

Charter School Contract Renewal

The **National Association of Charter School Authorizers (NACSA)** is the trusted resource and innovative leader working with educators and public officials to increase the number of high-quality charter schools in cities and states across the nation. NACSA provides training, consulting, and policy guidance to authorizers and education leaders interested in increasing the number of high-quality schools and improving student outcomes. Visit us at www.qualitycharters.org.

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About NACSA’s Policy Guide Series

The growth and quality of a charter school sector is largely dependent on state policies that define approval, monitoring and renewal structures, criteria and processes. NACSA’s Policy Guide series is intended to support state legislatures in developing policy environments that promote quality authorizing and high-quality charter schools. Additional copies of this Guide are available upon request.

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Guiding Philosophy on Renewal

NACSA's position and recommendations on renewal are driven by the following guiding philosophy:

The authority to operate a charter school is granted through a limited-term, renewable contract. Contract renewal is not automatic – it must be earned through strong academic results and operational effectiveness. Good schools should be cultivated and poor ones shut down. This is one of the definitive functions of a charter school authorizer.

■ Background on Charter School Renewal

Renewal is the defining moment in charter schooling. Charter schools are built around the promise of greater autonomy in exchange for greater accountability, and the renewal decision is where a charter school is held to task. Is the school an academic success? Did it

meet the performance goals and standards laid out in its charter contract? Does performance warrant future operation or should it be closed? Making these determinations is one of the foremost responsibilities of charter school authorizers.

Non-Renewal vs. Revocation

It is important to distinguish non-renewal from revocation. Revocation occurs when an authorizer opts to shut down a charter school in mid-term because of serious concerns about its financial, operational, or academic viability. In contrast, a non-renewal occurs when an authorizer decides that a school's record does not warrant the issuance of a new charter term once the current term runs out.

Major factors impacting renewal decisions

An authorizer approves a charter school application, enters into a charter contract with the school's governing body, monitors the school's performance over the charter term, and scrutinizes the school's academic and operational record near the end of the term. The authorizer then determines whether the school has met the terms of the charter contract. Quality authorizers assess each school on the following primary factors:

- Academic performance

- Fiscal performance
- Governance effectiveness
- Leadership and instructional quality
- Compliance with the terms of its charter contract and applicable laws and regulations
- Mission fulfillment

They may also consider other factors such as:

- Parental and community support
- Significant positive or negative trends in performance, operations, and/or governance

■ Key Considerations for Policymakers Committed to Supporting Quality Charter School Renewal

How can state law and policy promote maximum effectiveness, fairness and transparency in the charter renewal processes?

State law and policy should require authorizers to disseminate and follow a clear and thoughtful renewal decisionmaking protocol in order to clarify

expectations at the outset, minimize challenges to non-renewal decisions, and cultivate strong schools. Two key elements of such a process are 1) a *well-defined set of standards for renewal* and 2) *well-articulated consequences for a school's failure to make a sufficient case for renewal*. Both of these elements should be referenced in the charter contract.

Just as charter schools should operate from the outset with renewal in mind, all state renewal practices and standards, from the charter application stage forward, should be aligned with those used to evaluate candidates for renewal. These include:

- **Authorizer policies, protocols, performance frameworks, guidance, and timelines:** All renewal policies, protocols and processes employed in initial chartering and ongoing oversight should align with renewal standards, processes and timing.
- **Structuring the renewal application process:** To ensure that renewal decisions are fair and even-handed, it is important to allow for a process that is very transparent about what is involved in seeking renewal.
- **Considering and acting on evidence for renewal:** A state's chartering environment should allow authorizers the authority and autonomy needed for them to faithfully follow transparent, pre-determined steps for reviewing and acting on renewal applications and to make closure decisions without being undercut by political and interest group pressure. By requiring authorizers to follow best practices uniformly and be transparent in their practices, policymakers can limit the role of politics in renewal decisionmaking and the perception that favoritism plays a role in the process.¹

What input should states require as the basis of renewal decisions?

Renewal decisions should be based on the evidence of school performance over the charter term. Most important are academic results and the impact of the school on student achievement. The authorizer should compare the academic data to expectations

set for the school in its charter contract as well as to state performance expectations. The authorizer should also assess the school's record against applicable organizational, financial and compliance measures. For more detailed guidance in establishing essential elements for charter school evaluation, see NACSA's Policy Guide *Charter School Performance Accountability*.

When is renewal appropriate?

Some charter schools come to renewal with an uncomplicated performance record – either meeting all of their performance goals or none of them. More frequently, schools present mixed results. State policy should require authorizers to have clear standards, frameworks and protocols for making renewal decisions in order to distinguish, based on sound data, schools that have made the grade from those that have fallen short.² As stated above, states should also establish minimum performance requirements as a foundation for charter school evaluation and renewal decisions.

What types of renewal should state policy allow?

Charter renewals are for fixed terms, and although renewal periods vary by state, most are for five years. In some states, authorizers may make charter renewal conditional under certain circumstances. In such instances, renewal is tied to conditions that, if not met by the school within a specified time frame, would result in charter revocation. Such conditions might include the school taking certain identified steps to remediate existing problems (such as addressing deficits and putting financial controls in place) or taking proactive steps to prevent likely problems and reduce identified perils (such as adding certain capacities at the board level).

In some states, renewals for less than the full charter term are allowed – resulting in a short term or probationary renewal for schools that cannot fully meet the standards for renewal. Often, the availability of such interim approvals leads to a weak school receiving a string of short term renewals without rising to the

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level of performance required under its charter.

The decision to renew a school should reflect confidence in its strength and should be for a full renewal term (i.e., at least the same duration as the initial charter term). State policy should not permit probationary, or short-term renewals, as this practice leads to lower standards and sets precedents that make it difficult to close low-performing schools. Even conditions on renewal should be limited and carefully applied to promote charter school quality and authorizer autonomy.

In contrast, to encourage and reward high levels of performance, states may allow authorizers to offer more favorable renewal terms to particularly high-achieving schools. These can include longer renewal periods and greater levels of charter school autonomy.

What evidence should states require authorizers to collect for renewal decisionmaking?

Authorizers have the responsibility to determine whether or not a school has met the standards for renewal. In some states, a formal application is required from those schools seeking renewal. In others, no application is submitted and the authorizer makes a determination based on available evidence. From an equity and fairness perspective, allowing a school to make its case for renewal is a stronger approach and can provide the authorizer with useful information. Whatever their process, states should require authorizers to base these decisions on a strong body of academic and operational data gathered and analyzed over the charter term. At a minimum, states should require authorizers to collect:³

- Annual, disaggregated data based on multiple measures of achievement (including academic achievement and growth data from standardized

and internal assessments along with qualitative measures)

- Financial records (including annual independent audits)
- Compliance records
- Reports from monitoring visits
- Correspondence between the authorizer and the school, with particular attention to any problems, incidents, or concerns

Should states require the closure of charter schools that chronically fall short of minimum performance expectations set for all public schools?

States should require charter schools to meet the same minimum performance expectations as district schools, and charter schools that persistently fail to meet minimum state-defined thresholds for student achievement and academic growth should be subject to closure.

How can states ensure that their renewal practices are fair?

In order to ensure fairness, due process, and equity, schools eligible for renewal should have the opportunity to:

- Make their case in favor of renewal
- Seek approval for material changes to their charter contract (e.g., adding new grades in the renewal term; implementing a new academic program going forward)
- Receive timely written findings from the authorizer and have a fair opportunity to respond if non-renewal is recommended
- Access a formal appeals process with due process protections if faced with non-renewal⁴

What are the challenges in denying renewal to a charter school?

It takes a lot of work to close a low-achieving school, and only apathy to keep it open. Even where an authorizer is committed to limiting renewal to only those schools that clearly earn it, there are a number of factors that make closing underperforming schools challenging. State law and policy should reflect an understanding of these realities and provide authorizers with the authority and support needed to avoid renewing low-performing schools. Challenges include:

- **Arguments by renewal applicants:** Schools faced with non-renewal generally believe that they deserve a second chance, whatever their record of achievement, and marshal all the arguments they can in favor of renewal.
- **Parental pressure:** Parents often rally behind their children's school even when it is low-achieving and may organize in support of keeping the school open.

■ Recommendations and Best Practices for State Policy on Charter School Renewal

In order to lay the foundation for statewide sound renewal decisionmaking, NACSA recommends the following practices:

- **State law and policy should require authorizers to renew a school only if it demonstrates a strong record of academic achievement and operations.** Renewal decisions should be based on sound, multidimensional evidence and be free of favoritism, bias or political influence.
- **State policy should require authorizers to establish, disseminate and carefully follow transparent and uniform renewal practices.** Clear, equitable practices allow for notice and fairness. A viable appeals process is an important element ensuring fairness.
- **State policy should set basic evaluation requirements to ensure that charter renewal decisions are based on a strong, multidimensional body of data gathered over the charter term.** State policy should specify a minimum body of varied, essen-

- **Politics:** School supporters and influential patrons often work political channels, putting pressure on authorizers to avoid or reconsider non-renewal decisions.
- **Resources:** Communicating with parents, media and other stakeholders, providing an appeals process, and overseeing the orderly transition of students and funds away from a closing school require considerable authorizer resources and effort.
- **Timing:** Implementing processes for decision-making and for appeals in time for students in non-renewed schools to smoothly transition to new schools can be challenging.

Clear, explicit renewal and closure practices laid out in law and regulation can empower authorizers to take on such challenges while allowing schools and other stakeholders to press for renewal. When renewal and closure practices are left informal, pushback in these areas can trump data-driven decisionmaking.

tial evidence that authorizers must gather to gain full understanding of a school's quality and effectiveness. For guidance in structuring these basic requirements, see NACSA's Policy Guide *Charter School Performance Accountability*.⁵

- **States should require that schools worthy of renewal be awarded only a full renewal term rather than a probationary or short-term renewal.** Such diluted forms of renewal lead to lower standards and set precedents for keeping low-performing schools open. States should consider allowing particularly strong schools to receive longer renewal terms allowing for greater autonomy.
- **State law and policy should ensure that schools denied renewal receive due process and an opportunity to challenge that determination.** Fundamental fairness and due process require that a school be provided with sufficient process before its contract to operate a school is taken away.

■ Resources and Further Analysis

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■ Acknowledgements

This NACSA Policy Guide was authored by **Paul T. O’Neill**, Founder and President of Tugboat Education Services and Senior Fellow of the EdisonLearning Institute. The Policy Guide series was edited by **Bryan C. Hassel**, Co-Director of Public Impact and **Margaret Lin**, an independent consultant and the first executive director of NACSA.

¹ See Hassel, B., Herdman, P. (2003). *Charter School Accountability: A Guide to Issues and Options for Charter Authorizers* for a discussion of political factors in renewal and minimizing them.

² A number of authorizing offices have developed detailed rubrics and sets of policies around renewal. Strong examples include the Charter Schools Institute of the State University of New York, The Center for Charter Schools at Central Michigan University, Denver Public Schools, and the Massachusetts Department of Education.

³ For more detailed discussion of minimum academic performance requirements, see Lin, M., “The Heart of the Matter: Charter School Performance Accountability,” NACSA Policy Guide (September 2009).

⁴ See O’Neill, P., “Charter School Appeals: Ensuring Fairness and Due Process” NACSA Policy Guide (August 2009).

⁵ See Lin, M., “The Heart of the Matter: Charter School Performance Accountability,” NACSA Policy Guide (September 2009).

