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Bill Would Require Greater Accountability from Texas Charter Schools

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Texas's high-achieving charter schools could receive more money, and charters statewide could be required to be more accountable for their finances, if state Senate Bill 4 is approved. The bill was introduced by state Sen. Florence Shapiro (R-Plano) in late February.

Proponents of the plan, such as Shapiro and state Sen. Kyle Janek (R-Houston), say the bill would make it easier to close failing charter schools and would create a financial incentive for well-managed schools in the form of additional funds for facilities.

About 20 of the state's approximately 190 charter schools could close by early next year if the bill passes, according to estimates by the Texas Education Agency (TEA). Twenty-five charter schools would have been closed down if the bill were already in place, according to an analysis by the Charter School Policy Institute (CSPI), an advocacy group in Austin.

Many of the state's publicly funded charter schools have mismanaged funds, used fraudulent practices, and delivered low performance by students, the bill's supporters say. For example, the TEA has reported that the McCullough Academy of Excellence, an Austin charter school, has not turned in required audit reports on time for five years and has failed to document its expenses.

Charter schools, which tend to enroll more at-risk students than regular public schools, are subject to fewer state laws than other public schools.

Facility Funds

Under S.B. 4, all charter school campuses would have to be rated by the state commissioner of education as "recognized" or "exemplary" for two consecutive years to be eligible for facilities funding. The commissioner also could close charter schools that receive unacceptable academic or financial ratings for two years.

Charter schools also could close if their total liabilities exceed total assets by more than 20 percent of total annual expenditures, or if their passing rates on the math or reading section of the Texas Assessment of Knowledge and Skills dip below 25 percent, though extensions may be given for recent improvement.

"There have been many incidents, with both good and bad schools, that motivated this legislation," Shapiro said.

Over the past few years, the bill has been a work in progress, with Shapiro fine-tuning it with input from other senators, parents of charter school students, charter school administrators, the TEA, teachers, and the media.

S.B. 4 addresses charter schools' financial behavior well, but it is deficient in measuring academic improvement, says Jamie Story, an education policy analyst at the Texas Public Policy Foundation, a free-market research group in Austin.

"It would shut down a school that doesn't have a balanced sheet, schools that are operating in the red," Story said. However, the bill does not reward schools whose students are making good academic progress.

School Ratings

Although "25 percent sounds like a low standard," Story said, "the problem you have is that you have these charter schools with [some] students who are three and four grades behind" their grade levels.

Even if those students improve their reading levels by two grades within a year, their schools still could close under S.B. 4, Story noted, adding that they should be judged on achievement.

Alternative-education charter schools enroll at-risk students to expedite their progress toward performing at grade level and high school completion. Under the bill, charter schools in the alternative system can be rated by the state commissioner of education as academically acceptable or unacceptable based on their financial data, regardless of students' test scores.

Of the 25 charter schools the CSPI estimated would close for academic and/or financial reasons under the bill, 17 are alternative-education campuses.

Better Programs

If financial incentives are offered to charter schools, all public schools should be eligible for additional facilities funding for meeting similar requirements, Story said.

The bill also could make long-term financial planning for schools difficult, as funding could be dropped if a school gets an academically unacceptable rating.

S.B. 4 also calls for the TEA to complete a \$500,000 study of dropout recovery programs in Texas and other states by December 1, 2008. The report is to include the best practices in dropout recovery, the geographic areas where students are at greatest risk of dropping out, and recommendations for a dropout recovery pilot program in charter schools.

"There are some issues I wish we could address in more detail, such as how to define a 'dropout recovery' school," Shapiro said, "but the bottom line is that we don't have enough information and data on this topic to define it at this time, which is why we included [an] interim study on this topic in the bill.

"Hopefully, after this in-depth examination, we will be better able to identify these programs and help them to reach more students in the future," Shapiro said.

Senate action on S.B. 4 was still pending at press time.

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For more information ...

S.B. 4, <http://www.legis.state.tx.us/BillLookup/Text.aspx?LegSess=80R&Bill=SB4>

"State takes steps to close Austin charter school," by Jason Embry, *Austin American-Statesman*, February 23, 2007, <http://www.statesman.com/news/content/news/stories/local/02/23/23charter.html>