Hopes, Fears, & Reality

A BALANCED LOOK AT AMERICAN CHARTER SCHOOLS IN 2005

Robin J. Lake & Paul T. Hill, Editors

National Charter School Research Project Center On Reinventing Public Education Daniel J. Evans School Of Public Affairs University Of Washington

NOVEMBER 2005

About NCSRP and Hopes, Fears, & Reality

he University of Washington's National Charter School Research Project aims to bring rigor, evidence, and balance to the national charter school debate. Its goals are to 1) facilitate the fair assessment of the value-added effects of U.S. charter schools, and 2) provide the charter school and broader public education communities with research and information for ongoing improvement.

Hopes, Fears, & Reality is the first publication from NCSRP. This report will be published annually and will explore controversial, developing, or pressing charter school issues. NCSRP intends to identify the root causes, illuminate complexities, and move beyond polemics to elevate the level of the discussion around each problem, without making specific arguments for or against any position in the debate. NCSRP hopes that this report will be useful to charter school advocates, skeptics, and people curious about this new form of public education.

For more information and research on charter schools, please visit the NCSRP website at www.crpe.org/ncsrp. Original research, state-by-state charter school data, links to charter school research by other groups, and more can be found there.

CHAPTER I

The Charter Schools Landscape in 2005

Todd Ziebarth, Mary Beth Celio, Robin J. Lake, and Lydia Rainey

ost people know about charter schools from newspaper stories, mostly focused on disputes about approval or continuation of a particular school or about the experiences of a limited number of students or teachers. Stories are valuable, but they do not always give a broad perspective.

Even when they rely on careful studies, press reports can contradict one another. For example, one study concludes "on average, charter students are not more disadvantaged than students in regular public schools." Another study states "charter schools are more likely to serve minority and low-income students than traditional public schools."

THINGS THOSE INTERESTED IN CHARTERS SHOULD KNOW BUT DO NOT

Data on some characteristics of charter school students were hard to get from state charter school offices. While it was possible to conduct special analyses for race/ethnicity, free/reduced-price lunch, and special education, NCSRP was unable to do so for English language learners (ELL). In fact, because NCSRP was able to obtain data on ELL students for both charters and non-charters in only 12 states (with just 34% of all charter school students), the results are not included in this report. Given the importance of knowing which students are attending charter schools, it is critical that states collect and report student data on an annual basis. (Response rates by question are listed in Appendix B).

It was also difficult to obtain data on how charter schools were performing within federal and state accountability systems. Only 16 states were able to provide information on the percentage of schools that made adequate yearly progress (AYP, as defined by *No Child Left Behind*) for both charters and non-charters. It was even more difficult to track down the percentage of charters and non-charters that state accountability systems label as low-performing. With accountability playing such a prominent role within the charter school movement—as well as the larger movement to improve all public schools—states need to do a better job of making such information clearly and readily available.

The survey also attempted to gather data about charter school per-pupil funding, waiting lists, parent satisfaction, and class size. Only a small number of states actually collect this information, too few to report at this time. The reality is that states do not provide information on many topics about which parents and the public express the greatest interest.³

NCSRP hopes to provide more such information in the future. But NCSRP will also make proposals about how states can standardize data collection and analysis for all public schools, whether district-run or charter.

These results depend on the data and methods used.⁴ There are other important factual disputes, such as whether the charter movement is slowing down or continuing to grow.

The National Charter School Research Project (NCSRP) set out to provide some basic facts about charter schools. NCSRP sought evidence from new sources by interviewing state officials in charge of charter schools and asking them to assemble data that had not been compiled before. Some important information has been uncovered, but many important facts are impossible to pin down. This chapter summarizes the survey results and also points out what the public and policymakers should be able to know, but presently cannot.⁵

Based on the survey, NCSRP is able to draw eight major conclusions about charter schools in the 2004-2005 school year. This chapter explains and discusses each of them:

- 1. Nationally, the number of charter schools grew faster in 2004–2005 than in any of the previous four years.
- 2. Future growth is limited in many states by legislative caps on numbers and/or location of charters.
- 3. Nationally, charter schools serve a larger proportion of minority and low-income students than is found in traditional public schools, a characteristic due largely to the disproportionate number of charter schools located in urban areas.
- 4. Charter schools differ from traditional public schools in size and grade span.
- 5. Alternate authorizers, such as state agencies or universities, are more likely to sponsor brand new charter schools than to sponsor existing schools that convert to charter status.
- 6. Few charters are operated by management organizations.
- 7. Few states provide facilities funding, a fact that limits the number of charter schools that can be opened in a majority of states.
- 8. Charter schools are creatures of state policy and therefore differ from one state to another and are as diverse as the states and the legislation that permit them.

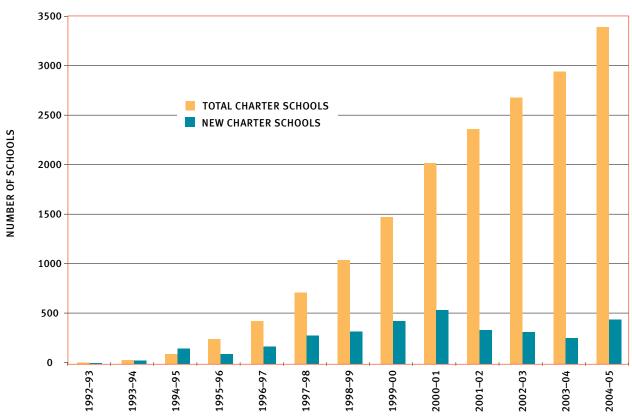
There has been speculation in recent years to the effect that charter school growth is stalling. However, the pace of charter school openings picked up speed in 2004-2005. The number of charter schools that opened in 2004-2005 (448) was much higher than the average of the previous four years (340) and nearly twice as high as in the 2003-2004 school year (260). As the 2005-2006 school year approached, approximately 3,300 charter schools were operating in the 40 states and Washington, D. C. Based on the National Center on Education Statistics' Common Core of Data, these 3,300 schools represent about 3% of all public schools in the country. Nationwide, charter schools serve more than 900,000 students, or 2% of all students attending public schools.

Charter schools opened for the first time in Iowa and New Hampshire during the 2004-2005 school year. In addition, states with relatively few charter schools—such as Indiana and Utah—experienced noteworthy growth, as did several states that already had substantial numbers of charter schools.

THE CHARTER SCHOOL GROWTH RATE. The absolute number of new charter schools remains high, but the growth rate continues to decline because the base on which it is calculated is larger every year. Thus, the addition of 432 charter schools in 1999-2000 constituted a 41% increase in the total number of schools, while the addition of 448 schools last year translates into a much more modest rate increase of 15%. Figure 1 provides details of this growth from two charter schools in Minnesota in 1992-1993 to 3,403 in 40 states and Washington, D. C., in 2004-2005.

In number of schools, as in number of students, the data collected by NCSRP revealed that growth is concentrated in certain states, with 65% of all new charters opening in California, Colorado, Florida, Michigan, Minnesota, Ohio, and Wisconsin. Each of these states already had at least 100 charter schools, and together they have more than half of all charter schools nationwide. On the other hand, growth in many states was numerically small but proportionally large, with charter schools opening for the first time in Iowa and New Hampshire. Kansas and Tennessee added 14 and 3 schools respectively, but both had growth rates greater than 40% (52% and 43% respectively). In 25 states the number of charter schools grew by 10% or more.

FIGURE 1: CHARTER SCHOOL GROWTH: NEW AND TOTAL CHARTER SCHOOLS, 1992-2005



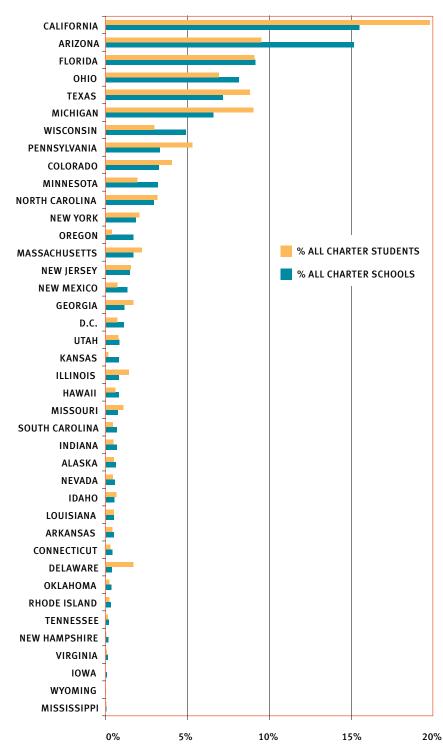
Source: 2004-2005 data from NCSRP survey; all other data from Center on Education Reform, www.edreform.com

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CHARTER SCHOOL STUDENTS. The range in the number of students enrolled per state is also very broad, from 140 in Wyoming to 180,000 in California. As Figure 2 makes evident, charter school students, like the schools themselves, cluster in a limited number of states. Just six states account for 62% of charter schools and 63% of charter school students: Arizona, California, Florida, Michigan, Ohio, and Texas. These "Big Six" charter school states, however, are not necessarily the states in which charter schools play the greatest role in serving public school students.

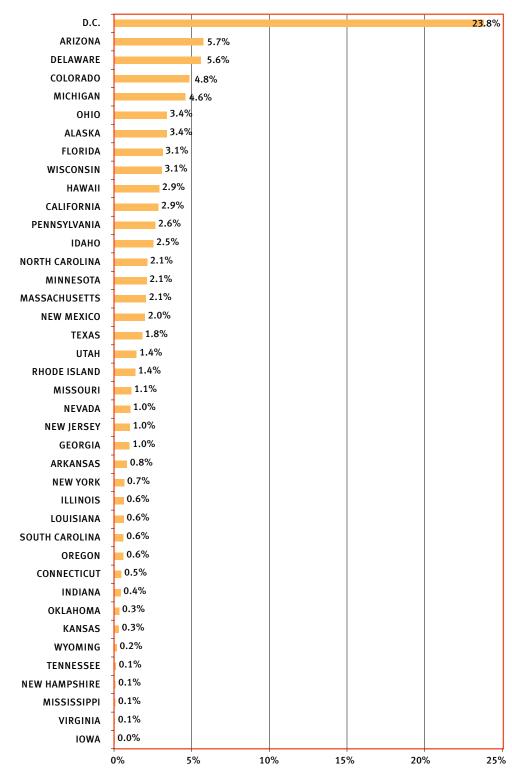
As Figure 3 indicates, the Washington, D. C.'s charter schools serve by far the most significant share of all public school students—24%.⁶ Charter schools in Delaware and Colorado also serve relatively high proportions of all public school students. Although charter students are numerous in California, Florida, and Texas, they still comprise very small proportions of those states' total student populations.

FIGURE 2: PERCENT OF NATIONWIDE CHARTER SCHOOLS/STUDENTS BY STATE IN 2004-2005



PERCENTAGE OF NATIONWIDE CHARTER SCHOOLS/STUDENTS

FIGURE 3: STUDENTS IN CHARTER SCHOOLS BY STATE IN 2004-05



Source: National Charter School Research Project, 2005

PERCENTAGE OF PUBLIC SCHOOL STUDENTS IN CHARTER SCHOOLS

CHARTER SCHOOL AGE. Many charter schools are brand new and some have been in existence for only a few years. Nationally, the average charter school has been open slightly less than five years.⁷ However, since charter schools often grow one grade at a time, many are still offering instruction for some age groups for the first time. Most multi-grade schools still have not graduated a cohort of students—for instance, from elementary to high school or from high school to college.

FINDING #2: Future growth in numbers is limited by state caps.

Since the first charter laws were enacted, supporters and opponents have struggled over caps on the number of schools allowed to open. Most states incorporate such caps in their statutes, sometimes as a result of political compromises negotiated during the initial decision to authorize charters within the state.

As of 2004-2005, 27 states' laws limit the number of charter schools. Twenty states set caps on the total number of new schools that may open. These caps are imposed statewide, on particular cities, or on particular authorizing agencies. The other seven states limit charter school growth based on other criteria, including the number of students who may attend charter schools (Connecticut) or total district expenditures (Massachusetts).

FIGURE 4: OPENED AND CLOSED CHARTER SCHOOLS BY STATE IN 2004–2005

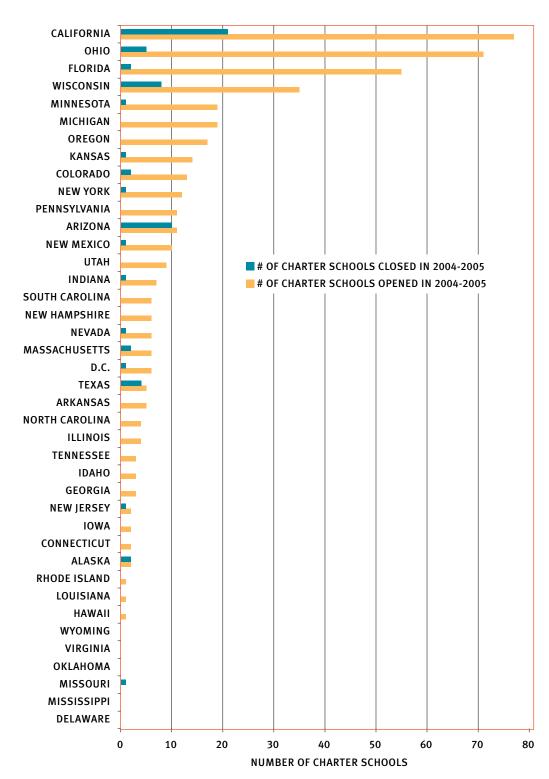


Figure 5 (next page) displays the number of charters that are available, by state, under current absolute state caps. Under current state caps, there is room for just 725 more schools nationwide. Almost half of this unused capacity (340 charters) is available in California. Three of the states with the most charter schools (Michigan, Ohio, and Texas) can create a combined total of just 29 more schools under the current caps.

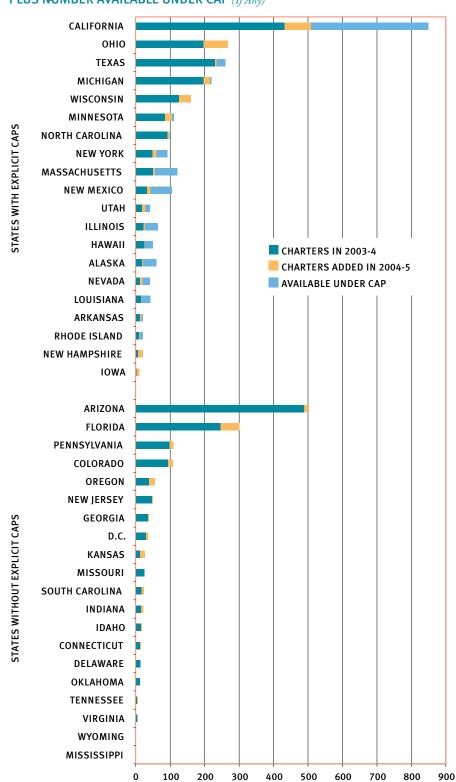
Most states are clearly bumping up against their caps, making it likely that, barring legislative changes, charter school growth in these states will grind to a halt in the next few years.

FINDING #3: Nationally, charter schools serve a larger proportion of minority and low-income students than traditional public schools, due largely to the disproportionate number of charter schools located in urban areas.

There is a great deal of heat to the debate about whether charter schools serve the disadvantaged or "cream" student populations to serve the easy to educate. In order to gain precise and up-to-date information on the demographic makeup of charter school students, NCSRP asked state charter school sources to provide data on race/ethnicity, free/reduced-price lunch, and special education for charter school students. This information was combined with information from the Common Core of Data (NCES) on the public school districts in which each of the charter schools in the 30 reporting states are located.⁸

LOCATION OF CHARTER SCHOOLS AFFECTS ENROLLMENT. One of the characteristics of charter schools most likely to affect the types of students served is location. In fact, the NCSRP survey revealed that charter schools are three times as likely to be located in big city districts as are public schools in general, and half as likely to be located in small town or rural districts: in 2004-2005, 10.4% of all public schools in the United States were in big city districts, while 30.5% of all charter schools were located in big city districts. At the other end of the spectrum, while over 45% of all public schools were located in small towns or rural districts, 24% of charter schools were located in such districts.

FIGURE 5: NEW AND TOTAL CHARTER SCHOOLS BY STATE, 2003–2005 PLUS NUMBER AVAILABLE UNDER CAP (If Any)



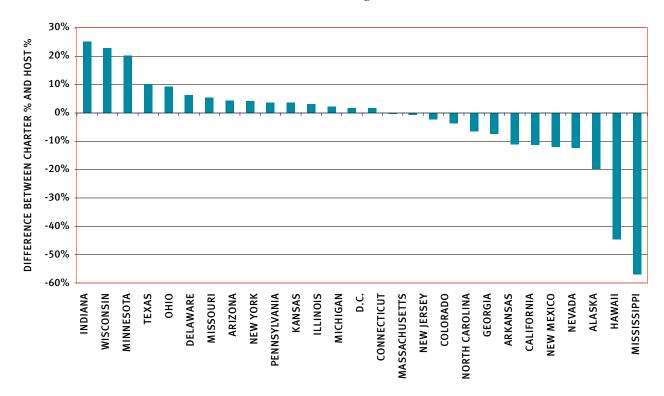
MINORITY ENROLLMENT IN CHARTER SCHOOLS. Not all states were able to provide information on charter school minority enrollment, but the 30 states that provided racial and ethnic data are host to 94% of all charter schools and 97% of all charter school students. Data from the remaining states would not change the overall picture presented here.

Nationally, charter schools enroll a significantly higher proportion of minority students than do the states in which they are located: over half (58%) of the students enrolled in charter schools belong to a racial/ethnic minority group, while 45% of students within the public school districts in the same states are members of minority groups. However, there is almost no difference in the minority makeup of charter schools and the districts in which they are geographically located (59% minority in charter schools versus 60% in "host" districts).

The national figures mask major differences state to state, as indicated in Figure 6. Charters in 15 states and Washington, D.C., serve a larger percentage of minority students than do regular public schools in their host districts, while charters in 13 states serve a lower percentage of such students.

FIGURE 6: DIFFERENCE BETWEEN MINORITY ENROLLMENT IN CHARTER SCHOOLS AND IN DISTRICTS THAT HOST CHARTER SCHOOLS, BY STATE, 2005

Positive numbers indicate the % minorities and FRL in charter schools is larger than the % minorities and FRL in host district



higher percentage of low-income students than do the states in which they are located, and they serve about the same percentage of low-income students as do the districts they are located within. Overall, 52% of students enrolled in charter schools are eligible for free/reduced-price lunch (FRL), compared to 40% of all public school students in the same states and 51% in the same districts. Data on free/reduced-price lunch eligibility were available for only 21 of the 40 charter school states, making these findings somewhat less solid than the minority enrollment data, but the fact that the states that provided this data enroll 63% of all charter school students suggests that the relationship may also be seen in non-reporting states. Figure 7 provides details.

As with minority enrollment, the difference in low-income enrollment between charter schools and their host districts varies dramatically from state to state. Figure 8 displays, as words alone cannot, the immense differences in demographic makeup of districts and charter schools among and within states.

FIGURE 7: PERCENT OF STUDENTS ELIGIBLE FOR FRL IN ALL DISTRICTS, IN DISTRICTS THAT HOST CHARTERS, AND IN CHARTER SCHOOLS, 2005

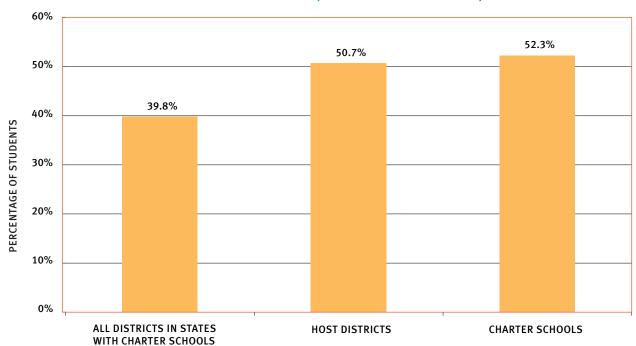
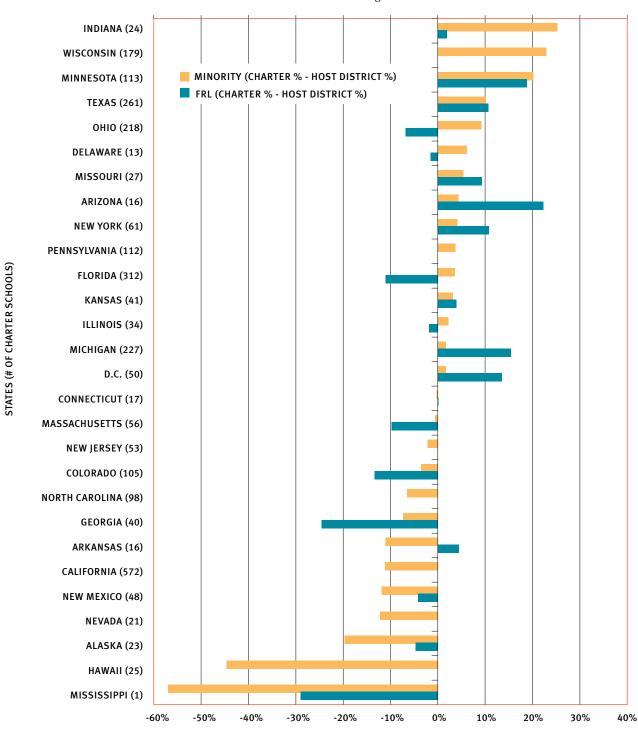


FIGURE 8: DIFFERENCE BETWEEN MINORITY & FRL ENROLLMENT IN CHARTER SCHOOLS AND IN DISTRICTS THAT HOST CHARTER SCHOOLS, BY STATE, 2005

Positive numbers indicate the % minorities or FRL students in charter schools is larger than the % minorities or FRL students in host district



DIFFERENCE BETWEEN CHARTER % AND HOST %

In short, charter schools are geographically located in those districts that serve a disproportionate number of students who have traditionally been found to be most at risk of educational failure: those in large urban areas, those who live in poverty, and (in many states) those who are members or racial or ethnic minorities. Moreover, their student populations also appear to be generally representative of nearby district-run schools. However, the mixture of the risk elements differs by state, making it difficult to make hard-and-fast generalizations about charter schools. Better studies of charter school enrollment, including finer measures of students' prior educational experience and family background, are needed.

SPECIAL EDUCATION ENROLLMENT IN CHARTER SCHOOLS. Nationwide, charter schools serve a lower proportion of special education students than do other public schools. About 10.8% of charter students are classified as special education students, compared to 13.4% of students enrolled in traditional public schools. This gap is essentially the same as it was in 1998–1999. Two states (New Mexico and Ohio) buck the national trend, with charters serving a higher proportion of special education students than other public schools.

FINDING #4: Charter schools differ from traditional public schools in size and grade span.

Supporters claim that charter schools offer more intimate learning environments and give parents options not otherwise available. Our data show that charter schools deliver on these promises. They are much smaller, on average, and offer grade configurations that are not widely available in other public schools.

In 2004-2005, the average size of a charter school was 256 students—about half the average size of non-charter public schools. Charter schools were smaller than district-run public schools in every state but two.

Elementary schools are typically smaller than secondary schools. If charter schools were more likely to serve traditional elementary school grades than other public schools, that might explain the smaller school size, but that is not the case (see Figure 9). Slightly more than one quarter of charters are elementary schools, compared to nearly half of all public schools. Overall, 55% of charter schools served some combination of elementary and middle school grades only in 2004-2005, much lower than the 73% of all public schools that do so. A higher proportion of charter schools (25%) serve some combination of high school grades than do other public schools (19%).

Charter schools also offer unconventional grade spans.¹² Figure 9 shows that charter schools are much more likely to organize themselves as K-8 and K-12 schools than are traditional public schools. As shown below, 43% of charter schools served non-traditional combinations of grade levels, such as K-8 or K-12 schools, as compared to only 16% of all district-run public schools.

Charter schools' offering unusual grade configurations—especially ones that eliminate separate middle schools and reduce the numbers of times a child must transition between one school and another—creates options for parents.

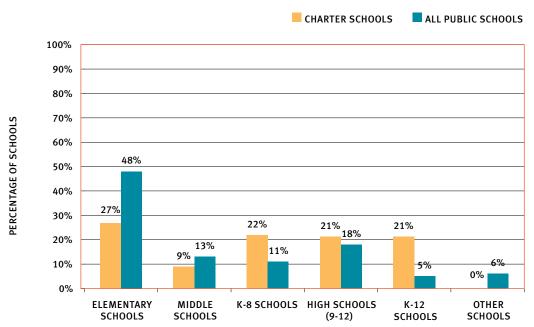


FIGURE 9: GRADES SERVED BY CHARTER SCHOOLS AND OTHER PUBLIC SCHOOLS, 2005

FINDING #5: School boards sponsor different mixes of charter schools than do other authorizers.

Does it matter whether only school boards can authorize schools? There is an ongoing debate about whether other public entities should be allowed to charter schools, and whether they would sponsor different kinds of schools than do school districts. Figure 10 outlines an intriguing connection between the authorizer's identify and the type of school sponsored. In states that permit only local school districts to sponsor charter schools, nearly a quarter of all charter schools are converted from existing schools, most of which keep their teaching staffs intact (22%). The remainder (78%) is made up of new schools. When states allow alternate sponsors, on the other hand, including universities, state agencies, and other non-profits, only 6% of charters are conversions and 94% of charter schools are started from scratch.

CONVERSION CHARTER SCHOOLS NEW CHARTER SCHOOLS 100% 94% 90% 78% 80% PERCENTAGE OF SCHOOLS 70% 60% 50% 40% 30% 22% 20% 10% 0% LOCAL SCHOOL BOARD MUST LOCAL BOARD DOES NOT APPROVE CHARTER SCHOOLS APPROVE CHARTER SCHOOLS

FIGURE 10: LOCAL SCHOOL BOARD APPROVAL AND CHARTER SCHOOL TYPE, 2005

FINDING #6: Few charters are operated by management organizations.

Some charter school opponents warned that small, innovative schools would be driven out by large organizations capable of operating many schools. Some proponents hoped that educational management organizations (EMOs)—both for-profit and non-profit—would play a significant role in increasing the number of charter schools. Experience to date does not bear out the fears or the hopes about EMOs. Our survey indicates that just 10% of all charter schools are operated by EMOs (either for-profit or non-profit) in Washington, D. C., and the 26 states and that reported such data. In other words, the overwhelming majority of existing charters are operated as single enterprises by local groups, teacher cooperatives, and community-based organizations.

Here again, national numbers mask important state variations. Michigan and states such as Alaska and Minnesota are outliers. Fully 75% of the charters in Michigan are operated by EMOs, by far the highest percentage of any state. In Alaska and Minnesota, by contrast, no charters are operated by EMOs. In other states, the percentage of charters operated by management organizations varies from 33% in Ohio and 26% in New York to 4% in Arizona and 2% in Wisconsin.

FINDING #7: Few states provide facilities funding, a fact that limits the number of charter schools that can be opened in a majority of states.

Charter school access to facilities funding is frequently a bone of contention. (Chapter 6 provides greater detail on school finance issues related to charters, including accounting for facilities funding.) District-run public schools do not pay for facilities, but charter schools must buy, lease, or pay rent. Charter supporters often lobby states to provide facilities or subsidize the costs.

NCSRP's data indicate that few states currently provide such support. During the 2004-2005 school year, just 13 states and Washington, D.C., provided funds for charter school facilities. Ten of these states and Washington, D.C., provided such funds in the form of per-pupil payments to charter schools.

While most states ignore facilities needs or provide amounts much lower than the actual cost, some jurisdictions are more forthcoming with funds. In Washington, D.C., for example, the amount provided on a per-pupil basis is derived from a five-year moving average of capital funds available to the school system. Charter schools may use these funds to meet various facilities needs. Minnesota provides lease aid to charter schools in the amount of 90% of lease costs, up to \$1,200 per-pupil.

Instead of providing facilities funds in the form of per-pupil payments, four states provide grants and loans for facilities. California, for example, operates a revolving loan fund that allows charter schools to receive loans of up to \$250,000 for facilities, with up to five years for repayment. Charter schools authorized by the state board of education in Connecticut are eligible for a one-time grant of \$500,000 to assist in the financing of school building projects, general building improvements in school buildings, and repayment of debt incurred for prior school building projects.

FINDING #8: Above all, charter schools are creatures of state policy and therefore differ from one state to another and are as diverse as the states and the legislation that permit them.

From the data presented here the charter school movement, sometimes thought of as a national crusade, looks a lot more like a combination of loosely connected state initiatives. During the past year, the public and policymakers have watched as various researchers have tried to make sense of national achievement data. It is small wonder they have had such a hard time. Charter schools are often more different than similar from state to state.

Why so much variation among states? Each state's charter school law is unique, representing that state's preferences on everything from the purpose of the law to how charter schools are to be held accountable and for what. In addition, a state's unique mix of history—with education reform, the interplay of state and local politics, and traditions of school governance—plays a role in determining who ends up starting schools and what the schools look like. In some respects, chartering is more of an opportunity for changing existing schools than an opportunity to create new schools that fit a certain mold.

- Martin Conroy, Rebecca Jacobsen, Lawrence Mishel, and Richard Rothstein, "Facts and Figures," in *Charter School Dust-up: Examining the Evidence on Enrollment and Achievement* (Washington, D.C.: Economic Policy Institute, 2005). The description of charter school enrollment comes from *America's Charter Schools: Results from the NAEP 2003 Pilot Study* (Washington, D.C.: U.S. Department of Education, Institute of Education Sciences, December 2004).
- ² U. S. Department of Education, Evaluation of the Public Charter Schools Program: Final Report. Conducted by SRI International, Washington, D.C., 2004. Data from this source provided the primary source for the report State of the Charter Movement 2005: Trends, Issues, and Indicators, by Gregg Vanourek (Charter School Leadership Council, May 2005).
- ³ See Jean Johnson and Ann Duffett, Where Are We Now: 12 Things You Need to Know About Public Opinion and Public Schools (Washington, D.C.: Public Agenda, 2003). See also: Mark Schneider, Paul Teske, and Melissa Marschall, Choosing Schools: Consumer Choice and the Quality of American Schools (Princeton: Princeton University Press, 2000).
- The PCSP/SRI data that provide evidence of disproportionate minority/low-income enrollment in charter schools were collected from a sample of all charter schools, with the most recent data from the 2001-02 school year. The NAEP data, which provide the source for most claims that charter schools are not more likely than regular public schools to enroll minority/low-income students, were drawn from 4th grade students in 150 charter schools in the 2002-03 school year, and data on economic status were available for a smaller proportion of charter school than of regular public school students. Of special note is the fact that, although NAEP found that a larger percentage of charter schools 4th graders were black than was true of regular public school 4th graders, these black students were less likely than black students in regular public schools to be eligible for free/reduced-price lunches (the only available measure of family economic status). However, it should be noted in considering the NAEP charter school data that information on eligibility for free/reduced-price lunches was not reported for a larger proportion of charter school than of regular public school students in the sample. That is, while such information was unavailable for 4% of students in other public schools, it was not available for 9% of students in charter schools. Other studies have reported that charter schools are less likely than regular public schools to apply for some sources of federal assistance, including free/reduced-price lunches; this does not mean, however, that students for whom such information is not available are not members of low-income families, and drawing conclusions about the economic status of students based only on those providing such information is potentially misleading.
- ⁵ The data presented in this paper, including results for states not highlighted, are available on the NCSRP website: www.crpe.org/ncsrp.
- The District of Columbia was created to house the nation's capital, Washington, D.C. It is unique among the locales surveyed: 100% urban; both a city and its own state education agency; and its prominence among charter school jurisdictions is as much a function of Congressional as of local action. Two other urban areas where charter schools serve a similarly large percentage of students are Dayton, OH, with 26% of students enrolled in charters, and Kansas City, MO, with 24% in charter schools.
- Note that because school-level data is not widely available, this figure is an average of state averages, weighted for student population. See Appendix B for more detail.
- ⁸ Data are not available to permit a comparison of individual charter schools to their districts, but it is possible to compare the overall statewide statistics on charter schools to the relevant districts within the charter states that contain charter schools within their borders.
- ⁹ We used the standard proxy to identify low-income students: students eligible for free/reduced-price lunch (FRL) are considered to be low-income.
- ¹⁰ NCSRP was only able to obtain data on the percentage of special education students in charter and non-charter schools from 19 states and Washington, D.C. The other 20 states did not collect this information.

- ¹¹ RPP International, *The State of Charter Schools* 2000—*Fourth-Year Report* (Washington, D.C.: U.S. Department of Education, 2000).
- ¹² While NCSRP was able to gather data on grade spans of charter schools from every jurisdiction with charter schools open in the 2004-05 school year, NCSRP was only able to gather it for the non-charter schools in 31 states and Washington, D.C. Therefore, the numbers reported here are only for those 31 states and Washington, D.C.
- ¹³ State laws can permit local education agencies, universities, non-profits, or other entities to authorize charter schools. Normally, statutes define very precisely which entities are permitted to authorize charters and under what circumstances. Charter school advocates normally want many potential entities authorized to offer charters; defenders of the status quo usually prefer to limit the number of entities, ideally to just local education agencies.