

## **Prepared Testimony for the House Committee on Education and Labor**

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### **Introduction**

Mr. Chairman and members of the Committee, thank you for inviting me to testify this morning. My name is Jim Goenner and I'm wearing two hats today. The first hat is my day job, where I serve as the Executive Director of The Center for Charter Schools at Central Michigan University. The second hat is chairman of the Board of Directors of the National Association of Charter School Authorizers.

With these two hats, I can offer both a national perspective and a hands-on perspective from someone working in the trenches each day. I'm also considered a veteran, meaning I've been involved with charter schooling almost since its inception. And I can attest, I've seen the good, the bad, and the ugly.

### **CMU's Leadership**

Founded in 1892, Central Michigan University has a proud heritage of preparing teachers and school leaders. Like Congress, CMU has been deeply troubled by the achievement gap between minority and white students.

In 1994, our Board of Trustees took a leadership role and became the first university in the country to charter a school. Today, 58 schools are chartered by CMU, serving 30,000 Michigan students, making us the largest university authorizer in the nation. CMU is also home of the National Charter Schools Institute. We are not a school district—each charter school is an independent, autonomous public body with its own governing board. However, if we were, we'd be the second largest district in Michigan.

Fundamentally, we believe all students deserve quality educational options, especially those most in need. In fact, two-thirds of the students enrolled in the schools we charter are children of color, and two-thirds are eligible for free or reduced price lunch. We charter schools located in rural and suburban areas, but the vast majority serve our urban communities – particularly Detroit.

### **Closing the Achievement Gap**

Promising practices at the schools we charter show that the achievement gap can be closed. Based on the results of our state assessment—the Michigan Educational Assessment Program (MEAP) —minority and homeless students in third through eighth grades performed better than their peers statewide.

Of the nearly 800 school districts in Michigan, 7 charters' MEAP scores placed in the top 25. Four of those schools are chartered by CMU. In fact, the number one performing public school district in the state, Canton Charter Academy, is a school we charter. It is governed by an outstanding board and is managed by National Heritage Academies. The school leader and teachers have created a winning formula as demonstrated by their test scores, but also by the fact that they have over 1,500 students on their waiting list.

We also received a letter from the Michigan Department of Education commending CMU for 18 of the schools we charter that are “beating the odds,” meaning schools that achieved over 60% academic proficiency where over 50% of their students qualify for free or reduced price lunch.

### **Chartering Change**

At its core, “charter schools” is a strategy—a legislative strategy to transform public education by harnessing the powers of choice, innovation and accountability. We are at work every day to put this strategy into action. We are creating hope and opportunity. In short, we are serving as a catalyst to help transform and revitalize public education.

Michigan’s charter school law, which is considered to be one of the nation’s strongest, requires charters to be granted on a competitive basis. At CMU, we look for applicants—we call them development teams—that have a promising vision for kids, the ability to develop a quality educational program, a sound business plan and the ability to implement. We look for people that have a track record of success. People that will put kids first. People that are passionate about pursuing excellence. People that know how to build teams and deliver results.

### **Charter Application Process**

We run a multi-phased application process for new charters. Our review team is composed of subject matter experts from The Center at CMU, along with experts from around the country. Because of Michigan’s cap on the number of the charters that can be granted by state universities, we can only charter a new school if we close an existing school—hindering our ability to charter new schools for students in areas where school districts fail to provide quality options.

For example, after we closed a school for poor performance, we publicly announced the opening of our application process. We received 41 Phase I applications. Phase I consists of a high level overview of the proposed school—essentially, an executive summary. We invited nine of the 41 to continue into the next phase. Phase II is very rigorous and requires significantly more work and detail than Phase I. It ranges from detailed demographic data about the student population to be served, to the curriculum to be used, to the facility, its location and its suitability as a learning environment, to the budget and business plan that will make it all happen.

Even though there were several highly qualified development teams that could have done great things for kids, because of our state cap, we were only able to invite one of the nine Phase II applicants to continue on and begin preparing the legal documents necessary for the University Board to approve and issue the charter. This is an intensive time. We perform significant due diligence to ensure that everything is legally structured, arms-length and free from conflicts of interest.

Our goal is that if you visited the new school after only a few weeks of operation, you’d say, “Wow! This is a great school. Is this your third year of operation?” And we’d be able to smile and say, “No, we just opened, but we were prepared to hit the ground running, because we knew our students would be counting on us day one.”

### **Charter = Performance Contract**

Each charter issued by the University Board is a performance contract. We believe that a contract that clearly establishes performance goals, as well as defines roles and responsibilities, is an essential quality control needed to create a successful school. The charter contract is between the University Board and the Charter School Board and is filed with the Michigan Department of Education.

Each charter is incorporated as a Michigan nonprofit corporation, is a body corporate, and a governmental entity under Michigan law. Unique to Michigan, a charter school's governing board members swear a constitutional oath of office, serve as public officials, and have the primary responsibility for ensuring the school complies with its charter contract and applicable law.

### **Oversight and Accountability**

As a performance contract, each charter issued by CMU contains numerous provisions. However, it really all just boils down to two main questions. Are the kids learning? And is the public's money being cared for?

Michigan's charter schools are required to comply with essentially the same requirements as all school districts are subject to, and authorizers are held to a high standard by law to oversee the schools they charter. This oversight must be sufficient to be able to certify that each charter is in compliance with "statute, rules, and the terms of the contract" (MCL 380.504).

CMU was audited against this standard in 1997 by Michigan's Auditor General. At that point in time, no one knew what this standard meant, much less how to operationalize it. Needless to say the audit report was not favorable.

### **CMU Recognized as "Gold Standard"**

But the rest of the story goes like this. With a focus on quality, we went to work on upgrading our systems. When the follow-up audit was released in 2002, our oversight was found to be first rate, and the Michigan Department of Education and the media began publicly referring to CMU as "the gold standard of charter public school accountability."

Our operations were also inspected by the Michigan Department of Education in 2005. We received a perfect score on the 18 critical oversight processes they examined. Their letter to me concluded, "What we (MDE) came to understand about your systems will help us reassure Michigan citizens who express concern about public accountability for public school academy boards with regard to their operations and policies."

### **State and National Impact**

The success resulted in our systems, policies, and procedures becoming national models for other authorizers. While we are proud of what has been accomplished to date, we know there is much more to do to continuously improve our own performance at CMU and raise the standards for authorizing across the country.

Beyond hosting policymakers, researchers and charter school leaders from around the country, and speaking at state and national conferences, one of our more significant contributions to advancing quality is our participation in the development of NACSA's *Principles & Standards for Quality Charter School Authorizing*, and the Michigan Council of Charter School Authorizers' *Oversight and Accountability Standards*. Further, we served on the National Consensus Panels for Academic and Operational Quality.

Perhaps even more importantly, we took it upon ourselves at CMU to design and build a software system to streamline and automate the regulatory reporting process. Our goal was to streamline compliance, allowing school leaders to spend more of their time on their primary mission of educating students.

Today, I'm proud to say that this software system called AOIS is being used by 14 organizations in 8 states (Arizona, Colorado, Florida, Indiana, Illinois, Michigan, Missouri and Ohio) along with the District of Columbia Charter Public School Board, to oversee schools.

### **Reauthorization**

In his book, *The Seven Habits of Highly Effective People*, author Stephen Covey reminds us to begin with the end in mind. This is sage advice for charter school authorizers as well.

Reauthorization is a significant milestone for authorizers and schools. Reauthorization means the charter contract will soon expire and a determination must be made if the school has delivered on its promises.

At CMU, the reauthorization process is guided by three core questions:

1. Is the school's academic program successful?
2. Is the school's organization viable?
3. Is the school demonstrating good faith in following its charter contract and applicable law?

If the answers to these core questions are affirmative, the University Board issues the school a new charter contract.

### **Differentiating Performance**

One way CMU differentiates the performance of the schools it charters is based on the length of the charter contract. Schools that exceed their goals are reauthorized for seven years. Schools that meet their goals are reauthorized for five years. Schools that have not met all their goals, but are demonstrating solid progress are reauthorized for three years. Schools not delivering, but that are committed to turning things around, are issued a one-year probationary contract. Schools that are unwilling or unable to deliver results are not renewed.

### **Closing Schools**

While we want every school we charter to succeed, realistically we know that will not always be the case. In fact, this is a critical element of the charter strategy. Schools that deliver results continue; those that do not go away. This type of performance-based accountability is what is necessary to improve all public schools.

This tough love rhetoric sounds good. In reality, it is a challenge to carry out. But for those schools that fail to deliver academic results or properly care for the public dollar, they must be held accountable to protect kids and the public, and to ensure the integrity of the charter promise is upheld.

Being on the front lines and being intimately involved in these difficult decisions, I can assure you that closing a school is not something anyone should take lightly. School closures impact real people in real ways. Students and parents are forced to find another school. Teachers and support staff have to find other jobs. The board and management often feel embarrassed and try to go on the “attack.” Needless to say, emotions run high. And as you know, some try to get their elected officials involved in the hopes that you will take their side in advocating for the school to stay open.

While I’d like to believe that all authorizers want their charter schools to succeed and operate in a professional manner, providing their schools with regular feedback and reports regarding their performance or lack thereof, we all know that it is not uniformly true. Yet, I would contend that schools who consistently deliver academic results for kids, and are good stewards of the public dollar, are not in danger of being closed.

As Americans, we believe in due process and fair treatment. Charters deserve this as well. But it is absolutely essential that authorizers have the tools they need to close schools that fail to deliver or have the ability to sanction activity that would lead to closure if corrective action is not taken.

Having closed or not renewed about a dozen schools over 15 years of authorizing—and having the battle scars to prove it - I’m confident that each decision was made by focusing on what’s best for students and ensuring the public dollar is cared for. In conjunction with the Michigan Departments of Education and Treasury, we and our authorizer colleagues through the Michigan Council of Charter School Authorizers have developed *Wind-Up and Dissolution Procedures*. These procedures ensure that there is as smooth a transition as possible for students and their families, while safeguarding public records and public assets. Upon dissolution, any remaining assets are returned to the state Treasury.

## **Conclusion**

The charter schools strategy is helping transform public education in America. Yet the demand for more great schools, along with President Obama’s call to close failing schools and replace them with schools that deliver results for kids and taxpayers, seems almost overwhelming. Fortunately, there are successful school models and successful authorizing models that we can nurture, grow and replicate. CMU and NACSA stand ready to work with President Obama, Secretary Duncan, the United States Congress and all those who are committed to passionately pursuing excellence for all students – especially those in greatest need.