

FIFTH ANNUAL REPORT  
ON NACSA'S AUTHORIZER SURVEY

# THE STATE OF CHARTER SCHOOL AUTHORIZING

# 2012



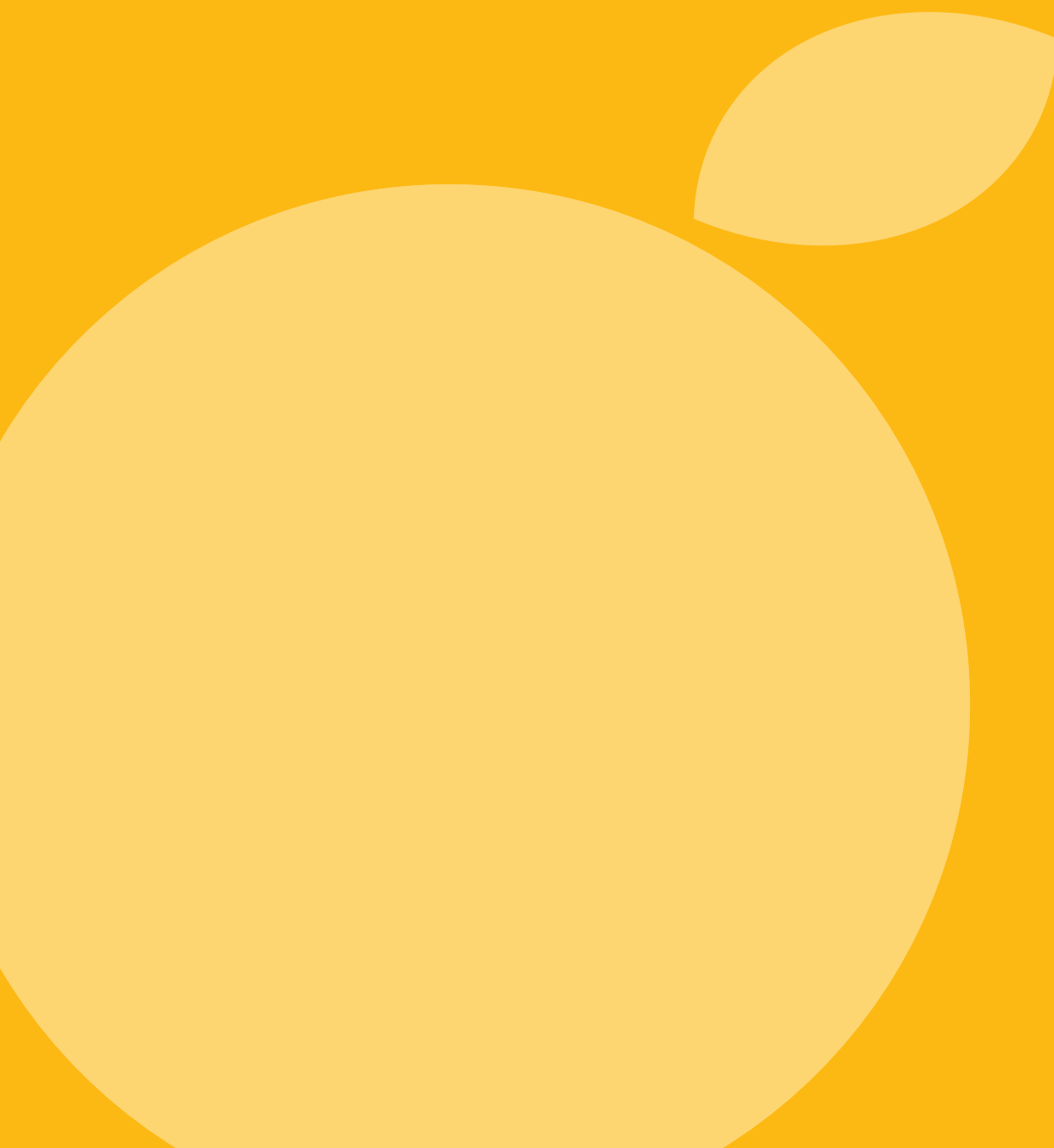
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*NACSA develops quality authorizing environments that lead to a greater number of quality charter schools.*





# *Table of Contents*

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LETTER FROM NACSA PRESIDENT AND CEO GREG RICHMOND	2
INTRODUCTION AND OVERVIEW	3
STRONG PRACTICES	7
THE 12 ESSENTIAL PRACTICES	7
SPECIFIC PRACTICES	12
STRONG POLICIES	21
STRONG PEOPLE	23
CONCLUSION	27
APPENDIX A: SURVEY METHODOLOGY	28
APPENDIX B: NACSA RESOURCES FOR AUTHORIZERS	29
ACKNOWLEDGEMENTS	31
ENDNOTES	32



April 2013

Dear Colleagues:

Today, millions of American children went to school and did not receive the high-quality education they deserve. We believe public charter schools are part of the solution. And we've learned that good authorizing will help us create the best possible schools.

The field of authorizing is constantly changing and improving, and there is considerable diversity among authorizers. NACSA studies the field to glean learnings that will help all authorizers raise their games to meet the challenges ahead. How do we meet these challenges? With a keen focus on improvements in **people, policy, and practice**. In this report on our annual national survey of charter school authorizers, we share key findings in those three areas.

Certain findings from this year's survey results deserve particular attention:

- More of the nation's authorizers are implementing NACSA's "essential practices" that define quality authorizing (page 8).
- Among authorizer types, Independent Chartering Boards—a small but growing group—are most likely to have policies that promote replication of strong charter schools (page 14).
- Small authorizers (with portfolios of fewer than 10 schools) have the *least* desirable practices across the board; they adopt fewer "essential practices," have the lowest closure rates in renewal, and have the highest closure rates outside of renewal (pages 11 and 15).
- The charter school closure rate in renewal, after two years of decline, increased from 6.2 percent in 2010–11 to 12.9 percent in 2011–12 (page 15).

These are crucial data points. We know charter schools provide outstanding educational options to thousands of children. But we launched our ***One Million Lives*** campaign because there are simply too many failing charter schools. To give one million more children the chance to attend great schools, authorizers need to close persistently low-performing schools. This data suggests a positive trend. Yet as authorizers close failing schools, they must work to replace those schools with many more excellent schools. Authorizers who implement quality practices are more likely to be able to increase the numbers of high-performing schools.

Even with these positive signs, we have a long way to go if we are to give all children the opportunities they deserve in life. We welcome your contributions to this effort. We hope the information compiled here is one resource to guide us all on this path.

Sincerely,

Greg Richmond  
President and Chief Executive Officer

[www.qualitycharters.org](http://www.qualitycharters.org)

# Introduction and Overview

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Of the 974 entities that authorize public charter schools in the United States today, 516 oversee just one school. The size of their combined portfolios exceeds by just one school that of the nation's single largest authorizer, the Arizona State Board for Charter Schools, which oversees 515 charter campuses. This contrast illustrates the diversity of today's charter school authorizers—and the challenge of depicting the state of this profession as a whole.

Charter school authorizing is just two decades old. Many factors have shaped its growth: state laws that tightly capped charters or let them bloom freely, the reluctance of local districts to cede authorizing to non-local bodies, funding streams and regulatory quirks that either invited new authorizers into the fray or bolted the door tightly. The data presented in this report continues to suggest that while small authorizers predominate in number, large authorizers account for a much larger aggregate student population. As a consequence of their more complex responsibilities, the larger authorizers tend to set the pace for improvement of professional practice.

Through these *State of Charter School Authorizing* reports, NACSA attempts to convey, in broad strokes, the general direction of the profession. Are authorizers growing in number? Are they adopting practices that work? How are they responding to the increasing demand for high-quality public education options? The main source of answers is NACSA's annual survey of authorizers, this year featuring responses from 157 active authorizers representing the makeup of the field.

NACSA is committed to improving the performance of the charter sector by focusing its work in three areas: *Strong Practices*, particularly the 12 specific practices found in our *Index of Essential Practices* that form a yardstick for measuring the basics of professional authorizing; *Strong Policies*, centered on state laws that create an environment where quality authorizing can thrive; and *Strong People*, the human capital needed to power effective authorizing. This report will present its findings in these categories, but we begin with some additional description of the sector's contours.

## Authorizer Types

NACSA classifies authorizers into six agency types (called “authorizer type” in this report): Higher Education Institutions (HEIs); Independent Chartering Boards (ICBs), which typically are statewide commissions or authorities; Local school districts or regional Education Agencies (LEAs); Non-Educational Government entities (NEGs); Not-For-Profit organizations (NFPs); and State Education Agencies (SEAs).

**LEAs predominate:** LEAs remain by far the largest authorizer type, accounting for more than 90 percent of the total. Their modest growth over the past year (from 859 to 876) actually masks significant change: 51 LEAs have relinquished that role in the past year, including eight in Minnesota, where a new state law has required state certification of authorizers; 68 new LEAs have joined the ranks nationwide.

LEAs predominate among “small” authorizers—those with nine or fewer charter schools—so despite their numbers as a share of all *authorizers*, they oversee just 53 percent of *schools*.

### Growth of Independent Chartering Boards

Perhaps the most consequential development of recent years is the steady growth of Independent Chartering Boards (ICBs). Although small in number, growing from three in 2006 to 13 in 2012, ICBs will play an increasingly influential role in the charter landscape. They are typically statewide commissions, boards, or authorities, and with modest restrictions that vary by state can generally authorize in any community. As single-purpose authorizers, they are often expected not only to decide whether to approve and renew charter schools, but also to set a standard for quality authorizing in their states.

**TABLE 1.1:** *Number of Authorizers by Type and Size*

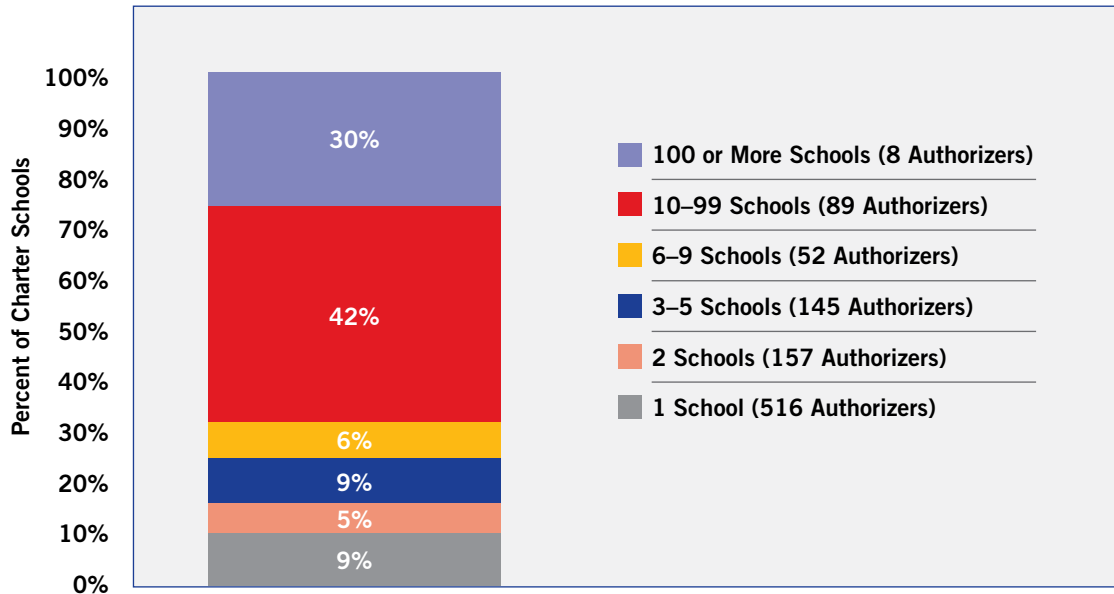
AUTHORIZER TYPE	1-5 SCHOOLS*	6-9 SCHOOLS	10 OR MORE SCHOOLS	TOTAL
HEI	23	6	14	43
ICB	5	0	8	13
LEA	784	44	48	876
NEG**	1	1	1	3
NFP	7	1	11	19
SEA	5	0	15	20
<b>Total</b>	<b>825</b>	<b>52</b>	<b>97</b>	<b>974</b>

\* Includes seven authorizers with zero schools.

\*\* Because of their small number, Non-Educational Government (NEG) authorizers are included in descriptive tables but omitted from analyses presented in much of this report. More information about the practices of NEG authorizers is available in NACSA’s *Index of Essential Practices* (NACSA, 2012).

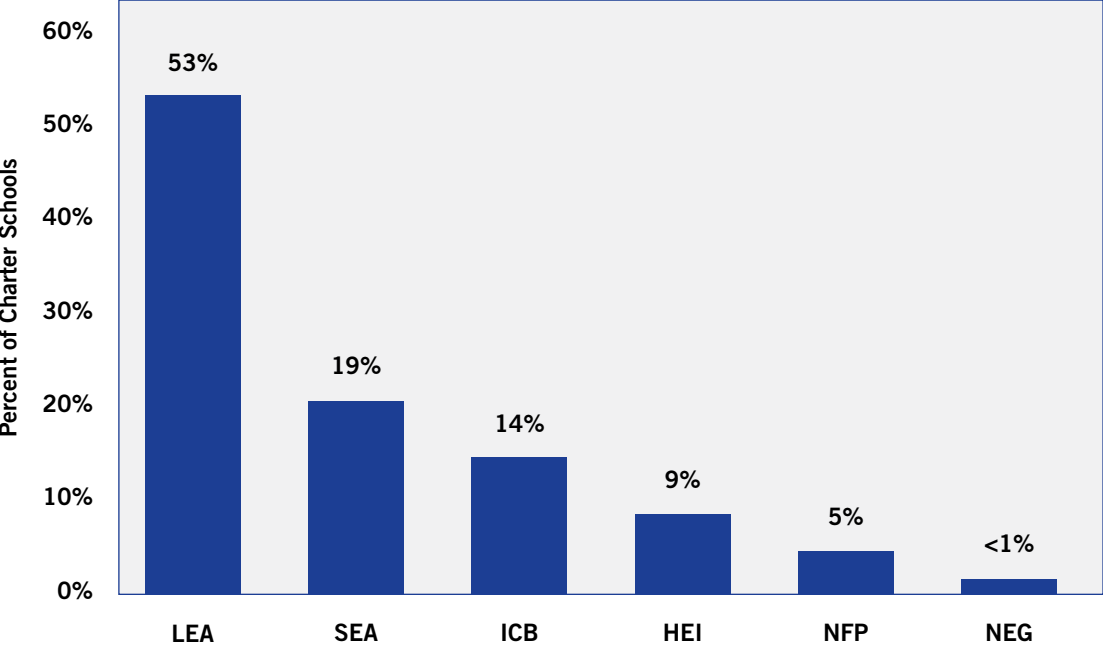
- NACSA defines “large” authorizers as those that oversee 10 or more charter schools. As of 2012, there are just 97 large authorizers—eight that oversee more than 100 charter schools each and another 89 that each oversees between 10 and 100 schools. Together they account for 4,293 charter schools, or about 72 percent of all charter schools in the nation. As of the 2011–2012 school year, large authorizers also accounted for nearly 70 percent of all charter school students.

**FIGURE 1.1:** *Percent of Charter Schools by Authorizer Portfolio Size*



- Large authorizers oversee most of the charter schools, or about 72 percent (the top two tiers in Figure 1.1). Yet in a sector of more than 6,000 schools, that leaves a substantial number overseen by small authorizers, including 516 that have just one charter. One of the sector’s challenges is to find the tools and processes that enable effective authorizing no matter what the portfolio size.

**FIGURE 1.2:** *Percent of Charter Schools by Authorizer Type*



- Local Education Agencies (LEAs) are by far the largest type of authorizer, accounting for more than 90 percent of all authorizers and 53 percent of charter schools.



# Strong Practices

## *The 12 Essential Practices*

In 2011, NACSA identified 12 “essential practices” necessary for quality charter school authorizing, distilled from *Principles & Standards for Quality Charter School Authorizing*. Authorizers earn one Index point for the adoption of each practice, for a maximum score of 12. (Their individual scores are contained in a separate report, *The Index of Essential Practices 2012*.)

Here, we present aggregated findings for the field as a whole, as well as breakdowns by size and type of authorizer.

### **The 12 essential practices for every authorizer are to:**

- Sign a performance contract with each school
- Have established, documented criteria for the evaluation of charter applications
- Publish application timelines and materials
- Interview all charter applicants
- Use expert panels that include external members to review charter applications
- Grant charters with five-year terms only
- Require and/or examine annual, independent financial audits of its charter schools
- Have established renewal criteria
- Have established revocation criteria
- Provide an annual report to each school on its performance
- Have staff assigned to authorizing within the organization or by contract
- Have a published and available mission for quality authorizing

Charter authorizers are implementing more of the essential practices—the 12 specific practices found in NACSA’s *Index of Essential Practices* that form a yardstick for measuring the basics of professional authorizing. That is the most gratifying finding from NACSA’s 2012 survey.

**TABLE 2.1:** *Frequency of Essential Practices*

PRACTICE	2011	2012	ONE-YEAR CHANGE
Contract	93%	94%	1%
Application Criteria	87%	91%	4%
Application Timeline	78%	84%	6%
Applicant Interview	81%	79%	-2%
External Expert Panel	42%	50%	8%
Five-Year Term Length	34%	28%	-6%
Financial Audit	99%	98%	-1%
Annual Report to Schools	54%	67%	13%
Revocation Criteria	70%	83%	13%
Renewal Criteria	85%	90%	5%
Authorizing Staff	73%	93%	20%
Mission	50%	57%	7%

- A comparison of overall scores from NACSA's 2011 and 2012 authorizer surveys shows modest growth across most indicators of effective authorizing. Authorizers reported gains in nine of 12 Index categories, three with double-digit improvement: 13 percent gains for both Annual Report to Schools and establishment of Revocation Criteria, and a 20 percent jump in having staff specifically dedicated to authorizing.

**TABLE 2.2:** *Index Score by Authorizer Type*

<b>AUTHORIZER TYPE</b>	<b>2011 AVERAGE SCORE</b>	<b>2012 AVERAGE SCORE</b>
HEI	9.0	9.4
ICB	8.8	9.3
LEA	8.3	9.0
NFP	10.0	10.3
SEA	8.8	9.3
<b>Overall</b>	<b>8.7</b>	<b>9.3</b>

- Index score gains were also shared broadly across authorizer types. All five types with enough schools for tabulation improved their average Index scores between 2011 and 2012, some by significant margins.

**TABLE 2.3:** *Average Index Score by Non-District/District Authorizer*

	2011 AVERAGE SCORE	2012 AVERAGE SCORE
Non-District Authorizers	9.2	9.6
District Authorizers	8.3	9.0
<b>Overall</b>	<b>8.7</b>	<b>9.3</b>

- Non-district authorizers (all types except Local Education Agencies, or LEAs) remain ahead of district authorizers in overall average Index score—but district authorizers made slightly greater improvement between 2011 and 2012.

Large authorizers continue to score significantly better on the Index than small authorizers. This may not be surprising considering that those who authorize larger numbers of schools have a much greater incentive to develop strong professional practices than those who authorize just a few schools. It is worth noting, however, that small authorizers made up some of the gap with large authorizers between 2011 and 2012.

**TABLE 2.4:** *Index Score by Authorizer Type and Size*

AUTHORIZER TYPE	SMALL AUTHORIZERS	LARGE AUTHORIZERS	OVERALL
HEI	8.9	9.9	9.4
ICB	12.0	9.0	9.3
LEA	8.6	9.7	9.0
NFP	9.7	10.4	10.3
SEA	9.0	9.4	9.3
<b>Overall</b>	<b>8.8</b>	<b>9.7</b>	<b>9.3</b>

- Scale appears to be an advantage across nearly all types of authorizers. In fact, breaking down scores by both type and size shows that the Index score is more highly correlated with the size of the authorizer’s portfolio than with agency type. In other words, it is possible to find high-quality authorizing in both district and non-district settings, but those overseeing large portfolios tend to adopt and develop best practices more routinely.
- Independent Chartering Boards (ICBs) are an exception to this trend. This is probably explained by the fact that as new statewide charter boards or commissions have sprung up, they have been able to start from scratch with a suite of practices adapted from quality authorizers around the country. So even in their initial years, with just a few schools, ICBs are creating a sound structure for future practice.

## Specific Practices

A recent study by CREDO (The Center for Research on Education Outcomes) at Stanford University finds that, contrary to past belief and research, over time most charter schools tend to remain in the performance range where they began.<sup>1</sup> Simply put, **charter schools that start strong tend to remain strong, while schools that stumble badly out of the starting blocks seldom recover and catch up.** This reinforces the central importance of getting it right from the beginning through rigorous application and approval processes.

**TABLE 2.5:** *Trends in Average Application Approval Rates*

Before 2003	68%
In 2005	50%
Largest 50 Authorizers 2005-2008	34%
Authorizers with 10 or More Schools 2008-2009	38%
Authorizers with 10 or More Schools 2009-2010	33%
Authorizers with 10 or More Schools 2010-2011	38%
Authorizers with 10 or More Schools 2011-2012	38%

- Over time, the average percentage of charter applications approved by large authorizers has ratcheted down, from a 68 percent rate before 2003 to the current rate of 38 percent, which has held steady for three of the past four years. This decline may be related to movement maturation or slowdowns in certain charter-rich jurisdictions, but it is likely a good sign. Authorizers are being more selective in approving schools.

**TABLE 2.6:** *Aggregate Approval Rate by Authorizer Size and Non-District/District Authorizer\**

	SMALL AUTHORIZERS	LARGE AUTHORIZERS	OVERALL
Non-District Authorizers	35%	24%	25%
District Authorizers	30%	44%	43%
<b>Overall</b>	<b>33%</b>	<b>33%</b>	<b>33%</b>

\* Unless otherwise indicated, approval and closure rates are reported in aggregate.

**TABLE 2.7:** *Approval Rate by Authorizer Type*

AUTHORIZER TYPE	APPROVAL RATE
HEI	14%
ICB	26%
LEA	43%
NFP	44%
SEA	36%
<b>Overall</b>	<b>33%</b>

While large and small authorizers tend to approve charter applications at roughly the same aggregate rate—about one-third of all applications—there are pronounced differences among authorizer types, and between large and small authorizers of the same type.

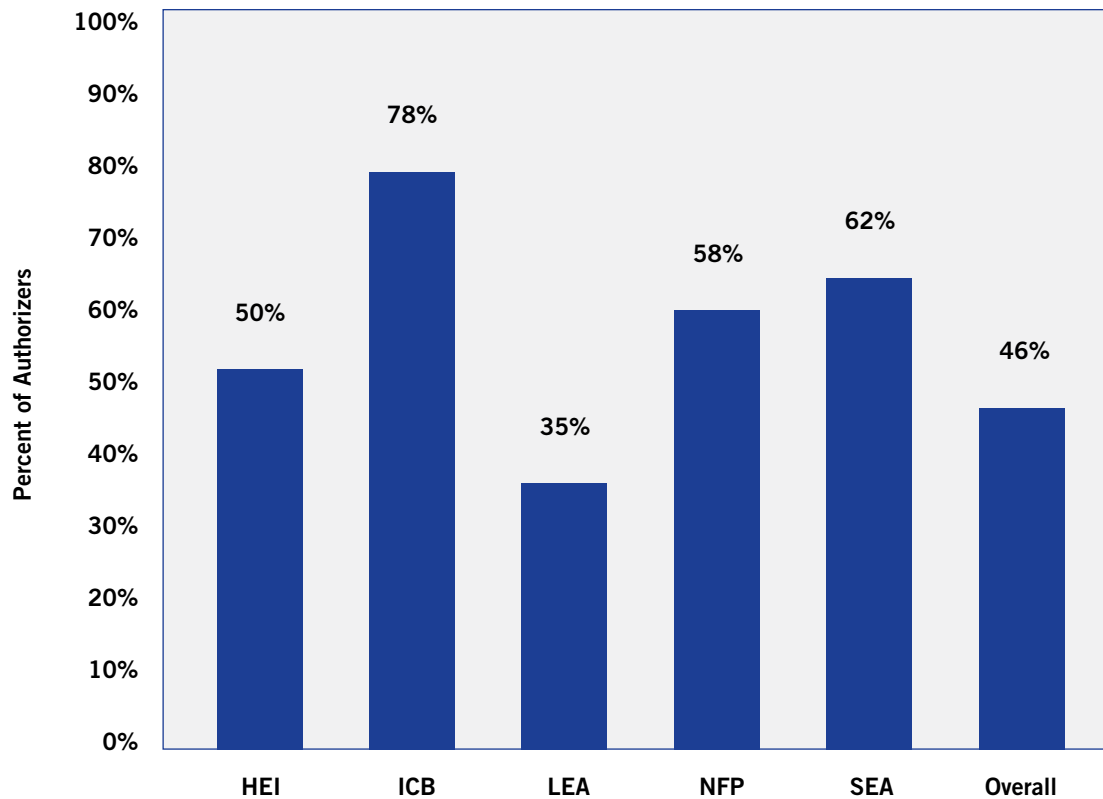
- District authorizers approve applications at a higher rate than their non-district counterparts: 43 percent vs. 25 percent.
- Among district authorizers, larger authorizers approve at a 44 percent rate, while smaller ones approve only 30 percent. However, the reverse is true among non-district authorizers, with smaller ones approving at a higher rate (35 percent) than larger ones (24 percent).
- Colleges and universities (HEIs) are the most parsimonious authorizers, not-for-profits (NFPs) are the most generous (with school districts [LEAs] close behind), and the others fall in between.

### Increasing the Share of Quality Charters

In November 2012, NACSA launched *One Million Lives*, a campaign to achieve dramatic improvements in the life chances of children by greatly improving the quality of public school options available to those who need them the most.

Charter authorizers play a central role here. In addition to approving only those startup applications that show strong promise, authorizers can increase the share of quality charters by leveraging success: promoting the replication and expansion of existing high-performing schools. Large authorizers have solidly established this direction, with nearly two-thirds reporting established policies promoting replication. Fewer small authorizers—just 23 percent—report having such policies.

**FIGURE 2.1:** *Percent of Authorizers with Replication Policy by Authorizer Type*



- Among authorizer types, Independent Chartering Boards (ICBs) are most likely to have policies that promote replication of strong charter schools (78 percent) and Local Education Agencies (LEAs) the least likely (35 percent). Others fall in the mid-range.

In responding to the NACSA survey, authorizers defined “replication” broadly, to include expansion of grades or campuses in existing charters. Among the steps taken to spur replication were differentiated or streamlined application processes for proven performers, offering facilities support, and allowing mergers of high-performing charters (the idea being that scale could lead to faster replication).

However, there is disturbing new evidence in the aforementioned CREDO study that authorizers are approving replication without paying enough attention to the applicants’ track records: “Of the 245 new schools that were started by CMOs [Charter Management Organizations] over the course of this study, 121 (or 49 percent) were begun by Organizations whose average performance was in the bottom third of the range.”<sup>2</sup> When authorizers fail to apply strict scrutiny to schools and networks seeking to grow, it defeats the logic of the charter model.



## Closures, In Depth

The other way to improve the quality equation is by shutting down charter schools that aren't working. On this point there is general agreement. About two-thirds of all authorizers report having policies that would close underperforming charters, with little difference between small and large authorizers.

After a two-year decline, the percentage of charter schools that closed at renewal time shot up again in 2012, with authorizers reporting closure of an aggregate 12.9 percent of those eligible for renewal. For large authorizers, the rate was even higher, at 14.7 percent. Some of the 2012 increase can be attributed to two large authorizers, the Los Angeles Unified School District and the Arizona State Board for Charter Schools, who closed 12 and 13 charters, respectively.

The past year also saw an increase in the percentage of charter schools that closed outside of renewal (e.g., those whose charters were revoked or relinquished mid-term). Just 2.5 percent of all charters were terminated in this way, and the rate among small authorizers (4.1 percent) was higher than that among large authorizers (2.4 percent).

**TABLE 2.8:** *Index Score, Approval Rate, and Closure Rates by Authorizer Size*

AUTHORIZER SIZE	2011 AVERAGE INDEX SCORE	2012 AVERAGE INDEX SCORE	APPROVAL RATE	CLOSURE RATE DURING RENEWAL	CLOSURE RATE OUTSIDE RENEWAL	OVERALL CLOSURE RATE
Small Authorizers	8.0	8.8	33%	1.8%	4.1%	3.5%
Large Authorizers	9.3	9.7	33%	14.7%	2.4%	3.9%
<b>Overall</b>	<b>8.7</b>	<b>9.3</b>	<b>33%</b>	<b>12.9%</b>	<b>2.5%</b>	<b>3.8%</b>

- While both large and small authorizers approve about one-third of charter applications, there is significant disparity in approaches to renewals and closures. Small authorizers report closing just 1.8 percent of their charters during renewal processes that take place at the end of each charter term. By contrast, large authorizers saw a closure rate of 14.7 percent during renewal. Schools overseen by small authorizers are also about twice as likely to close mid-term (through revocation or surrender of the charter) as those overseen by large authorizers.

**TABLE 2.9:** *Index Score, Approval Rate, and Closure Rates by Non-District/  
District Authorizer*

	2011 AVERAGE INDEX SCORE	2012 AVERAGE INDEX SCORE	APPROVAL RATE	CLOSURE RATE DURING RENEWAL	CLOSURE RATE OUTSIDE RENEWAL	OVERALL CLOSURE RATE
Non-District Authorizers	9.2	9.6	25%	13.9%	2.3%	3.7%
District Authorizers	8.3	9.0	43%	11.6%	2.9%	4.1%
<b>Overall</b>	<b>8.7</b>	<b>9.3</b>	<b>33%</b>	<b>12.9%</b>	<b>2.5%</b>	<b>3.8%</b>

- Looking through another lens at approvals and closures, district authorizers have the highest likelihood of approving a charter petition (43 percent, compared to 25 percent approvals for non-district authorizers).

Upon closure, authorizers report a wide range of strategies, formal and informal, for helping students find new seats. Some are entirely passive (“If the school were to be closed, students from the failing school would go back to the local school district”); most have some distinct form of notification to parents and to the affected district. Some work with civic and service organizations that conduct school fairs; and a few have specific procedures spelled out in each school’s contract.

When asked in an open-ended question about potential barriers to closing a failing charter school, authorizers most commonly cited parent and community support for the failing school (18 of 152 responses), perhaps abetted by what several authorizers called “politics” (10 responses). The next most common responses (17) related in some way to “building the case.” Some authorizers said state laws were unclear as to closure criteria; others cited the difficulty of acquiring enough information from schools or the lack of a performance framework through which to assess the school’s progress. Other barriers included the expectation of appeals, the costs associated with closure, and the lack of better placement options for students in the closing schools.

## Authorizer Challenges Explored

Quality charter authorizing is getting attention in wider swaths of the policy community than ever before. In a 2012 report commissioned by the Progressive Policy Institute, the respected policy guru David Osborne (author of *Reinventing Government*) dug deeply into why it is difficult to close problematic charter schools.<sup>3</sup> From his research, Osborne lists key challenges that underscore NACSA's survey results:

- *Too few authorizers collect a robust body of evidence of charter performance over the term of the charter.*
- *Too many authorizers lack adequate staff and funding.*
- *Authorizers have incentives to keep schools open.*
- *Too many charters are not performance contracts with meaningful, measurable performance goals.*
- *Too many charter terms are longer than five years, so high stakes reviews are infrequent.*
- *Too many authorizers have no clear criteria for renewal and revocation.*
- *Sometimes, closing a charter school would send students to schools that are worse.*
- *In some states, appeals to the state board and/or courts reverse and inhibit authorizer decisions.*
- *Charter operators often make 11th hour turnaround attempts when threatened with closures.*
- *Sometimes a poorly thought-out charter law gets in the way of a closure.*

Yet a lack of transparency on the authorizers' own parts may cause some of the barriers to closure. Parents and the public may not see the accumulating record of school problems, possibly leading to surprises when the boom must be lowered. Large authorizers do better than small authorizers on disseminating performance information, with 61 percent of them publishing an annual report or "report cards" summarizing the performance of charter schools in their portfolios, compared to 48 percent of small authorizers.

There is cause for concern about how well authorizers are laying the groundwork for renewal decisions over time. A surprisingly large number of authorizers (34 percent overall) lack an established policy to close underperforming schools. (Once the decision is made, however, most—64 percent of small authorizers and 82 percent of large authorizers—do have an established, standardized protocol for closure.)

Most authorizers believe that they have the right infrastructure in place, with 89 percent of small authorizers and 85 percent of large authorizers agreeing with this statement: “Our authorizing organization has sufficient data regarding the charter schools it authorizes to make merit-based renewal and revocation decisions.” Yet one important component of performance evaluation is missing in many cases: the ability to track individual student data needed to produce valid judgments about growth. Such data is collected by 64 percent of small authorizers and 60 percent of large authorizers.

Authorizers should take heart from the 2012 survey results in one respect: Their closure decisions stick. Very few closure decisions in the past year resulted in schools transferring their charter and remaining open under a different authorizer. When asked whether this had occurred on their watch, the most common response among authorizers was “not applicable”—presumably because state law forbids “sponsor shopping” or because there are no other authorizing alternatives in the jurisdiction. But of those who responded, schools that authorizers tried to close stayed open in just two of 79 cases among small authorizers and in two of 73 cases among large authorizers.

Appeals were far more common, however, for large authorizers. Just two of 19 closure decisions reported in the sample of small authorizers were appealed, while 13 of 37 closure decisions by large authorizers were appealed. A number of these are still pending, but of those decided, just three of 12 appeals were successful, either in the courts or at the state board level.

## What Evaluations Tell Us

The survey data NACSA reports here is useful for understanding the broad movement underway toward adoption of effective and proven authorizing practices. But each authorizer has its own way of going about the job, and in a profession just two decades old it is healthy to see thoughtful experimentation around how a particular practice can work in a particular environment with its own laws, local challenges, and unique assets.

For these reasons, in addition to an annual survey of authorizers, NACSA conducts in-depth, formative evaluations of individual authorizers, measuring their day-to-day practice against NACSA's *Principles & Standards for Quality Charter School Authorizing*. NACSA's evaluators examine an array of documents, from application packages to contracts and renewal rubrics, and then conduct a site visit that includes interviews with staff, board members, school leaders, and other stakeholders.

The evaluation team then presents the findings and recommendations for improvement in both a detailed written report and a public presentation to the authorizer board. For each of the practice categories, the evaluators describe their findings in terms of both the “established” practice (which is on paper) and the “applied” practice (the authorizer’s actual implementation).

The 30 evaluations that NACSA has conducted since 2009 provide an important external lens that can amplify self-reported authorizer responses on our survey of essential practices. In some cases the actual implementation is everything one would hope; in other cases it falls short of expectations. It is important to note that NACSA's authorizer evaluations are formative—focusing on one authorizer at a time and providing constructive recommendations for improvement—that the evaluation methods and categories have been refined over time, and that the analytical framework has not been set up to provide reliable qualitative outcomes across the whole group.

The examples below—contrasting NACSA's in-depth evaluation findings with authorizers' responses on the Index—suggest why a rigorous, close-up look can help authorizers move from simply having a practice on the books to robust, effective implementation.

- One statewide authorizer that scored reasonably well on the latest Index compilation (nine on the 12-point scale) reported that it had established charter renewal criteria. Its 2011 evaluation found that although there was a newly established renewal process in place, schools were confused about how the authorizer planned to evaluate the evidence.
- A highly regarded authorizer that generally received strong grades in the evaluation fell short in one critical respect. While its contracts spelled out sound criteria for charter revocation, the authorizer had no policy around intervention. Short of threatening revocation, there was no formal process for notifying schools of deficiencies and securing needed improvements.

→ Another school district authorizer, which scored a 10 on the Index and oversees a large portfolio of charters, reported that it had renewal criteria in place. But on closer inspection evaluators found the renewal process needed strengthening. The renewal application itself asked certain questions that were not aligned with the district’s indicators of success, and site visitors who had advised the authorizer on renewal were found to have provided subjective feedback to the school leader rather than sticking to the objective, outcomes-focused task at hand.

It is not always the case, however, that implementation is less impressive than the policy on paper. One recent evaluation found that a small, under-resourced authorizer often lacked solid, written procedures—yet its dedicated staff was doing a commendable job of covering most of the required bases in practice. The bottom line is that the devil is in the details.



# Strong Policies

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Each state's legal and regulatory environment powerfully influences the quality of charter school authorizing. Yet in the early years of the charter school movement, state laws paid scant attention to this most vital role. Early laws concentrated heavily on the powers, responsibilities, and governance of individual schools. They typically named who could authorize (mostly local school districts and in a few cases, universities or state boards of education) but said little about what these new entities were to do. And they were silent on how authorizers' own work was to be evaluated.

This is changing. States are paying attention as the profession defines standards of excellence. As of 2012, charter laws in 11 states plus the District of Columbia have incorporated components of NACSA's *Principles & Standards for Quality Charter School Authorizing*. In the past year alone, according to *Education Week*, "Ten states strengthened charters' authorizing environments by expanding the types of entities that can authorize charter schools or by passing quality control measures meant to allow high-quality charter schools to grow."<sup>4</sup>

NACSA has worked with the National Alliance for Public Charter Schools (NAPCS), whose Model Public Charter School Law reflects NACSA's positions on authorizer accountability and other matters. NAPCS's rankings of states against the model law show significant recent gains in strengthening authorizing provisions. Between 2011 and 2013, nine states improved their laws on authorizer and other accountability; four states increased the quality of their application processes; and five states improved the clarity of their charter renewal and revocation processes.<sup>5</sup>

Charter schools and their authorizers were the focus of several pitched political battles in 2012. After a 2011 Georgia Supreme Court decision ruling the Georgia Charter Schools Commission unconstitutional under that state's law, the commission came roaring back in a referendum landslide, with 58 percent of voters affirming the need for a statewide, high-quality authorizer. Analyses of the results showed that some of the measure's strongest support came from African-American communities.

In its fourth attempt, the State of Washington joined the ranks of chartering states, with a narrow victory in a state referendum. The new law is among the strongest in the country (ranked #3 by NAPCS in its debut year), and incorporates many of the tough accountability measures advocated by NACSA. Rather than simply designating which entities can authorize, the new statute creates a thoughtful process through which school districts must apply to the State Board of Education to become authorizers for a six-year term. The State Board must then review each district's performance prior to renewal. The law also creates a new Washington Charter School Commission, with nine commissioners appointed by the governor and legislative chiefs, with authority to approve charters statewide—and to serve as a model of best practices in the state.

State and local policies also help determine whether authorizers can develop the capacity they need for effective operations.

Despite the wide variety of authorizer types (districts, universities, state commissions, and other entities), there is remarkable congruence among small and large authorizers in their sources of funding. The averages presented here vary by just a few percentage points between small and large in each case.

**TABLE 3.1:** *Sources of Funding for Authorizers*

FUNDING SOURCE	PERCENT OF AUTHORIZERS
Oversight Fees	60%
Regular Operating Budget of Parent Organization	42%
State Appropriations	23%
State or Federal Grants	13%
Foundation Grants	8%

- The single most common source of funding for authorizer operations is a fee deducted from charter school per-pupil revenues, reported by 60 percent of authorizers. Of all authorizers, 42 percent are funded at least partly through the regular operating budgets of parent organizations (which could be a school district, nonprofit organization, or other entity). Just under one-quarter (23 percent) of all authorizers receive state appropriations; and 13 percent receive state or federal grants. There is wider variation in philanthropic funding (8 percent of all authorizers, but 14 percent for large and just 1 percent for small authorizers).





# *Strong People*

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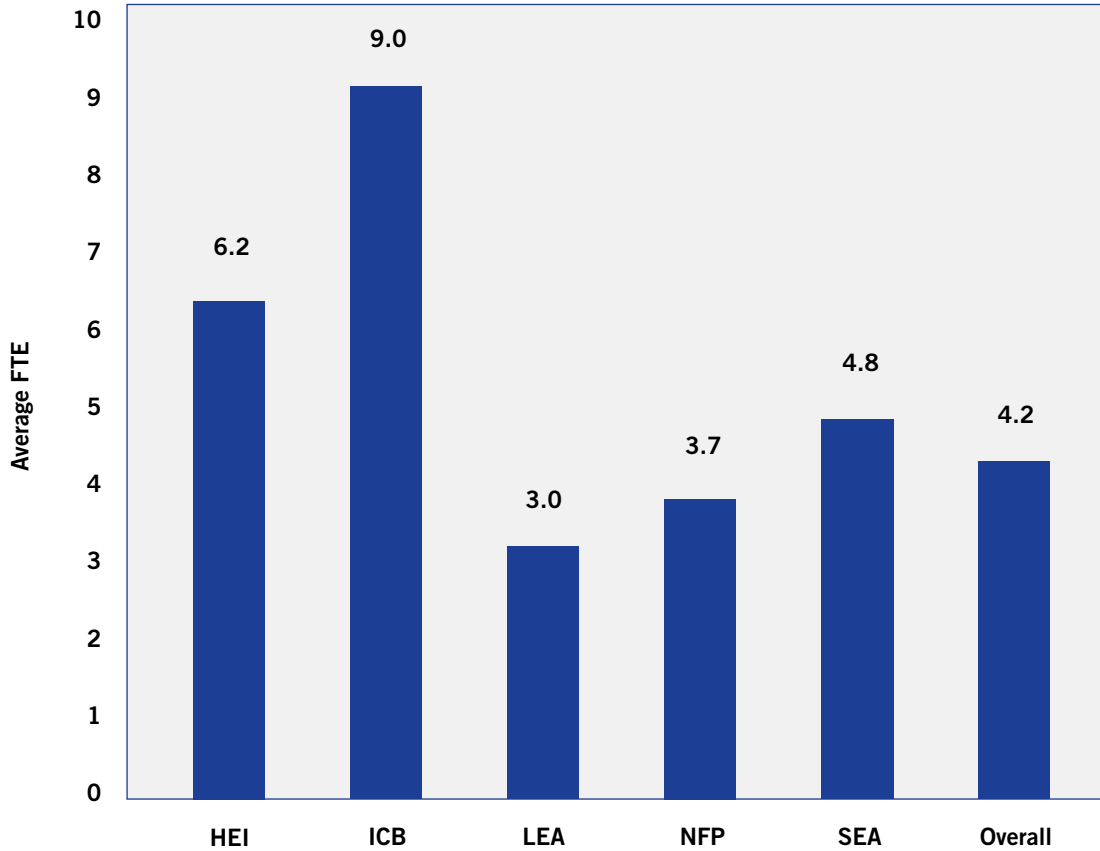
The soundest policies and the most comprehensive list of practices mean little without capable leadership and administration by the people who make up authorizing offices. While NACSA has not attempted to look at specific job descriptions or personnel qualifications, the 2012 survey data does provide some telling indicators about the ability of authorizers to staff their challenging assignments.

One fundamental question is whether or not authorizers have budgets dedicated to authorizing. Without a specific budget commitment, authorizing tasks may be done on spare time and by scraping from resources needed elsewhere. Here, there is a significant split according to portfolio size, with 66 percent of large authorizers having their own budgets dedicated to charter authorizing compared to just 41 percent of small authorizers.

Authorizers' people power runs the gamut from zero staff, reported by 26 organizations, to 54 staff, reported by just one authorizer, the Governor John Engler Center for Charter Schools at Central Michigan University. As might be expected, the size of authorizing staff tends to reflect the number of schools overseen. Among large authorizers, an average of 6.7 full-time-equivalent (FTE) positions are assigned to authorizing work. Far fewer do the job in small authorizing agencies, with an average FTE of 1.5.

Perhaps more telling is a breakdown by authorizer type:

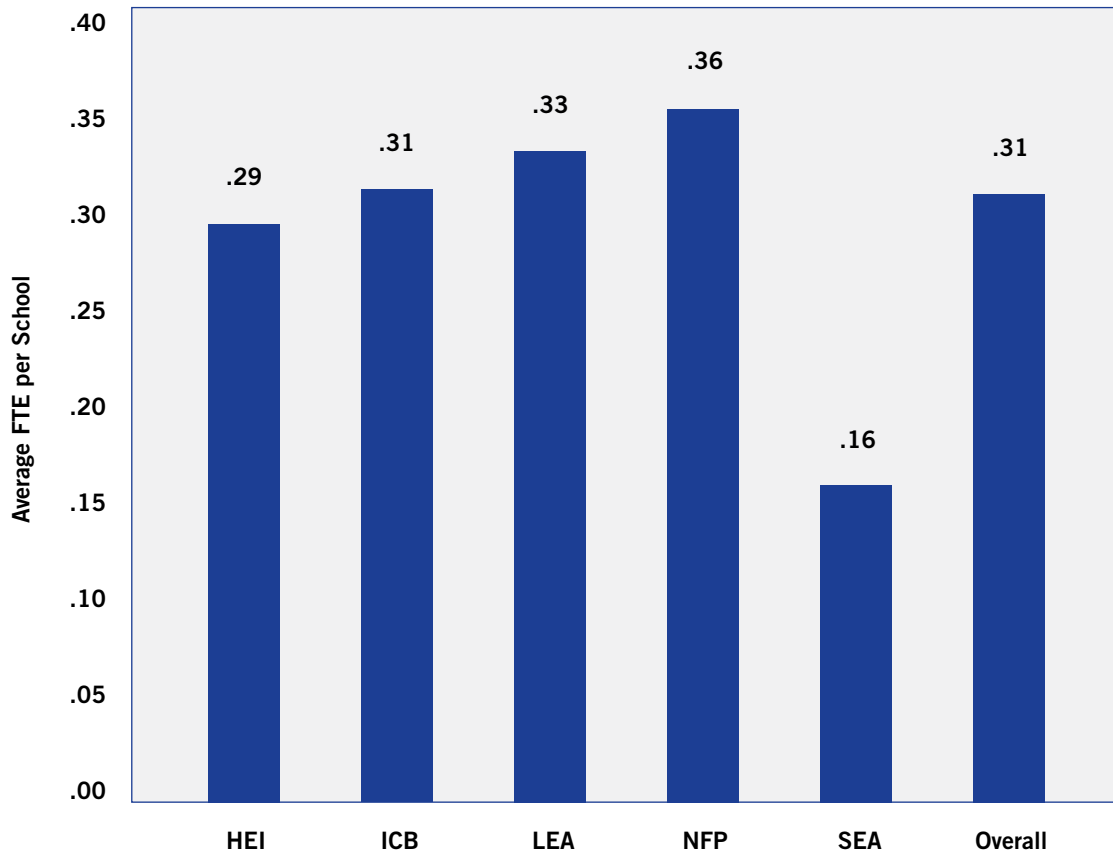
**FIGURE 3.1:** Average FTE by Authorizer Type



- Independent Chartering Boards (ICBs) report the highest average number of authorizing staff, 9.0 FTEs, and school districts the lowest at 3.0, with an overall average toward the lower end at 4.2 FTEs.

Another way to gauge staffing is to look at the *staff-to-school* ratio. In other words, in a given type of organization, how many FTEs are actually deployed to authorizing work on a per-school basis (whatever the size of the authorizer’s portfolio)?

**FIGURE 3.2:** *Average FTE per School by Authorizer Type*



- In this case, Not-For-Profit (NFP) authorizers are applying the most manpower per capita, more than one-third of a position per school, followed closely by Local Education Agencies (LEAs). At the other end, State Education Agencies (SEAs) seem stretched, devoting just .16 FTE to each school.

Most authorizers face some choices about getting work done through internal staff or external contracts. There appears to be a strong tendency, among both large and small authorizers, to choose “build” rather than “buy”: 87 percent of authorizers conduct application evaluations internally; 93 percent do the same for oversight and monitoring; and 91 percent use internal staff for performance evaluation and renewal decisions.

The great majority of authorizers—more than 90 percent in most cases—report having access to the skills they need in such areas as assessment, educational leadership, performance management, and finance. Among the exceptions: 27 percent of Higher Education Institutions (HEIs) report having inadequate access to special education skills, and 32 percent need more help on “administration of federal programs.” A significant 50 percent of Independent Chartering Boards (ICBs) and 23 percent of nonprofit authorizers say they lack access to expertise on facilities. Among small authorizers, 23 percent have inadequate access to “nonprofit governance and management” skills.

### NACSA's Commitment

Because so much depends on the presence of wise and well-informed people on authorizer staffs, and because there is so little professional training and development available, NACSA inaugurated two programs in 2012 to help build a pipeline of top-notch authorizing talent.

The first cohort of participants in NACSA's Leaders Program was recruited over the spring and early summer of 2012; at that time, each of the 12 leaders was heading an authorizing office but was still in the early stages of a promising career in authorizing. The Leaders Program cohort met several times during the year, receiving ongoing professional support from NACSA staff, and each was paired with a veteran authorizer who provided mentoring and advice.

NACSA's Fellows Program also kicked off in 2012 with three younger professionals who have gotten a full-immersion experience in charter authorizing, beginning with intensive training and then moving to a full-year fellowship with an active authorizing office.

Both programs will be expanded in 2013 to help accommodate the ever-growing need and demand for strong authorizing talent and commitment to charter authorizing as a serious profession.



# Conclusion

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So what is the state of charter school authorizing in 2012?

The findings in this report suggest that this still-young profession is moving in the right direction. More authorizers are adopting practices that will lead to high-performing charter portfolios. States are improving their laws and policies on charter accountability, and some are breaking new ground in holding authorizers accountable for the outcomes of their work. A growing number of organizations responsible for authorizing are dedicating full-time staff to that task, and we are making real progress in articulating the skills and attributes needed among authorizing professionals.

Yet there is far to go. Not nearly enough authorizers make it a priority to identify successful charters and nurture their replication. And there are too many stories of charter schools that fail their students due to operational and academic shortcomings—and yet stay open. NACSA's *One Million Lives* campaign addresses both sides of the quality equation, working to create far more successful charter schools while ensuring that no charter is allowed to do harm.

What distinguishes this report from one that might have been written a decade ago is the growing recognition that strong authorizing is the key to creating a successful charter sector. NACSA's guidance and skills are being sought in state after state because policymakers understand that great charter schools do not happen by accident; they result from a sustained partnership between skilled operators and conscientious authorizers.

# Appendix A: Survey Methodology

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The National Association of Charter School Authorizers (NACSA) tracks the number, size, and types of charter school authorizers through reviews of state statutes, ongoing cooperation with partners such as the National Alliance for Public Charter Schools, and frequent contact with state education departments and state charter school support organizations.

Drawing on these sources of information, NACSA identified 374 charter school authorizers in the country to survey during the 2011–12 school year. NACSA contacted all surveyed authorizers via mail and email to solicit their participation in the survey.

All surveyed authorizers were asked to complete a 19-page, 176-item survey of authorizer practices, designed by NACSA. Participants were asked to answer questions across a range of topics related to charter school authorizing.

Of the 374 charter school authorizers contacted, 67 of 90 authorizers with 10 or more schools (response rate: 74 percent) and 90 of 284 authorizers with fewer than 10 schools (response rate: 32 percent) completed and returned an online version of the survey or a hard copy version via mail.

Questions regarding survey design and implementation should be directed to Sean Conlan, Ph.D., NACSA's director of research and evaluation. Email [seanc@qualitycharters.org](mailto:seanc@qualitycharters.org) or phone 817.841.9035.



## Appendix B:

# NACSA Resources for Authorizers

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NACSA is committed to changing the lives of one million children by building a pipeline of experienced talent in authorizing, by advocating for policy that supports smart charter school growth and strong accountability, and by providing authorizers with practical resources and tools to foster high-quality authorizing practice.

### People

NACSA offers two professional development and training programs designed to advance quality authorizing. The [Leaders Program](#) develops leadership skills and substantive expertise of new leaders of authorizing offices. The [Fellows Program](#), which offers young professionals a year-long placement in the office of a large authorizer, cultivates future leaders to meet the demand for trained authorizers.

### Policy

NACSA is nonpartisan and works with agencies, reform organizations, and public officials to improve public education by passing strong state laws and related policies that support the growth of high-quality schools and the closure of low-performing schools, and to hold authorizers themselves accountable for the quality of the schools they oversee. NACSA's policy work is also informed by its [Principles & Standards of Quality Charter School Authorizing](#), which codifies best practices in authorizing.

### Practice

The experienced team of professionals in NACSA's [Authorizer Development](#) division has successfully assisted authorizers across the nation in advancing the quality of the schools they charter by improving authorizer practices. NACSA provides comprehensive authorizer evaluations and supports authorizers in sound decision management and the design of comprehensive, clear, and effective contracts, policies, and protocols.

The breadth of NACSA's practical resources for authorizers is now available on the NACSA [Knowledge Core](#), a new interactive Web-based knowledge and learning portal designed to serve the professional needs of both novice and experienced charter school authorizers in carrying out their complex work. From the basics of authorizing to advanced topics, NACSA's [Knowledge Core](#) provides a rich array of core authorizing resources; interactive courses; self-paced, multimedia learning modules; guidance; practical tools; and professional networking opportunities to deepen NACSA members' knowledge and help them fulfill NACSA's [Principles & Standards](#).

NACSA's regularly updated *Principles & Standards for Quality Charter School Authorizing* is the foundational resource used to guide authorizing practices across the country. In addition, NACSA also conducts research and data analysis of authorizer practices and performance nationwide, delivered in its annual *State of Charter School Authorizing Report* and *Index of Essential Practices*. NACSA's [website](#), weekly *Member Notes* newsletter, and special announcements provide regular updates on important authorizing issues and opportunities.

NACSA's [Annual Leadership Conference](#) brings together hundreds of charter school authorizers and leaders in the education reform movement to learn about the latest trends, challenges, and issues in authorizing, to explore best practices, and to share insights with colleagues.

**For further information on these and other NACSA resources, visit [www.qualitycharters.org](http://www.qualitycharters.org).**





# Acknowledgements

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NACSA extends its gratitude to the staff members of charter school authorizing agencies across the country for their time and efforts in completing the 2012 NACSA Authorizer Survey. This report would not be possible without their contributions. NACSA thanks these authorizers for their commitment to quality charter school authorizing.

NACSA sincerely thanks the Bill & Melinda Gates Foundation, the Walton Family Foundation, and the Robertson Foundation for their support of this report and the organization.

*The State of Charter School Authorizing 2012: Fifth Annual Report on NACSA's Authorizer Survey* provides an overview of the policies, practices, and characteristics of the nation's largest charter school authorizers as well as a sampling of smaller authorizing entities. It also builds upon the data presented in the first four reports on NACSA's authorizer survey and is organized around *NACSA's Principles & Standards for Quality Charter School Authorizing*.

The National Association of Charter School Authorizers (NACSA) is a 501(c)(3) not-for-profit membership organization dedicated to the establishment and operation of quality charter schools through responsible oversight in the public interest.

*The State of Charter School Authorizing 2012: Fifth Annual Report on NACSA's Authorizer Survey* is licensed under a Creative Commons Attribution-Noncommercial-No Derivative Works 3.0 United States License. Visit NACSA's website to learn more about high-quality charter school authorizing: [www.qualitycharters.org](http://www.qualitycharters.org)



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## Endnotes:

- 1 CREDO at Stanford University: *Charter School Growth and Replication*, executive summary, January 30, 2013. <http://credo.stanford.edu/pdfs/CGAR%20Growth%20Executive%20Summary.pdf>
- 2 Ibid.
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- 4 Ash, Katie: “Report: 2012 Brought Political Victories, New Laws for Charters.” *Education Week*, 1/29/2013. [http://blogs.edweek.org/edweek/charterschoice/2013/01/new\\_report\\_calls\\_2012\\_an\\_historic\\_year\\_for\\_charters.html](http://blogs.edweek.org/edweek/charterschoice/2013/01/new_report_calls_2012_an_historic_year_for_charters.html)
- 5 Source: National Alliance for Public Charter Schools, derivations from 2011–13 Model Law ranking reports



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