

# A PUBLIC INTEREST PRIMER ON CHARTER SCHOOLS

Charter schools were originally conceived of by progressive education union leaders as a way to create laboratories of innovation to develop new ideas about how to best educate students. Promising models would then be disseminated throughout school districts so that all students could benefit.

While there are certainly effective charter schools (as there are traditional, neighborhood public schools), that original intent has largely been co-opted into a market-based model of providing education with winners and losers. The rapid growth in the number of charter schools, especially in states such as California,<sup>1</sup> Louisiana,<sup>2</sup> and Michigan,<sup>3</sup> amounts to the privatization of public education through the creation of a parallel education system, often times run like a business, and in competition with public neighborhood schools. One in five charters are for-profit schools and many more not for profit or even so-called “public charter schools” are managed by for-profit companies. Many charter schools are part of national charter chains.<sup>4</sup>

Proponents of charter schools argue that charters provide parents with more choice over which school to send their children. However, “school choice” rhetoric is often paired with arguments for turning public schools into stocks to be traded in an investment portfolio or a commodity to be sold like lunch at a food truck. The reality is that charter schools can jeopardize the very concept of public education itself. Charter schools can have serious impacts on the students who attend them and the financial viability of traditional public schools, both of which will be discussed below.

Charter schools receive public education dollars and because of this are often referred to as “public schools,” however, this is a mischaracterization. Charter schools are privately operated and while it varies from state to state, they are generally exempt from many important laws and policies by which public neighborhood schools must abide. Typically, charter schools are approved by “authorizers,” which authorize the creation of the school. Authorizers can be a local school district, state education department, a university, a non-profit organization, or an independent state charter school board, depending on what state law permits. The authorizer approves charter school applications and renewals, and may also have oversight responsibilities.

While the vast majority of students still attend public neighborhood schools, the charter industry has been growing rapidly. From 1993 to 2009, the total number of charter schools grew from 10 percent to 15 percent each year.<sup>5</sup> Between the 2011-12 and 2016-17 school years, the number of majority Black and/or Latinx charter districts increased 27%, while majority white charter districts grew by only 10%.<sup>6</sup> More recently, in the 2017-18 school year, more than 7,000 charter schools enrolled nearly 3.2 million students, a five percent increase from the previous year<sup>7</sup> making it urgent and important to better understand these issues and what policymakers can do to mitigate the risks of charter schools.

## **WHAT ARE COMMON ISSUES WITH CHARTER SCHOOLS?**

- **Charter schools are often less accountable.** Unlike traditional, neighborhood schools, most charter schools are managed by unelected boards chosen by private operators. This makes them less accountable to parents and the communities in which they are located, which is a particular concern for communities of color, whose voices are marginalized in decision-making structures. A former leader of North Carolina’s

State Office of Charter Schools admitted that the unelected board members of charter schools are “in charge of a multi-million investment of public money, and for the most part they don’t have the skill set.”<sup>8</sup> A 2016 audit report by the U.S. Department of Education warned that the charter school operations pose a serious “risk of waste, fraud and abuse” and lack “accountability.”<sup>9</sup>

- **Charter schools tend to be less transparent.** Charter schools are sometimes not required to meet the same transparency standards as neighborhood public schools. This can leave parents, teachers, public officials, journalists, and the broader public in the dark when it comes to determining where the public money is being spent, whether on education, management, facilities, high needs students, or elsewhere. For example, total alleged and confirmed fraud and waste in California’s charter schools has reached over \$149 million, which is likely only the tip of the iceberg.<sup>10</sup>
- **Charter schools generally perform about the same as neighborhood schools.** Study after study have shown that, just like there are high and low performing neighborhood schools, there are high and low performing charter schools.<sup>11</sup> There’s nothing *inherent* to the charter school model that creates higher academic achievement. In fact, given the possibility of selection bias, such as the effective exclusion of special education students or the expulsion of students with perceived disciplinary issues, charter school success often can be overstated.
- **Too many charter schools can drain public school district budgets, taking resources from neighborhood school students.** A growing body of research is showing that, in many states, school districts and the students they serve are undermined by laws and practices that prioritize opening new charter schools.<sup>12</sup> When a student leaves a neighborhood school for a charter school, their pro-rated share of funding leaves with them, while the district remains responsible for many costs that those funds had supported. This intensifies fiscal pressure at neighborhood schools to cut core services like counseling, libraries, and special education, increase class sizes, and could even put these schools at risk for closure.<sup>13</sup> For example, California’s unchecked charter school growth cost San Diego’s school district \$65.9 million during the 2016-17 school year.<sup>14</sup> Note: In the Public Interest has created a template for California schools districts to better understand the fiscal impact of charters and can help you in preparing an analysis. If interested, please contact [info@inthepublicinterest.org](mailto:info@inthepublicinterest.org).
- **Charter school closures are relatively common and disruptive to students, families, and public school districts.** Students at charter schools are two and a half times more likely to have their school close than those at neighborhood schools.<sup>15</sup> Additionally, district public schools then have to accommodate those students mid-year while not being guaranteed any funding will follow those students back.
- **Charter schools are more segregated than neighborhood schools.** Research by UCLA’s Civil Rights Project finds that charter schools are more racially isolated than traditional public schools in virtually every state and large metropolitan area in the nation. As a whole, charter schools stratify students by race, class and possibly language.<sup>16</sup> In all types of schools, increased segregation is linked with low education performance levels.<sup>17</sup> In 2016, the NAACP called for a moratorium on the expansion of the charter schools, citing among other issues, concerns about segregation, and affirming their support for traditional public schools.<sup>18</sup>
- **Some charter schools exclude students from poor families or with severe disabilities.** While corporate education reformers claim that charter schools are public schools, many charter schools erect barriers to admissions that indirectly exclude certain students. A 2016 study found that, at the time, one in five charter schools in California had a discriminatory admissions policy, like requiring parents to volunteer.<sup>19</sup>
- **Some charter schools use harsh discipline and suspension practices, especially those in communities with large proportions of students of color.** A 2016 analysis examining charter schools in New York City, Washington DC, and Boston found that charter schools consistently topped the list of schools with

the highest suspension rates. Furthermore, nearly all these hyper-disciplinary schools were concentrated in majority-black communities.<sup>20</sup> Additionally, research by the UCLA Civil Rights Project found that in the 2011-2012 school year, nearly half of all black secondary charter school students in the country attended charter schools where the aggregate black suspension rate was 25%. Also, more than 500 charter schools suspended black charter students at a rate that was at least 10 percentage points higher than that of white charter students.<sup>21</sup>

- **Teachers at charter schools tend to be younger, less educated and paid less than those at neighborhood schools.** Charter school workforces are rarely unionized, taking away the collective power that teachers need to bargain for higher pay, better working conditions, and more resources for their students. This directly impacts students, as teacher turnover rates are higher at charter schools than at neighborhood schools.<sup>22</sup>
- **The charter school industry is increasingly concentrating into large chains aimed at replacing neighborhood schools.** Charter schools were originally intended to be innovative laboratories to develop new education models. Yet, in many states, they now openly compete with neighborhood schools, creating a parallel system with duplicate administrative structures and costs. Nationwide, the charter school industry is increasingly being dominated by large chains like KIPP and Rocketship where materials, methods, and evaluation are centrally dictated with little variation. For example, of the over \$2.5 billion in tax dollars and subsidies spent on California’s charter school facilities in the past 15 years, a disproportionate share has been given to just four large chains.<sup>23</sup>
- **Some charter schools and chains are siphoning off public dollars through complicated real estate transactions.** Charter schools must have space to operate, but some charter schools are overpaying for facility space in an attempt to cream money off students. In January 2019, the Ohio auditor-general released a report which revealed that in 2016 a Cincinnati charter school paid \$867,000 to lease its facilities, which was significantly greater than the going rate for comparable facilities in the area. Likewise, a Cleveland charter was paying half a million above market rate rent.<sup>24</sup> Even though most states require charter schools to be nonprofit, some charters have separate for-profit subsidiaries in which the schools enter into contracts for facilities, allowing the owners to siphon off public dollars by overcharging the school for rent. Additionally, there is a new industry of for-profit “charter school development” companies that buy up property, mark it up, and then sell or lease it to charter schools. It is important to note that public dollars are being used to buy or build privately owned facilities that do not revert to government ownership if the charter school fails. Moreover, charter facilities funding can create massive waste of public dollars when there are more facilities needed for the number of students in a given jurisdiction.<sup>25</sup>

## **WHAT INFORMATION SHOULD YOU KNOW ABOUT CHARTER SCHOOLS IN YOUR JURISDICTION?**

To better understand the charter school landscape in your area, there is some basic information that you should collect. This will help in identifying problems and gaps in the rules that apply to charter schools in your jurisdiction, and will help you better understand how to apply the best practices discussed in the next section.

- What are the laws and regulations that charter schools in your area must abide by and are exempt from, including those from the state and local education agency?
- Who operates charter schools in your jurisdiction and what is their track record?
- What are the laws governing authorization of charter schools? What bodies authorize charter schools in your jurisdiction? What is their capacity for oversight and what or who may influence their decision-making process? What do their standards for oversight look like?

- Are there other bodies that can provide oversight and/or enforce rules, such as other local bodies, state-level officials, or even the media?
- How is oversight of charter schools, such as the areas of school operations, financial management, and academic performance carried out? What documentation related to oversight currently exists? Does the authorizer require yearly reports from charter schools? Are there recent state audits for charter schools in your jurisdiction?
- Get familiar with documentation that may be able to give you information about specific charter operator's plans. For example, the authorizer or locality may have documentation about land and/or facilities that the charter uses or plans to use. Grant applications for federal charter schools funding can provide information about a school or even larger chain's future plans. For example, the Department of Education's Office of Innovation and Improvement post online the applications that charter schools submit for their grant programs - [see here](#).
- Who are charter school stakeholders in your community? This may include students, parents, teachers, the authorizer(s), and others.

### **WHAT RULES SHOULD APPLY TO CHARTER SCHOOLS?**

In the Public Interest and the Center for Popular Democracy developed the [Charter School Accountability Agenda](#), which contains best practices related to charter schools. It may be helpful to compare your jurisdiction's policies and practices with these best practices to identify areas for improvement and reform.

#### **ACCOUNTABILITY**

- Require charter schools to open board meetings to parents and the public, similar to public school board meetings.
- Require companies and organizations that manage charter schools to release to parents and the public how they spend taxpayer money, including their annual budgets and contracts.
- Require state officials to conduct regular audits of charter schools' finances to detect fraud, waste or abuse of public funds.

#### **PROTECT NEIGHBORHOOD SCHOOLS**

- Before any new charter school is approved, conduct an analysis of the impact the school will have on neighborhood public schools.
- Ensure that neighborhood public schools do not lose funding when new charter schools open in their area.

#### **PROTECT TAXPAYER FUNDS**

- Require charter schools to return taxpayer money to the school district for any student that leaves the charter school to return to a neighborhood public school during the school year.
- Prohibit charter school board members and their immediate families from financially benefiting from their schools.
- Prohibit charter schools from spending taxpayer dollars on advertising or marketing.

- Stop the creation of new charter schools if state officials have not shown the ability to prevent fraud and mismanagement.
- Prohibit charter school owners and operators from leasing and purchasing property from other companies they own.

### ***HIGH QUALITY EDUCATION FOR EVERY CHILD***

- Require all teachers who work in taxpayer funded schools, including neighborhood public schools and charter schools, to meet the same training and qualification requirements.
- Require charter schools to serve high-need students, such as special education students, at the same level as neighborhood public schools.

In addition to the best practices listed above, a number of states are considering or have enacted caps on either the number of charter schools that can be approved by an authorizer or the number of charter schools operating in the state.<sup>26</sup> Some states are considering moratoriums which would put a stop to the approval of new charter schools for a specific amount of time.<sup>27</sup>



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Local Progress is the national network of progressive elected officials from cities, counties, towns, school districts, villages and other local governments across the country. Our members are committed to reclaiming the power that cities and counties have and to advancing our shared vision of shared economic prosperity, equal justice under law, livable and sustainable communities, and good government that serves the public interest.

# NOTES

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