditional public school system. States might also consider additional measures that allow students to demonstrate outcomes related to their school's unique goals. Multiple measures are important, and allowing schools to augment their performance data with measurements they believe best evaluate the skills and knowledge acquired by their students can help them demonstrate outcomes tied to their defined goals.

Some states have incorporated multiple measures into their reports on school progress. For example, in addition to results from the California Standards Tests, **California** includes results from a norm-referenced test and a high school exit exam in the Academic Performance Index calculated for each school in the state. **Florida's** annual report cards include multiple indicators of school status and performance, such as information about the percentage of all students performing at or above grade level, the percentage of all students making a year's worth of progress, and the percentage of "struggling" students making a year's worth of progress. **Connecticut** school districts include school-level achievement results in a special section of their profile.

### **STATE STRATEGY: Include Measures of Progress in Accountability Systems to Determine the Value Added by Choice Options.**

Many researchers and educators argue that an accountability system should focus on more than absolute achievement levels.<sup>76</sup> Students enter a school with varying levels of academic proficiency. Given this disparity, many say states should be concerned about how much value is added by a school. Families and policymakers need to know not only the absolute performance of a school, but also whether the students are making achievement gains and at what rate and in what program. Some choice options disproportionately serve low-performing and disadvantaged students, so including value-added measurements can lead to a more accurate portrayal of the academic accomplishment of their students.

Several states are exploring ways to incorporate value-added components in their accountability system.<sup>77</sup> **Tennessee** has been working with a value-added system for 12 years. The state's report cards and public Web site give schools a grade for absolute achievement levels and another for value-added results. Other states such as **Ohio** have recently passed laws requiring the incorporation of value-added components by 2006–07.

### **STATE STRATEGY: Make the Data Collection System More Valuable for Decisionmaking by Policymakers and Education Providers.**

In response to *No Child Left Behind Act* requirements and their own need for increasingly more sophisticated achievement data, states have begun to significantly upgrade and improve their data collection system. As states are doing so, they may want to think about how the data collection system can help maximize the benefits of choice. To perform the complex analyses required to ascertain value added, or to track students across education options, states need an appropriate data collection infrastructure. System design can also affect the timeliness of data needed for sound policy decisions and informed parental choice.

The National Center on Educational Accountability (NCEA) has been tracking state progress and "encouraging states to collect data that will enable educators and policymakers to answer fundamental questions about school improvement and meet federal and state reporting requirements."<sup>78</sup> NCEA calls for state data collection systems to include nine key elements. Among these elements are a statewide unique student identifier, student-level demographic data, and student-level test data. The combination of these elements would enable states to answer questions about the value added and cost-effectiveness of various education options for different students.

States such as **Florida** and **Michigan**, and some large urban districts such as Chicago, Los Angeles, and New York City, have systems that assign unique student identifiers and have the potential to track students and their progress over time and across schools. Many states are developing a similar system to help them address important policy

questions about options as well as better inform parental choice. **Georgia, Nebraska, and Oklahoma** all have contracts to construct an individual student-based system within the next one to two years that will enable schools and policymakers to run customized queries.

NCEA also recommends that states collect student-based course completion information at the secondary level. Collecting this data is one way to begin tracking the academic impact of dual-enrollment options. To date, little information has been collected about the relative impact of various college-preparatory options on students' high school achievement or readiness for college.

Having the right data is important, but having good information at the right time has many additional benefits. Operating in an accountability reporting cycle that involves weeks instead of months can enable families to make informed choices, districts and individual schools to make timely decisions about school improvements, and states to make school ratings available when families need them.<sup>79</sup> States can look at their contracts with testing companies to place a premium on reducing accountability cycle time.<sup>80</sup>

## Adding Context to School Report Cards

**B**esides the value-added measures and comparative school data found in some state report cards, states have added context to the school profiles in several ways.

### Facilitating Comparisons

**Colorado, Massachusetts, and North Carolina** make it easy for families to identify and compare education options using a Web site's clickable map. In Massachusetts, for example, clicking on a county from a map of counties brings up all options available in that geographic area, including charters and private schools. Each school name is then linked to its report card information, unless it is a private school. For private schools, only contact information is provided. Most state-level Web-based resources require a parent to know a school or district name, and often only district-run options are listed.

**California** has helped families make comparisons by selecting 100 similar schools based on various demographic data. A "similar schools rank" helps compare the ranking of the school in which they have an interest with that of similar schools. A full list of the 100 similar schools is also provided with report cards links. **Colorado's** report cards give families a linked list of nearby schools serving similar grade levels.

### Providing Supplemental School Information

States such as **Connecticut** offer schools an opportunity to include supplemental information in their profile/report card. Schools can add information about student achievement and efforts to reduce racial segregation. They can also provide any other information about the school that is not adequately covered elsewhere in the profile/report card.

### Raising Awareness of Choice Options

School profiles in **Massachusetts** and **Minnesota** inform families on whether the school accepts interdistrict transfers. Minnesota report cards also provide information about the number of transfers into and out of the district in which the school is located. **Florida's** report cards provide information about student eligibility for opportunity scholarships and NCLB options based on school performance.

### Understanding the Accountability System

Most states provide printed materials and Web-based assistance to families, particularly when it comes to understanding the adequate yearly progress process in the state. Some states summarize this information directly in the report card and provide electronic links for more detailed information. **Florida's** report cards link directly to this kind of information as well as more general information about how to critically examine school performance data and make informed choices.

### Providing Information in Multiple Languages

English is not the primary language for many families, particularly in metropolitan areas. A few states have provided achievement and choice information in multiple languages. **North Carolina**, for example, provides both report cards and supporting materials in English and Spanish.

### Assessing School Performance Progress

Another way states can enhance their report cards is to provide information about school performance progress. School performance progress can be displayed by providing trend data for individual schools. **California** uses annual school growth goals, and progress in meeting those goals is reported on the state report card.



**STATE STRATEGY: Provide Families with Good Information to Make Decisions About Choice Options.**

Families can be powerful allies in state efforts to hold schools accountable for results, especially when they have the ability to choose a higher-quality education provider for their children. Yet competitive market-style pressures do not work nearly as well in the absence of good information about quality. For families to make informed decisions about education options for their children, they need information about school performance and other factors (e.g., class size, school safety, curricular focus, and teacher qualifications). This kind of information is not meant to take the place of school visits, reference checking, and other important information-gathering activities. It is a crucial starting point, however, for families that must narrow the list of options or want to have a deeper understanding of an education option's performance. Families also need help with understanding and making use of information made available by the state.<sup>81</sup>

Under the *No Child Left Behind Act*, states must provide school report cards to the public. Districts send these report cards, which contain basic information about staff, students, and performance, to families of currently enrolled students. Some states, however, have taken steps to make the report card process more valuable to families, policymakers, and the public by including information on the available choices and the comparative performance of these options. Many states have made school report cards and profiles available in searchable formats on the Internet (see “Adding Context to School Report Cards” on page 21). States can also partner with nationally available Web sites to make high-quality information tools available to families (see “National School Performance Data Sources,” this page).

Governors can also take a leadership role in letting parents know that they have choices about where their children will be educated. They can launch a high-profile statewide campaign to ensure all parents are aware of their options and know how to select from and access those options.

**National School Performance Data Sources**

States can partner with national organizations to enhance the information they provide about their schools. In addition, these free publicly available sites include helpful decisionmaking tools for parents and policymakers. At [www.greatschools.net](http://www.greatschools.net) parents can find searchable school information for the 50 states and detailed profiles on public, private, and charter schools in **Arizona, California, Colorado, Florida, Texas, and Washington.**

Schoolmatters.com provides parents, educators, and policymakers with data about, and performance analyses of, individual public schools and school systems. The site includes achievement and spending data as well as comparison tools, benchmarks, and performance indicators. Schoolmatters.com is an initiative of the Education Data Partnership, a collaboration among the Council of Chief State Schools Officers, Standard & Poor's School Evaluation Services, Achieve, Inc., and the CELT Corporation, and is funded by The Broad Foundation and the Bill & Melinda Gates Foundation.

Thirty-four states have cooperated with the Just for Kids project of the National Center for Educational Accountability. At [www.just4kids.org](http://www.just4kids.org) families can look at the difference in proficiency levels between the selected school and the top comparable schools and performance growth or decline over multiple years.



## **STATE STRATEGY: Include Sanctions and Assistance to Improve Low-Performing Choice Options.**

Collecting and sharing performance data do not guarantee improved student achievement. When failure is indicated by the data, consequences must follow. In a state with a strong supply of high-quality options, the free movement of students and their resources to the best schools can be a powerful form of accountability. This competitive, market-based form of accountability can act in concert with the more traditional government-managed system of accountability. The *No Child Left Behind Act* demonstrates how these two forms of accountability can coexist. Under NCLB, states are required to set up a system for measuring achievement and implementing consequences for inadequate achievement. Consequences include traditional government-imposed measures such as assistance and sanctions (e.g., reconstitutions, takeovers, and closures). However, consequences under NCLB also require districts to offer students who are attending a Title I school that has been identified as “in need of improvement” the option to attend another school in the district that has not been so identified.

Most state accountability systems involve a “basic pattern of escalating intervention.”<sup>82</sup> In most states, charter schools are sanctioned and assisted in the same pattern as traditional district schools. In the first stage of this pattern, school achievement levels are measured and minimum standards are set. Schools that remain below that minimum threshold receive assistance. The final stages in this pattern involve more and more direct intervention, sometimes ending in reconstitutions, takeovers, or closures.

According to researcher Bryan Hassel, this approach successfully raises achievement in about one-half to three-quarters of the targeted underachieving schools.<sup>83</sup> However, additional measures are often required to deal with the minority of schools that continue to underperform. When it comes to more drastic approaches, such as closing a failing school, lessons can be learned from a decade of experience with charter schools and within the traditional system. More schools have been closed by charter authorizers than have been reconstituted by districts and states (see “Ensuring Quality: The Charter School Example,” this page).

In addition, NCLB requires school restructuring for schools that fail to meet the state’s adequate yearly progress benchmark for five consecutive years. Restructuring may involve contracting with an educational management organization; turning the school over to the state education agency, in states where this is legally permissible; or undertaking other major overhauls of the school’s governance. Although NCLB provisions place primary responsibility at the district level, it is likely state involvement will be necessary in many instances.

## **Ensuring Quality: The Charter School Example**

It can be argued that charter schools are the most academically accountable form of education. Not only are they accountable to the state through the traditional government system of testing and to families and students who can choose to stay or leave depending on their satisfaction level, they must also meet performance goals defined in their charter contract. Authorizers of charter schools can close a school for failure to fulfill this contract.<sup>84</sup>

The system of charter school authorization a state adopts can have a critical impact on the quality of charter schools in that state. According to the National Association of Charter School Authorizers, authorizers play three important roles. They guide the school development process, keep the focus on results, and uphold the public trust.<sup>85</sup> A study by the Fordham Foundation rated states based on the quality of their charter school authorizing systems.<sup>86</sup> Fordham suggests that states need to set up authorizing systems that encourage or require good practice in:

- application processes;
- approval processes;
- performance contracts;
- oversight;
- renewal and revocation; and
- transparency and internal accountability.

Based on extensive research of high-stakes decisionmaking by charter school authorizers, Bryan Hassel suggests that state policymakers consider the following.<sup>87</sup>

### **Allow nonlocal authorizers.**

Local school boards are more likely to be reluctant, “low-capacity” authorizers. Functionally, this means a “lack of clear systems for setting expectations, gathering information and making decisions.” Hassel also suggests that local board decisions are more often based on politics than merit. Finally, his research shows that high-volume authorizers are often high-quality authorizers.

### **Ensure authorizers have resources and capacity.**

High-quality authorizing requires financial support, and 42 percent of authorizers reported having no funding to conduct oversight. Some states, such as **Michigan**, have addressed this issue by allowing sponsors or authorizers to take up to 3 percent of state per-pupil revenues to cover oversight costs. States also have worked in other ways to increase authorizer capacity. For example, **Ohio**’s Charter School Sponsor Institute will support the development and training of authorizers. The Ohio Charter Schools Association and the National Association of Charter School Authorizers developed the institute in a partnership.



### Set up transparent accountability systems for authorizers.

States can consider more oversight of authorizers. Such attention can result in the design and execution of higher-quality systems by individual authorizers. Currently, there is very little focus on authorizers. Some states are starting the process of holding authorizers accountable, however. The **Ohio** Department of Education licenses authorizers. The license will be used to hold authorizers accountable for how they oversee charter schools. In **California** authorizers will be able to avoid liability by meeting oversight requirements being developed by the state.

### **STATE STRATEGY:** Share Information to Increase the Use of Successful Education Approaches.

An accountability system enables states to identify education options that are performing at high levels. Once identified, these options can serve as models for others. In addition, some choice options are designed to encourage the development of innovative approaches to education. To the extent these innovations are resulting in improved achievement, their methods may be valuable elsewhere in the state. States can speed up the cycle of improvement by making all education providers aware of approaches that increase student achievement. They can also take steps to identify models worthy of replication and organizations capable of scaling up these education options to serve more students.<sup>88</sup>

The U.S. Department of Education makes grants available to state education agencies to disseminate best practices of charter schools and traditional district schools. These grants, which are part of the federal Public Charter Schools program, enable states to share information in different ways. In many states, individual practices or approaches are selected and disseminated through meetings, workshops, technical assistance, and published information.

Other states have lists of top-performing schools, including both charter schools and traditional district schools, on their Web sites. Report cards for these schools can often be found in the same location or are specifically linked to the list. Although these lists are often statewide, states could enhance or expand these lists to include top performers in various categories (e.g., high percentage of low-income students or high percentage of students with special needs).

States may want to subscribe to the U.S. Department of Education's *Education Innovator* at <http://www.ed.gov/news/newsletters/innovator/index.html>. This electronic newsletter regularly shares information about successful innovations from around the nation. States could help disseminate information from the newsletter and/or create something similar at the state level via e-mail.

# Considering the Future of Choice



**D**uring the past two decades, states have taken the lead on efforts that have led to the standards and accountability movement and to improvements in teaching and learning. As states continue to look for ways to ensure a high-quality education system, choice is the next frontier.

Governors are well positioned to increase the supply and quality of choice options in their state. By using finance, program design, and accountability policy levers, they can increase the availability, accessibility, viability, and quality of options; encourage greater participation among both students and providers; and hold choice providers accountable for results.

As states act to expand and strengthen choice options, it is important to learn as much as possible from their operation. States can do this by ensuring rigorous evaluation and by making good use of their existing accountability system. If structured appropriately, this system can collect the information needed to make informed decisions as options are added and scaled up.

Choice options do not operate in a vacuum. They are part of the state's public education system, and they will likely be more effective

if they are not marginalized. Some choice options disproportionately serve students who have not been successful in the traditional system. In this way, these options fill a critical need—educating students most in need, those who have struggled in the traditional system. Yet many middle-class families also take advantage of charter schools, virtual schools, interdistrict magnet schools, and open-enrollment and dual-enrollment programs. Moreover, many of these education options have been shown to affect the way traditional districts do business, increasing the quality and number of intradistrict choices in the process.

In addition to considering the best ways to expand and strengthen education options for their state, governors can use their bully pulpit to let families know they have a choice about where their children will be educated. Particularly when choices span across districts, and many of them do, the state is uniquely positioned to provide crucial information. States can play an important role in publicizing education options.

States have a lot to learn from one another as they venture out further into the choice frontier. The best practices illustrated throughout this publication show that states are leading the way once again.

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- 81 Bryan C. Hassel and Emily Ayscue Hassel, *Picky Parent Guide: Choose Your Child's School with Confidence, The Elementary Years, K-6* (Ross, Calif.: Arm-chair Press, 2004).
- 82 Christopher Mazzeo and Ilene Berman, *Reaching New Heights: Turning Around Low-Performing Schools* (Washington, D.C.: National Governors Association Center for Best Practices, 2003).
- 83 Hassel and Batdorff.
- 84 National Association of Charter School Authorizers, *Principles and Standards for Quality Charter School Authorizing* (Alexandria, Va.: National Association of Charter School Authorizers, May 2004).
- 85 Ibid.
- 86 Louann Bierlein Palmer and Rebecca Gau, *Charter School Authorizing: Are States Making the Grade?* (Washington, D.C.: Thomas B. Fordham Institute, June 2003).
- 87 Hassel and Batdorff.
- 88 Hassel and Steiner.

## APPENDIX A: Selected Research on Choice Options

### Selected Research on the Achievement Effects of Charter Schools

**Bifulco, Robert, and Helen F. Ladd.** *The Impacts of Charter Schools on Student Achievement: Evidence from North Carolina.* Durham, N.C.: Terry Sanford Institute of Public Policy, Duke University, August 2004.

Research on North Carolina charters shows that “students make considerably smaller achievement gains in charter schools than they would have in public schools.” The authors found suggestive evidence that about 30 percent of the negative effect of charter schools is the result of high rates of student turnover. Available at: <<http://www.pubpol.duke.edu/people/faculty/ladd/SAN04-01.pdf>>.

**Bulkley, Katrina, and Jennifer Fisler.** “A Decade of Charter Schools: From Theory to Practice.” *CPRE Policy Briefs.* Philadelphia, Pa.: Consortium for Policy Research in Education, April 2002.

In a review of more than 50 studies on charter schools, the authors found mixed results on outcomes, with some charters showing positive achievement results. Charter schools have been more successful in moving students from low to moderate achievement levels. Available at: <<http://www.cpre.org/Publications/rb35.pdf>>.

**Gill, Brian, Michael Timpane, Karen Ross, and Dominic Brewer.** *What Do We Know About Vouchers and Charter Schools? Separating Rhetoric from the Reality.* Santa Monica, Calif.: RAND Corporation, 2001.

The authors noted a modest achievement benefit for African American students who participated in small, experimental privately funded voucher programs for one to two years. The charter school achievement results were mixed. The studies examined suggest that performance is not dramatically better or worse than public school achievement and that charter school achievement tends to improve after the first year of operation. Available at: <<http://www.rand.org/publications/MR/MR1118/>>.

**Greene, Jay, Greg Forster, and Marcus Winters.** *Apples to Apples: An Evaluation of Charter Schools Serving General Student Populations.* New York, N.Y.: Manhattan Institute for Policy Research, 2003.

This study compared charter schools serving similar populations in 11 states for one year. The authors found that math and reading test scores were higher in charter schools serving the general student population than in nearby regular public schools, with charter schools in Florida and Texas realizing the strongest gains. Available at: <[http://www.manhattan-institute.org/html/ewp\\_01.htm](http://www.manhattan-institute.org/html/ewp_01.htm)>.

**Hassel, Bryan C.** *Charter School Achievement: What We Know.* Washington D.C.: Charter School Leadership Council, January 2005.

In reviewing 21 studies that address charter school or charter school student performance over time, the researcher found that nine studies showed charters making larger gains overall than other public schools. Three studies showed larger gains for certain types of charter schools, five showed comparable gains in charters and other public schools, and three showed fewer gains in charters than in other public schools. The researcher also reports that five of seven studies showed that charter school performance improves as the schools age, while two showed no difference in achievement results overall between older and newer charter schools. Available at: <<http://www.charterschoolleadershipcouncil.org/PDF/Paper.pdf>>.

**Hassel, Bryan C., and Michelle Godard Terrell.** *The Rugged Frontier: A Decade of Public Charter Schools in Arizona.* Washington D.C.: Progressive Policy Institute, June 2004.

In a review of available charter school student performance data, the authors found charter schools performing well compared with district schools, with 40.4 percent of charters and 26.6 percent of district schools defined as highly performing or excelling. Charters also exceeded public schools in meeting adequate yearly progress requirements—62 percent compared with 55 percent. A longitudinal study of SAT-9 reading achievement also showed charter students progressing more rapidly than their district counterparts. Available at: <[http://www.ppionline.org/documents/AZ\\_Charters\\_0604.pdf](http://www.ppionline.org/documents/AZ_Charters_0604.pdf)>.

**Hoxby, Caroline.** *A Straightforward Comparison of Charter Schools and Regular Public Schools in the United States.* Cambridge, Mass., and New York, N.Y.: Harvard University and National Bureau of Economic Research, September 2004.

This national comparison of charter school students and students at neighboring schools found higher proficiency rates among charter school students. The study also found that in well-established charter schools, students’ proficiency advantage over demographically matched traditional school peers tends to be greater. Available at: <<http://post.economics.harvard.edu/faculty/hoxby/papers/hoxbyallcharters.pdf>>.

**Miron, Gary.** *Evaluation of the Delaware Charter School Reform: Year 1 Report.* Kalamazoo, Mich: The Evaluation Center, Western Michigan University, December 2004.

The evaluation used a matched student design. Analysis revealed that in the upper grades, charter students performed better than their traditional public school matches. At lower grade levels, differences generally were not statistically significant. Available at: <[http://www.doe.state.ed.us/docs/pdf/dedoe\\_charterschreform2004.pdf](http://www.doe.state.ed.us/docs/pdf/dedoe_charterschreform2004.pdf)>.

Miron, Gary, and Jerry Horn. *Evaluation of Connecticut Charter Schools and the Charter School Initiative: Final Report*. Kalamazoo, Mich.: The Evaluation Center, Western Michigan University, September 2002.

Using a cohort analysis, researchers found that charter schools are making stronger gains in student achievement than district schools. Absolute scores show them performing initially at lower levels, however. According to the researchers, elementary school performance is higher than secondary school performance, explained largely by the populations served at each level. Available at: <[http://www.wmich.edu/evalctr/charter/ct\\_cs\\_eval\\_executive\\_summary.pdf](http://www.wmich.edu/evalctr/charter/ct_cs_eval_executive_summary.pdf)>.

Miron, Gary, Christopher Nelson, and John Risley, with Carolyn Sullins. *Strengthening Pennsylvania's Charter School Reform: Findings from the Statewide Evaluation and Discussion of Relevant Policy Issues*. Kalamazoo, Mich.: The Evaluation Center, Western Michigan University, October 2002.

According to the researchers, charter schools in Pennsylvania usually score slightly lower than traditional public schools serving similar populations. However, trend analysis shows that charter schools are gaining ground on these demographically similar schools and are likely to catch up within three years. Available at: <[http://www.wmich.edu/evalctr/charter/pa\\_5year/](http://www.wmich.edu/evalctr/charter/pa_5year/)>.

Nelson, Howard F., Bella Rosenberg, and Nancy Van Meter. *Charter School Achievement on the 2003 National Assessment of Educational Progress*. Washington, D.C.: American Federation of Teachers, August 2004.

A comparison of a national sample of charter school students and a sample of the general noncharter student population found the achievement—based on the National Assessment of Educational Progress test data of charter school students “lagging that of traditional school students by a few percentage points. When analyses were refined to compare racially and economically similar students, performance was comparable. Available at: <<http://www.aft.org/pubs-reports/downloads/teachers/NAEPCharterSchoolReport.pdf>>.

Russo, Alexander. *A Tough Nut to Crack in Ohio*. Washington, D.C.: Progressive Policy Institute, February 2005.

This study examined available research on charter school student performance in Ohio and found generally lower performance. However, results varied from school to school and appear to be improving. A Legislative Office of Education Oversight analysis showed charter performance to be the same or lower than district schools, with a significant number of charters performing much worse than district schools. Available at: <[http://www.ppionline.org/documents/Ohioreport\\_0201.pdf](http://www.ppionline.org/documents/Ohioreport_0201.pdf)>.

Smith, Nelson. *Catching the Wave: Lessons from California's Charter Schools*. Washington, D.C.: Progressive Policy Institute, 2003.

This publication summarizes the results of three studies of California charters, including the RAND Corporation study by Gill et al. It concludes that while the average performance of charter schools remains lower than that of conventional public schools, charters do a better job of improving academic performance of at-risk students. The study also notes that charters older than five years performed better than the average public school. Statewide gains on the Academic Performance Index by charter high schools since 1999 were double those of other public high schools. Available at: <[http://www.ppionline.org/documents/CA\\_Charters\\_0703.pdf](http://www.ppionline.org/documents/CA_Charters_0703.pdf)>.

Smith, Nelson. *Texas Round-up: Charter Schooling in the Lone Star State*. Washington, D.C.: Progressive Policy Institute, February 2005.

After reviewing the overall achievement picture for charter schools in Texas, this report concluded that charter school students currently perform at lower levels than district school students. However, the research indicates that charter schools are making gains and narrowing the difference. Available at: <[http://www.ppionline.org/documents/Texasreport\\_0215.pdf](http://www.ppionline.org/documents/Texasreport_0215.pdf)>.

Solomon, Lewis, and Pete Goldschmidt. *UCLA Comparison of Traditional Public Schools and Charter Schools on Retention, School Switching, and Achievement Growth*. Policy Report No. 192. Phoenix, Ariz.: The Goldwater Institute, March 15, 2004. Findings indicate that, on average, Arizona charter school students began with lower test scores than their traditional public school counterparts and showed annual achievement growth roughly three points higher than their noncharter peers. Charter school students who completed the 12th grade surpassed traditional public school students on SAT-9 reading tests. Available at: <<http://www.goldwaterinstitute.org/pdf/materials/431.pdf>>.

The University of the State of New York and the State Education Department. *Board of Regents Report to the Governor and the Legislature on the Educational Effectiveness of the Charter School Approach in New York State*. Albany, December 2003. This analysis of New York charter schools showed that the rate of improvement for charter schools exceeded that of their home districts on state math and English language arts exams. The charter school students started with low baseline test scores, however. Available at: <<http://www.emsc.nysed.gov/psc/5yearreport/fiveyearreport.htm>>.

## APPENDIX A: Selected Research on Choice Options

Zimmer, Ron, Richard Buddin, Derrick Chau, Glenn Daley, Brian Gill, Cassandra Guarino, Laura Hamilton, Cathy Krop, Dan McCaffrey, Melinda Sandler, and Dominic Brewer. *Charter School Operations and Performance: Evidence from California*. Santa Monica, Calif.: RAND Corporation, 2003.

In analyzing California's charter schools, which enroll more than 150,000 students, the researchers found that classroom-based charters are at least as academically effective as conventional public schools in reading and mathematics. Available at: <<http://www.rand.org/publications/MR/MR1700/>>.

### Selected Research on the Achievement Effects of Voucher Programs

Greene, Jay P. *Graduation Rates for Choice and Public School Students in Milwaukee*. Milwaukee, Wis.: School Choice Wisconsin, September 2004.

Looking at graduation rates in various ways shows that students participating in Milwaukee's voucher program graduate at higher rates than those in the district public schools. In 2003 64 percent of voucher recipients graduated, compared with 36 percent of district school students. These results hold when voucher recipients, who are more likely to belong to a minority group and to have low family income, are compared with students at Milwaukee's selective public high schools. Available at: <[http://www.schoolchoicewi.org/data/currdev\\_links/grad\\_rate.pdf](http://www.schoolchoicewi.org/data/currdev_links/grad_rate.pdf)>.

Greene, Jay P. "Vouchers in Charlotte." *Education Next*® (summer 2001): 59–68.

This random assignment study found that students who attended private schools through the private Children's Scholarship Fund in Charlotte, North Carolina, scored higher on standardized math tests and reading tests than comparable students who remained in public schools. Comparable public school students were those who applied for, but who were not selected to receive, a voucher through a lottery process. Available at: <<http://educationnext.org/20012/46greene.html>>.

Greene, Jay P., Paul E. Peterson, and Jiangtao Du. "Effectiveness of School Choice: The Milwaukee Experiment." *Education and Urban Society* 31 (2): (February 1999).

Based on a randomized study of Milwaukee's private school choice program participants, this study concluded that private school costs per pupil were lower and reading and math achievement higher for program participants. The results were statistically significant for students involved in the program for three to four years. Available at: <<http://www.ksg.harvard.edu/pepg/other/mil.html>>.

Howell, William G., and Paul Peterson. *The Education Gap*. Washington, D.C.: The Brookings Institution, 2002.

After attending a private school for two years through privately funded pilot voucher programs, African American students "scored significantly better on math and reading tests." Other racial groups did not show the same significant positive achievement gains according to this study. Available at: <[http://www.brookings.edu/press/books/education\\_gap.htm](http://www.brookings.edu/press/books/education_gap.htm)>.

Indiana University School of Education, Center for Evaluation and Education Policy, *Evaluation of the Cleveland Scholarship and Tutoring Program 1998–2002, Executive Summary*. Bloomington, Ind.: Center for Evaluation and Education Policy, Indiana University School of Education, December 2003.

No consistent pattern of increased or decreased student performance was found among students who used scholarships to attend private schools in kindergarten through fourth grade, even when analyses were adjusted for minority status and family income. Available at: <<http://www.ceep.indiana.edu/projects/project.php?id=37&category=3>>.

Rouse, Cecilia Elena. "Private School Vouchers and Student Achievement: An Evaluation of the Milwaukee Parental Choice Program." *Quarterly Journal of Economics* 113, no. 2 (May 1, 1998): 553–602.

The Milwaukee Parental Choice Program offers publicly funded vouchers for private school attendance. The author found the program had a positive effect on math achievement but no effect on reading achievement. Available at: <<http://papers.nber.org/papers/w5964.pdf>>.

### Selected Research on the System Effects of School Choice Programs

Bettinger, Eric. "The Effect of Charter Schools on Charter Students and Public Schools." Occasional Paper No. 4, New York, N.Y.: National Center for the Study of Privatization in Education, November 1999.

This study, based on school-level standardized testing data from Michigan, found that charter schools have "little or no effect on test scores in neighboring public schools." Available at: <[http://www.ncspe.org/publications\\_files/182\\_OP04.pdf](http://www.ncspe.org/publications_files/182_OP04.pdf)>.



Boyd, William Lowe, Debra Hare, and Joe Nathan. *What Really Happened? Minnesota's Experience with Statewide Public School Choice Programs*. Minneapolis, Minn.: Center for School Change, Hubert H. Humphrey Institute of Public Affairs, University of Minnesota, May 2002.

This report notes a dramatic increase in the number of college-preparatory courses offered by Minnesota high schools in response to the implementation of a dual high school-college enrollment program in the state. Available at: <<http://www.hhh.umn.edu/centers/school-change/chschool.htm>>.

Ericson, John, Debra Silverman, Paul Berman, Beryl Nelson, and Debra Solomon. *Challenge and Opportunity: The Impact of Charter Schools on School Districts*. Washington, D.C.: Office of Educational Research and Improvement, U.S. Department of Education, June 2001.

After studying 49 districts in five states Arizona, California, Colorado, Massachusetts, and Michigan researchers found that “most districts implemented new educational programs, made changes in educational structures in district schools, and/or created new schools with programs that were similar to those in the local charter schools.” Available at: <<http://wdcrobcolp01.ed.gov/CFAPPS/ERIC/resumes/records.cfm?ericnum=ED455578>>.

Gardner, John. *How School Choice Helps the Milwaukee Public Schools*. Milwaukee, Wis.: American Education Reform Council, January 2002.

The author reports that several systemwide changes occurred in the Milwaukee Public Schools because of the competitive pressures of expanded school choice in that city. These system changes include 95 percent of funding under the control of school buildings rather than the district; school-level control of hiring decisions; the implementation of all-day kindergarten; and more construction of new schools in central city neighborhoods. Available at: <[http://www.schoolchoicewi.org/data/issues\\_links/GardnerMPS.pdf](http://www.schoolchoicewi.org/data/issues_links/GardnerMPS.pdf)>.

Greene, Jay P., and Greg Forster. “Rising to the Challenge: The Effect of School Choice on Public Schools in Milwaukee and San Antonio.” *Civic Bulletin No. 27*. New York, N.Y.: Center for Civic Innovation, Manhattan Institute for Policy Research, October 2002.

The authors conclude, “the data in this study seem to indicate that public schools respond to competition from school choice programs by improving educational services.” Milwaukee data showed private competition spurring improvement at the elementary school level, while both charter and private competition resulted in test score improvements at the 10th-grade level. In Texas the one district that experienced private school competition outperformed 85 percent of the state’s districts. Available at: <[http://www.manhattan-institute.org/html/cb\\_27.htm](http://www.manhattan-institute.org/html/cb_27.htm)>.

Greene, Jay P., and Marcus A Winters. *When Schools Compete: The Effects of Vouchers on Florida Public School Achievement*. New York, N.Y.: Manhattan Institute for Policy Research, August 2003.

According to this study, “Florida’s low-performing schools are improving in direct proportion to the challenge they face from voucher competition.” The study further concludes that under Florida’s program, the low-performing schools subjected to voucher competition showed the greatest improvements. Available at: <[http://www.manhattan-institute.org/html/ewp\\_02.htm](http://www.manhattan-institute.org/html/ewp_02.htm)>.

Holmes, George, Jeff DeSimone, and Nicholas Rupp. *Does School Choice Increase School Quality?* New York, N.Y.: National Bureau of Economic Research, May 2003.

The study used North Carolina data on charter school location and achievement test results. It concludes, “Overall, the results imply an approximate 1 percent increase in achievement when a traditional school faces competition from a charter school.” Available at: <<http://www.nber.org/papers/w9683>>.

Hoxby, Caroline M. *School Choice and School Productivity (Or Could School Choice Be a Tide That Lifts All Boats?)*. New York, N.Y.: National Bureau of Economic Research, April 2002.

After reviewing evidence from vouchers in Milwaukee, charter schools in Michigan, and charter schools in Arizona, the study found “that public school students’ achievement rose significantly and rapidly in response to competition, under each of these reforms.” The author also concludes that because public school spending was not changed as a result of the reforms, the productivity of schools in Milwaukee “rose dramatically.” Available at: <<http://www.nber.org/papers/w8873>>.

## **APPENDIX B: Advisory Committee Members**

### **Alan Bersin**

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Pennsylvania State University

### **Tony Colon**

Vice-President  
National Council of La Raza

### **Lucille Davy**

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New Jersey Governor Richard J. Codey

### **Joel Harris**

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Colorado Governor Bill Owens

### **Bill Porter**

Executive Director  
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### **Andy Rotherham**

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### **Alice Seagren**

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