The State of the Charter Sector:
What You Need to Know About the Charter Sector Today

January 2019
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**Introduction**

Current State of the Sector

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Introduction and background

The purpose of this deck is to provide a **comprehensive overview** of the state of the charter sector, including **changes** in the sector **over time** and **current challenges**.

This deck is the second of its kind.

In 2015, Bellwether Education Partners published **an analysis of the charter sector**, intended to serve as a fact base that could cut through the rhetoric that often accompanies conversations about charter schools.

Charter schools are a topic of ongoing debate in education, and the current political climate is even less conducive to nuanced debates than it was in 2015. As such, this document is another effort to inject data and analysis into the conversation.

This document provides the latest available information on the charter sector, including updated data on growth, performance, and geographic trends. It also includes analyses of the challenges that charter schools face and how the sector is trying to address them.

Our goal is not to persuade but to inform. Rigorous debate — based on accurate information — is necessary for thoughtful policymaking and, ultimately, to ensuring all students have access to a high-quality education.
### Executive summary: Just the facts

#### Schools
- **7,039 charter schools**

#### Enrollment
- **3M charter students**

#### Annual Growth Rate of Schools
- **2005:** +8%
- **2008:** +6%
- **2014:** +3%
- **2016:**

#### Enrollment Share
- **6%** of total public school enrollment

#### State Charter Laws
- **44 states and D.C.**

#### National Charter Sector Performance

<table>
<thead>
<tr>
<th>Year</th>
<th>Reading</th>
<th>Math</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>6</td>
<td>-7</td>
</tr>
<tr>
<td>2007</td>
<td>6</td>
<td>-13</td>
</tr>
<tr>
<td>2008</td>
<td>6</td>
<td>-6</td>
</tr>
<tr>
<td>2009</td>
<td>6</td>
<td>-4</td>
</tr>
<tr>
<td>2010</td>
<td>8</td>
<td>-1</td>
</tr>
</tbody>
</table>

**Source:** Data provided by NAPCS, 2005-2016, analysis by authors: CREDO 2006-2010.
Since their inception, charters have expanded nationally; there is evidence they can improve student outcomes ...

**Growth**

- **After years of rapid growth**, the number of charter schools and students is **starting to level off**, though **school closures** understated the pace of new school openings.
- **The majority of schools** opened since 2005 are in **16 states**; **40 percent** of all new school growth during that time occurred in **California, Texas, and Florida**.
- **Growth in high-performing CMOs far outpaces** overall sector growth.

**Performance**

- The **latest available research shows** that, **nationally**, charters **outperform traditional public schools** in **reading** and **underperform** in **math**.
- **National performance masks strong performance** across many **regions, locales, & student groups**.
- Charter performance is **improving over time**.
- **More recent sectorwide research** is necessary to understand charters’ impact **nationally**.

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*January 2019*
...but the charter sector continues to face challenges in seven key areas

Challenges

- Charter schools face challenges in seven areas: state policy, authorizers, facilities, human capital, funding, public opinion, and equity
  1. **State laws** do not allow or set a cap on charters, restrict authorizers, and limit access to funding and facilities
  2. **Authorizers** are a key driver in charter performance, but there is wide variation in effectiveness
  3. Charters have limited access to appropriate facilities, but some state and federal policies help
  4. Charters face human capital issues, including shortages of teachers of color, unequal compensation, and low staff sustainability
  5. Charters receive 27 percent less in per-pupil funding than TPS
  6. **Public support** for charters has gone down in recent years
  7. Charters, like many TPS, struggle to ensure that all students have equitable access to high-quality schools and experiences once enrolled

- The sector has made progress on these challenges in recent years, but none have been truly solved
One charter school theory of action proposes that charters can improve outcomes for children in four ways:

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Levers</th>
<th>Intended Effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policies that enable <strong>private organizations</strong> to receive a charter to operate a public school, in which the private organization receives <strong>more autonomy</strong> for the design and implementation of the school model in exchange for <strong>increased accountability</strong> for student outcomes</td>
<td><strong>Increase number of high-performing schools</strong></td>
<td><strong>Improved student learning</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Increase <strong>parent</strong> ability to choose from <strong>high-quality</strong> school options</strong></td>
<td><strong>Improved long-term life outcomes for students</strong></td>
</tr>
<tr>
<td></td>
<td><strong>More competition</strong> among charter and district schools to attract students</td>
<td><strong>Improved education system performance</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Increase opportunities to pilot <strong>innovative practices</strong> for the field</strong></td>
<td></td>
</tr>
</tbody>
</table>

The charter sector is **large and diverse**. Some stakeholders may ascribe to some but not all elements of this theory or action — or have entirely different theories of action.
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- Growth
  - School type
- Students
- Geographic trends
  - Performance

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Conclusion
After years of rapid growth, the number of charter schools and students appears to be leveling off

Number of Charter Schools and Student Enrollment
By year, 2005 to 2016

% of all students nationally

<table>
<thead>
<tr>
<th>Year</th>
<th>Schools, in thousands</th>
<th>Students, in Millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>1.02M</td>
<td>3.7K</td>
</tr>
<tr>
<td>2006</td>
<td>1.16M</td>
<td>4.0K</td>
</tr>
<tr>
<td>2007</td>
<td>1.28M</td>
<td>4.3K</td>
</tr>
<tr>
<td>2008</td>
<td>1.44M</td>
<td>4.6K</td>
</tr>
<tr>
<td>2009</td>
<td>1.61M</td>
<td>4.9K</td>
</tr>
<tr>
<td>2010</td>
<td>1.80M</td>
<td>5.3K</td>
</tr>
<tr>
<td>2011</td>
<td>2.03M</td>
<td>5.6K</td>
</tr>
<tr>
<td>2012</td>
<td>2.27M</td>
<td>6.0K</td>
</tr>
<tr>
<td>2013</td>
<td>2.51M</td>
<td>6.5K</td>
</tr>
<tr>
<td>2014</td>
<td>2.69M</td>
<td>6.7K</td>
</tr>
<tr>
<td>2015</td>
<td>2.84M</td>
<td>6.9K</td>
</tr>
<tr>
<td>2016</td>
<td>3.01M</td>
<td>7.0K</td>
</tr>
</tbody>
</table>

Schools nationally: 2.1%  2.3%  2.6%  2.9%  3.2%  3.6%  4.1%  4.5%  4.9%  5.3%  5.6%  6.0%
Slower growth rates are largely due to fewer charter schools opening in recent years.

Number of Charter Schools and Compounded Annual Growth Rate (CAGR)
By year, 2009 to 2016

Source: Data provided by NAPCS, 2005-2016; analysis by authors.
Charter closures, which also affect pace of growth, have slowed over the past four years

Charter Sector Annual School Growth
By year, 2009 to 2016

<table>
<thead>
<tr>
<th>Year</th>
<th>New schools open</th>
<th>Schools closed</th>
<th>Net Sector Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>436 (154)</td>
<td></td>
<td>282</td>
</tr>
<tr>
<td>2010</td>
<td>518 (170)</td>
<td></td>
<td>348</td>
</tr>
<tr>
<td>2011</td>
<td>549 (175)</td>
<td></td>
<td>374</td>
</tr>
<tr>
<td>2012</td>
<td>560 (211)</td>
<td></td>
<td>349</td>
</tr>
<tr>
<td>2013</td>
<td></td>
<td>(278)</td>
<td>372</td>
</tr>
<tr>
<td>2014</td>
<td></td>
<td>(252)</td>
<td>245</td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td>(193)</td>
<td>261</td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td>(233)</td>
<td>129</td>
</tr>
</tbody>
</table>

Source: Data provided by NAPCS, 2009-2016; analysis by authors. Note: In general: net sector growth = (new schools created – schools closed). Numbers do not sum exactly due to changes in data collection methods or how individual schools are counted from year to year.
A higher percentage of low-performing charter schools than traditional public schools have closed.

Closure patterns in charter schools and TPS are similar during this period of time; only a small fraction of low-performing schools were closed in each sector.

The number of charter closures has fluctuated over the past 10 years, but closure rates remained relatively steady.

Number of Closed Charter Schools Nationwide
By year, 2006 to 2016

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Closed Schools</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>139</td>
</tr>
<tr>
<td>2007</td>
<td>140</td>
</tr>
<tr>
<td>2008</td>
<td>147</td>
</tr>
<tr>
<td>2009</td>
<td>154</td>
</tr>
<tr>
<td>2010</td>
<td>170</td>
</tr>
<tr>
<td>2011</td>
<td>175</td>
</tr>
<tr>
<td>2012</td>
<td>211</td>
</tr>
<tr>
<td>2013</td>
<td>278</td>
</tr>
<tr>
<td>2014</td>
<td>252</td>
</tr>
<tr>
<td>2015</td>
<td>193</td>
</tr>
<tr>
<td>2016</td>
<td>233</td>
</tr>
</tbody>
</table>

Closure Rate:
- 2006: 3.5%
- 2007: 3.3%
- 2008: 3.2%
- 2009: 3.1%
- 2010: 3.2%
- 2011: 3.1%
- 2012: 3.5%
- 2013: 4.3%
- 2014: 3.8%
- 2015: 2.8%
- 2016: 3.3%

More than 2,000 charter schools closed in the past 10 years.

Source: Data provided by NAPCS, 2006-2016; analysis by authors. Schools typically closed during the summer after the school year indicated. Annual closure rate = (number of closed schools)/(number of total schools open).
The overwhelming majority of new charter schools opened since 2005 are concentrated in 16 states.

Number of New Charter Schools Opened
By state, by year, 2005 to 2016

80% of all new growth is concentrated in 16 states

40% of all new growth is concentrated in 3 states

Source: Data provided by NAPCS, 2005-2016; analysis by authors.
Charter student enrollment has grown more rapidly than the number of charter schools

**Total Charter Enrollment Nationwide**
*By year, 2005 to 2016*

Growth in **student enrollment** has consistently remained close to historical **growth rates**, even as the pace of new school creation has slowed.

Source: Data provided by NAPCS, 2005-2016; analysis by authors.
As charter school growth has slowed in recent years, the sector could continue to extend its impact in other ways. A series of state and district programs have sought to provide traditional public schools with greater autonomy in exchange for greater accountability, translating a key principle of the charter school model.

For example:

- **Boston’s Pilot Schools (est. 1994):** 21 schools
- **Los Angeles’ Pilot Schools (est. 2007):** 46 schools
- **Colorado’s Innovation Schools (est. 2008):** 98 schools
- **Massachusetts’ Innovation Schools (est. 2010):** 35 schools
- **Shelby County (TN)’s Innovation Zone Schools (est. 2012):** 23 schools
- **Indianapolis’ Innovation Network Schools (est. 2014):** 8 schools
- **Springfield (MA)’s Empowerment Zone (est. 2017):** 10 schools

The design, size, and growth of these programs vary considerably but give some indication of how the charter school model could influence traditional public schools.


Note: Indianapolis often includes charter schools as Innovation Network Schools, but they are excluded here.
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Charter schools serve higher percentages of low-income, black, and Latinx students than traditional public schools

Student Racial/Ethnic Demographics
By charter school and TPS enrollment, 2015-16

Percentage of Students Eligible for FRPL
By charter school and TPS enrollment, 2014-15

Sources: NCES, table 216.30, 2015-16; Common Core of Data (CCD) and National Alliance Directory & Enrollment Database via NAPCS data request. FRPL = free and reduced-price lunch.
Over time, the percentage of students eligible for FRPL has generally increased across both sectors.

While charter schools initially served a lower percentage of FRPL students than TPS, they have served higher percentages since 2008.

Sources: NAPCS; Common Core of Data (CCD) and National Alliance Directory & Enrollment Database, 2018. Historical data may not accurately reflect students' income status; it is possible that schools did not have the capacity to administer lunch programs and did not collect data correctly.
Charters serve relatively fewer students with disabilities than traditional public schools, but in more inclusive settings.

Over time, charters are **gradually** serving higher rates of students with disabilities.

**Overall Enrollment of Students With Disabilities**

*By charter school and TPS percentage, 2008-14*

<table>
<thead>
<tr>
<th>Year</th>
<th>Charter Schools</th>
<th>Traditional Public Schools</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-09</td>
<td>7.7%</td>
<td>11.3%</td>
</tr>
<tr>
<td>2009-10</td>
<td>8.2%</td>
<td>11.2%</td>
</tr>
<tr>
<td>2011-12</td>
<td>10.4%</td>
<td>10.4%</td>
</tr>
<tr>
<td>2013-14</td>
<td>10.6%</td>
<td>12.5%</td>
</tr>
</tbody>
</table>

**Students With Disabilities by Educational Setting**

*By charter school and TPS percentage, 2013-14*

<table>
<thead>
<tr>
<th>Setting</th>
<th>Percentage of time in inclusive education setting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charter Schools</td>
<td>&gt;80% of day 68.1%</td>
</tr>
<tr>
<td></td>
<td>40% - 79% of day 18.5%</td>
</tr>
<tr>
<td></td>
<td>&lt;39% of day 11.8%</td>
</tr>
<tr>
<td>Traditional Public Schools</td>
<td>&gt;80% of day 84.3%</td>
</tr>
<tr>
<td></td>
<td>40% - 79% of day 8.7%</td>
</tr>
<tr>
<td></td>
<td>&lt;39% of day 5.1%</td>
</tr>
</tbody>
</table>

Source: [National Center for Special Education in Charter Schools](https://www2.ed.gov/about/offices/list/ocr/charter-schools.pdf), 2018.
While most TPS students live in suburban and rural areas, most charter school students live in cities.

Student Enrollment
*By charter and TPS students, by locale, 2015-16*

<table>
<thead>
<tr>
<th>Locale</th>
<th>TPS students (n=47,269,856)</th>
<th>Charter school students (n=2,845,322)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural</td>
<td>29%</td>
<td>11%</td>
</tr>
<tr>
<td>Town</td>
<td>14%</td>
<td>7%</td>
</tr>
<tr>
<td>Suburban</td>
<td>32%</td>
<td>26%</td>
</tr>
<tr>
<td>City</td>
<td>25%</td>
<td>57%</td>
</tr>
</tbody>
</table>

A much higher share of charter school students live in cities compared to their traditional public school peers.

Source: [NCES](https://nces.ed.gov), 2015-2016.
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</thead>
</table>

<table>
<thead>
<tr>
<th>Current State of the Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth</td>
</tr>
<tr>
<td>School type</td>
</tr>
</tbody>
</table>

| Challenges |
Nationally, 6 percent of students attend charter schools, but market share varies across states

Charter School Market Share
By state, 2016-17

In 13 states and D.C., charter schools have a market share above the national average

More than 80 percent of current charter students are in 15 states

Percentage and Absolute Charter School Enrollment
For top 15 states, by state, by proportion of total enrollment, 2016-17

- LA: 3M
- MN: 2.45M
- IL: 2.45M
- UT: 0.55M

Despite low market share nationally, charter schools have achieved significant market share in major cities.

The nation’s largest districts and five largest cities all have significant charter market shares.

Charter School Market Share
By city, 2016-17

Note: Percentages represent market share of local districts.
The cities with the largest charter enrollments are not limited to the nation’s largest cities

Cities With Largest Charter Enrollments
By student count and market share percentage, 2016-17

- Los Angeles: 163,720 (26%)
- Houston: 50,310 (20%)
- Chicago: 59,270 (16%)
- Detroit: 50,460 (53%)
- New Orleans: 44,380 (93%)
- Miami-Dade: 62,280 (17%)
- Broward: 46,750 (17%)
- Philadelphia: 64,270 (32%)
- D.C.: 41,490 (46%)
- New York City: 102,960 (10%)

Combined, these 10 charter sectors serve almost 700k students

Note: Percentages represent market share of local districts.
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Conclusion
Charter schools are managed by a variety of different organizations and entities. The types of organizations that manage charter schools are often defined in different ways by different analysts.

The National Alliance for Public Charter Schools has used three groups:

- **Charter management organization (CMO)**: Nonprofit organization that operates multiple charter schools; often provides back-office functions to schools.
- **Education management organization (EMO)**: For-profit organization that operates multiple charter schools; often provides back-office functions to schools.
- **Independent school**: A standalone charter operator; not part of a larger organization.

The Center for Research on Education Outcomes has used four groups:

- **Charter management organization (CMO)**: For- or nonprofit organization that operates and holds the charter for multiple charter schools.
- **Vendor-operated school (VOS)**: For- or nonprofit organization that provides services to multiple charters but does not hold the charter for any.
- **Hybrid school**: For- or nonprofit organization with CMO and VOS aspects.
- **Independent school**: A standalone charter operator; not part of a larger organization.

Networks of charter schools that leverage efficiencies are a key strategy for growth; understanding the distinctions is crucial for interpreting patterns in the sector.

High-performing, nationally recognized CMOs serve about 13 percent of all charter school students

Taken together, these CMOs serve more than 350,000 students

Source: CSGF, KIPP, Harmony. Note: *Includes all CMOs in Charter School Growth Fund (CSGF) national portfolio, KIPP, and Harmony Schools. Using the NAPCS definition of CMO, we define high-performing CMOs as those included in the CSFG Portfolio, KIPP, and Harmony but recognize there are other high-performing CMOs outside of this list.
High-performing CMOs are concentrated in certain cities and regions

Concentration of High-Performing CMOs*
By CMO, by metropolitan area, 2016-17

Enrollment range: 2,500-33,000

Sources: CSGF, CMO Annual Reports, website data. *Includes all CMOs in Charter School Growth Fund (CSGF) national portfolio, KIPP, and Harmony Schools. Using the NAPCS definition of CMO, we define high-performing CMOs as those included in the CSFG Portfolio, KIPP, and Harmony but recognize there are other high-performing CMOs outside of this list.
Growth in this set of high-performing CMOs has far outpaced national enrollment growth between 2009 and 2016.

Total Student Enrollment
*In high-performing, nationally recognized CMOs* and in all charter schools, nationally, 2009-2016

- **High-performing CMO enrollment**
- **Total charter enrollment**

- **+329%**
- **+86%**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Charter Enrollment</th>
<th>High-performing CMO Enrollment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>89,812</td>
<td>385,476</td>
</tr>
<tr>
<td>2016</td>
<td>3,008,106</td>
<td>1,614,718</td>
</tr>
</tbody>
</table>

Enrollment in **high-performing CMOs** has grown at nearly **quadruple** the rate of the **sector overall**.

Source: **CSGF; KIPP; Harmony; NAPCS**

Note: *Includes all CMOs in Charter School Growth Fund (CSGF) national portfolio, KIPP, and Harmony Schools. Using the NAPCS definition of CMO, we define high-performing CMOs as those included in the CSFG Portfolio, KIPP, and Harmony but recognize there are other high-performing CMOs outside of this list.*
The number of new high-performing CMOs is expected to grow by more than 40 percent over the next 5 years.

Current and Projected Number of High-Performing CMOs*

By year, 2016 and 2023

Source: CSGF. Growth rate is compound annual growth rate (CAGR). Growth projection calculated using growth/seats projections for CSGF portfolio. CSGF growth projections include both existing portfolio of schools and future additions to portfolio, some of which may not yet be CMOs.

Note: *Includes all CMOs in CSGF national portfolio, KIPP, and Harmony Schools. We define high-performing CMOs as those included in the CSGF Portfolio, KIPP, and Harmony but recognize there are other high-performing CMOs outside of this list.
Most charters are independently managed and not affiliated with a large network or management organization.

**Number and Percent of Charter Schools and Student Enrollment**

*By management type, 2016*

<table>
<thead>
<tr>
<th>School Type</th>
<th>Percent of Schools</th>
<th>Total Number of Schools</th>
<th>Percent of Enrollment</th>
<th>Total Number of Students</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Charter Schools</td>
<td>65%</td>
<td>4,518</td>
<td>57%</td>
<td>1,724,536</td>
</tr>
<tr>
<td>CMOs</td>
<td>23%</td>
<td>1,607</td>
<td>24%</td>
<td>733,555</td>
</tr>
<tr>
<td>EMOs</td>
<td>12%</td>
<td>869</td>
<td>18%</td>
<td>550,015</td>
</tr>
</tbody>
</table>

Source: NAPCS. This analysis uses the traditional EMO/CMO/independent breakdown of charter operators. See slide 28 for definitions.
New charter openings also continue to heavily favor free-standing schools

While some stakeholders and funders have signaled a commitment to focus their support on the replication and expansion of successful charter school networks, independent charter schools continue to be the majority of new charters schools.

At the state level, there is wide variation in the distribution of charter management types.

In states with more than 100 charter schools, an average of 65 percent of schools are managed independently; but eight states have much larger percentages.

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## Current State of the Sector

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</tr>
</thead>
<tbody>
<tr>
<td>School type</td>
<td></td>
<td>Performance</td>
</tr>
</tbody>
</table>

## Challenges

## Conclusion
Past research shows charters produce greater gains than TPS; recent research corroborates that finding.

Taken together, a growing body of rigorous studies supports several conclusions about charter performance:

- **The latest analyses of national charter performance** are from 2008-2011; they suggest charters produce **larger effects in reading** and **smaller effects in math** compared to TPS.

- There have been **more recent analyses** on city, state, and operator performance, which **overall** show that charter schools **outperform traditional public schools**.

- **Both older and more recent** analyses demonstrate **wide variation** in performance based on region, locale, and student group, specifically:
  - **Positive effects**: Many historically underserved subgroups, urban areas, 13 states, 24 cities.
  - **Negative effects**: White students, online charters, 7 states, 11 cities.

More **research and analysis** is required to better understand performance of the **overall charter sector** as well as the **variation in performance** among **subsets of schools** masked by sector averages.

Research on charter performance includes overall sector analyses as well as more focused studies.

Much of what we know about **overall charter sector** performance is from three types of **older studies**: analyses of sector, based on aggregate performance data of **state** and **urban** schools; **variation** in **school-level** performance; and performance **over time**.

The next section will review **each type** of analyses of the **overall charter sector**.

Analyses from **recent years** focus on specific **subsets of schools**, revealing **insight** into the **differences within the sector** that wasn’t previously emphasized. Data from these studies is in the following section.
State analyses reveal a picture of sector performance: On average, charters outperform TPS in reading, but not math.

Effect of Charter Attendance on Academic Performance
By subject, by city, measured in days of learning, compared to TPS students, 2010-2011 and 2008-2011, 2011-2014

- **National**:
  - Math: -1* days of learning
  - Reading: 8* days of learning

- **States**:
  - Charters in **12 states** produced greater learning gains than district peers
  - Charters in **13 states** produced smaller learning gains than district peers

* * significant at p ≤ 0.01

Source: CREDO, “National Charter School Study,” 2013, across 27 states. Left chart data show impact over 2010-2011 school year. Right chart data show average annual impact using data from school years 2008-2011; Texas data on that same chart are from a 2017 CREDO state-level report using 2011-2014 data. The conversion from standard deviations to days of learning in the Texas study is slightly lower than the 2013 national study (5.8 vs. 7 days of learning per .01 standard deviation).
Aggregate urban data further our understanding of sector performance: Urban sectors far outperform TPS peers

**Effect of Charter School on Student Academic Performance**
By subject, by city, compared to TPS, measured in days of learning, 2008-12, 2011-15

*Significant at p ≤ 0.01*

**Source:** CREDO, “Urban Charter School Study,” 2015, across 41 urban areas for time period. *Study sample includes data from school years 2008-2012. These are the latest available urban data. NYC data are from a 2017 CREDO city-level report using 2011-2015 data. The conversion from standard deviations to days of learning in the NYC study is slightly lower than the 2015 urban study (5.8 vs. 7 days of learning per .01 standard deviation).*
These analyses also show that, between 2006 and 2010, the overall charter sector performance improved.

Effect of Charter Attendance on Academic Performance
By subject, by number of growth periods, measured in days of learning, compared to TPS students, 2006-2010

Performance of students attending urban charter schools has also improved over time.

**Effect of Charter School on Student Academic Performance**

*For students in urban charter schools, by subject, compared to TPS, measured in days of learning, 2008-11*

Overall sector performance trends, however, mask wide variation in school-level performance.

Percentage of All Charter Schools That Perform Better, Worse, or Similar to TPS
By subject, 2008-2011

<table>
<thead>
<tr>
<th>Math</th>
<th>Reading</th>
</tr>
</thead>
<tbody>
<tr>
<td>Better than</td>
<td>29%</td>
</tr>
<tr>
<td>Same as</td>
<td>40%</td>
</tr>
<tr>
<td>Worse than</td>
<td>31%</td>
</tr>
</tbody>
</table>

National averages suggest that charters perform as well as or slightly better than TPS, but at least a quarter of all charter schools perform better than TPS.

Overall sector performance trends also mask variation in subgroup academic performance

**Effect of Charter School on Student Academic Performance**
*For all students and urban students, by subject, compared to TPS, measured in days of learning, 2006-2012*

<table>
<thead>
<tr>
<th># days of learning</th>
<th>Urban</th>
<th>National</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mathematics</td>
<td>Reading</td>
</tr>
<tr>
<td><strong>All</strong></td>
<td><img src="chart1" alt="Bar Chart" /></td>
<td><img src="chart2" alt="Bar Chart" /></td>
</tr>
<tr>
<td><strong>Black</strong></td>
<td><img src="chart1" alt="Bar Chart" /></td>
<td><img src="chart2" alt="Bar Chart" /></td>
</tr>
<tr>
<td><strong>Hispanic</strong></td>
<td><img src="chart1" alt="Bar Chart" /></td>
<td><img src="chart2" alt="Bar Chart" /></td>
</tr>
<tr>
<td><strong>White</strong></td>
<td><img src="chart1" alt="Bar Chart" /></td>
<td><img src="chart2" alt="Bar Chart" /></td>
</tr>
<tr>
<td><strong>ELL</strong></td>
<td><img src="chart1" alt="Bar Chart" /></td>
<td><img src="chart2" alt="Bar Chart" /></td>
</tr>
<tr>
<td><strong>SWD</strong></td>
<td><img src="chart1" alt="Bar Chart" /></td>
<td><img src="chart2" alt="Bar Chart" /></td>
</tr>
<tr>
<td><strong>Poverty</strong></td>
<td><img src="chart1" alt="Bar Chart" /></td>
<td><img src="chart2" alt="Bar Chart" /></td>
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</tbody>
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Note: ELL: English language learners. SWD: Students with disabilities. Poverty: Students who are eligible for free and reduced-price meals.
In addition to analyses of the overall charter sector, recent studies analyze specific subsets of schools.

There are **three types of studies** included in this section with different **sources** and **years of analysis**

<table>
<thead>
<tr>
<th>Subset of Schools</th>
<th>Source (years of analysis)</th>
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</thead>
<tbody>
<tr>
<td>Performance of selected states</td>
<td>• New York: CREDO (2011-2016)</td>
</tr>
<tr>
<td></td>
<td>• Texas: CREDO (2011-2017)</td>
</tr>
<tr>
<td>Performance of selected urban charter sectors</td>
<td>• Boston: MIT (2003-2015)</td>
</tr>
<tr>
<td>Performance of school types</td>
<td>• Online schools: CREDO (2012-2013)</td>
</tr>
<tr>
<td></td>
<td>• CMOs: CRPE (2012)</td>
</tr>
</tbody>
</table>
Students in New York State learned more than peers in traditional public schools

Effect of Charter School on Student Academic Performance
For New York students, by subject, compared to TPS students, 2016

Charter gains in New York are mostly driven by the performance of charter schools in NYC — **sharing and replicating** these successful practices can benefit all schools


* significant at p ≤0.01
New York charter students outperform traditional public school peers regardless of the geographic setting.

In New York, charter school students are showing larger learning gains regardless of location when compared to their peers in traditional public schools.


* significant at $p \leq 0.01$
Texas charters underperformed TPS in past years but outperform them based on more recent data.

Researchers highlighted the integral role of Texas’ increased accountability measures in the sector’s improvement.

Texas students in urban charter schools outperform their TPS peers, but those in towns do worse

Students in urban charters outperform TPS peers; this pattern follows national trends

Source: CREDO. “Charter School Performance in Texas,” 2017. Locale definitions based on NCES, which defines 12 urban-centric locales; locales are divided into these four types.

* significant at p ≤0.01
In addition to analyses of the overall charter sector, recent studies analyze specific subsets of schools.

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</tr>
<tr>
<td>• Texas</td>
<td></td>
</tr>
<tr>
<td>Performance of selected urban charter sectors</td>
<td>• Boston: MIT (2003-2015)</td>
</tr>
<tr>
<td>• Boston</td>
<td>• Denver: Econometrica (2011-2015)</td>
</tr>
<tr>
<td>• New York City</td>
<td></td>
</tr>
<tr>
<td>Performance of school types</td>
<td>• Online schools: CREDO (2012-2013)</td>
</tr>
<tr>
<td>• Online schools</td>
<td>• Operators: CREDO (2014-2015)</td>
</tr>
<tr>
<td>• Operators</td>
<td>• CMOs: CRPE (2012)</td>
</tr>
<tr>
<td>• CMOs</td>
<td></td>
</tr>
</tbody>
</table>
The effect of Texas and New York charters on student subgroup performance is largely positive.

**Effect of Charter School on Student Academic Performance**
For TX and NY students; by subgroup, by subject, compared to TPS, measured in days of learning, 2015

**Reading**

<table>
<thead>
<tr>
<th></th>
<th>All</th>
<th>Black</th>
<th>Hispanic</th>
<th>ELL</th>
<th>SWD</th>
<th>Poverty</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Texas</strong></td>
<td>17*</td>
<td>11</td>
<td>29*</td>
<td>-11</td>
<td>-29*</td>
<td>17*</td>
</tr>
<tr>
<td><strong>New York State</strong></td>
<td>34*</td>
<td>34*</td>
<td>29*</td>
<td>11</td>
<td>23*</td>
<td></td>
</tr>
</tbody>
</table>

**Math**

<table>
<thead>
<tr>
<th></th>
<th>All</th>
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<th>SWD</th>
<th>Poverty</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Texas</strong></td>
<td>6</td>
<td>0</td>
<td>17*</td>
<td>-11</td>
<td>-40*</td>
<td></td>
</tr>
<tr>
<td><strong>New York State</strong></td>
<td>63*</td>
<td>63*</td>
<td>57*</td>
<td>46*</td>
<td>50*</td>
<td></td>
</tr>
</tbody>
</table>

* *significant at p ≤0.01

ELL: English language learners. SWD: Students with disabilities. Poverty: Students who are eligible for free or reduced-price meals. N size for White charter school students was too small for CREDO to match and analyze. Source: CREDO, Texas, 2017; CREDO, New York, 2017. All, Black, and Hispanic student subsets were compared to a TPS VCR; ELL, SWD, and Poverty subsets used comparable analysis to reflect VCR comparison.
Boston charters positively affect academic outcomes of English language learners and students with disabilities …

**Effect of Charter School on Student Academic Performance**
*For Boston students, by SWD and ELL classification, by subject, compared to TPS students, by grade level, 2003-2015*

The effect of Boston charter schools on SWD and ELL achievement follow **national** and **urban trends**

Source: MIT, 2016.
… and data suggest they may also be more successful in transitioning students out of these classifications

Effect of Charter School on Student Education Status

For Boston students, by SWD and ELL classification, compared to TPS students, by grade level, 2003-2015

Researchers’ analysis suggests that these effects are not the result of students with disabilities or English language learners switching schools

Source: MIT, 2016. Note that effects are not necessarily tied to students not meeting designation criteria and may be the result of other factors and incentives.
Denver’s charter schools have positive effects for students

Effect of Charter School on Student Academic Performance
For Denver students, by subject, compared to TPS students, 2011-2015

These findings are based on an analysis that uses school admittance data via SchoolChoice, Denver’s unified enrollment system, alongside state assessment data.


* significant at p ≤0.01
New York City charter students outperform their peers in traditional public schools

Effect of Charter School on Student Academic Performance
For New York City students, by subject, compared to TPS students, 2013-2017

In addition, the number of underperforming schools decreased from 2013 to 2017 — a result researchers say shows the willingness of authorizers to intervene when data call for it.


* significant at p ≤0.01
New York City charter students outperform TPS peers across nearly every student subgroup

**Effect of Charter School on Student Academic Performance**
For NYC students, by subgroup, by subject, compared to TPS, measured in days of learning, 2015

<table>
<thead>
<tr>
<th>Subject</th>
<th>All</th>
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<td><strong>Reading</strong></td>
<td>23*</td>
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<td>29*</td>
<td>11</td>
<td>36*</td>
</tr>
<tr>
<td><strong>Math</strong></td>
<td>63*</td>
<td>57*</td>
<td>57*</td>
<td>40*</td>
<td>46*</td>
</tr>
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*significant at p ≤ 0.01

Source: [CREDO](https://credo.org), New York City, 2017. ELL: English language learners. SWD: Students with disabilities. N size for White charter school students was too small for CREDO to match and analyze. All, Black, and Hispanic student subsets were compared to a TPS VCR; ELL and SWD subsets used comparable analysis to reflect VCR comparison.
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<tr>
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<td>• CMOs: CRPE (2012)</td>
</tr>
</tbody>
</table>
Online charter students have much weaker academic growth than their TPS peers

Evidence suggests it is the **online component**, rather than charter or TPS school status, that accounts for the **negative academic growth**

Source: CREDO, “Online Charter School Study,” 2015. The 0.0 comparison line represents the average white, non-poverty, non-ELL, non-SPED brick-and-mortar TPS student as compared to a demographically matched online charter student.

* significant at p ≤0.01

---

**Effect of Charter School on Student Academic Performance**

*For online charter students, by subject, compared to TPS, measured in days of learning, 2012-13*

- **Reading**: -72*
- **Math**: -180*

---

**Performance — Subsets**
Different school types within the charter school sector have different impacts on student learning.

**Effect of Charter School on Student Academic Performance**

*For all students, by school type, by subject, compared to TPS, measured in days of learning, 2014-15*

- **Independent**
- **Charter Management Organization**
- **Vendor-Operated Schools**
- **Hybrid**

In 2015, charters had no additional effect on student performance over TPS in independent schools.

Source: CREDO, “Charter Management Organizations,” 2017. Note: This analysis uses the new breakdown of charter operators. See slide 28 for definitions.
Researchers found the variation in impacts mostly due to differences between rather than within CMOs, indicating that some CMOs are systematically outperforming others.

Number of CMOs With Positive, Negative, and Insignificant Impact
For middle school students enrolled in one of 22 CMOs, by subject, by impact type, compared to TPS students, 2012

<table>
<thead>
<tr>
<th>Middle School Math Impacts</th>
<th>Significant Positive</th>
<th>Insignificant</th>
<th>Significant Negative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Significant Positive</td>
<td>10 CMOs</td>
<td>0 CMOs</td>
<td>0 CMOs</td>
</tr>
<tr>
<td>Insignificant</td>
<td>1 CMOs</td>
<td>2 CMOs</td>
<td>3 CMOs</td>
</tr>
<tr>
<td>Significant Negative</td>
<td>0 CMOs</td>
<td>2 CMOs</td>
<td>4 CMOs</td>
</tr>
</tbody>
</table>

Out of analysis of 22 CMOs. Measured two years after a student enrolled at a CMO school.

The explanations for performance trends are complex, involving multiple factors that vary across regions.

Charter sector **performance** is a function of **three levers**:

- Close low-performing schools
- Open high-performing schools
- Improve existing schools

Each of these levers affects charter performance at the **national, state, and authorizer level** and may be applied in **different methods** and with **different degrees** of success depending on the context.
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- **Summary**
- **Current State of the Sector**
- **Challenges**
  - **Overview**
    - State policies
    - Authorizers
    - Facilities
    - Human capital
    - Funding
    - Public opinion
    - Equity
- **Conclusion**
Charter schools face challenges in seven key areas and have taken steps to address them.

Charter schools have **begun to address these issues**, but thus far have not been able to at a **systemwide level**.
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Summary

Current State of the Sector

<table>
<thead>
<tr>
<th>Challenges</th>
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<td>Funding</td>
<td>Public opinion</td>
<td>Equity</td>
<td></td>
</tr>
</tbody>
</table>

Conclusion
State laws present challenges to charters in four key ways

Do not allow or cap the number of charter schools

In some states, there are no laws permitting charter schools to be created at all. In others, charter laws cap the growth of charter schools in some way.

Restrict charter authorizers

Some states limit which entities (school districts, colleges and universities, etc.) may authorize and oversee charter schools, or fail to provide adequate funding to support authorizing efforts.

Limit funding to charters

Some states limit charter schools’ access to operational and categorical funding, including funding related to student enrollment, transportation, and other elements of educational programs.

Limit access to facilities

Some states limit charter schools’ access to capital funding and facilities, including provisions like facilities funding, access to public space, access to financing tools, and other supports.

Information on the challenges regarding authorizers, funding, and facilities will be discussed in the following sections.

The state policy barriers most restrictive to growth prevent charters from existing or cap their expansion.

Only 6 states do not permit charter schools, but 20 states and D.C. cap their expansion in some way.

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**Summary**

**Current State of the Sector**

### Challenges

<table>
<thead>
<tr>
<th>Overview</th>
<th>State policies</th>
<th><strong>Authorizers</strong></th>
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<tr>
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<td>Funding</td>
<td>Public opinion</td>
<td>Equity</td>
</tr>
</tbody>
</table>

**Conclusion**
Authorizers are the key driver of quality in charter schools but face challenges in executing oversight responsibilities

**Responsibilities**

- Approve creation of new charter schools
  - Thoroughly review new charter applicants
  - Only approve applicants who meet standards
  - Support replication of high-performing schools (and do not allow low-performers to grow)

- Monitor performance of existing schools
  - Key areas of authorizer oversight include:
    - Academic performance
    - Fiscal performance and appropriate use of public funds
    - Compliance with laws and regulations
    - Governance

- Close low-performing schools
  - Do not renew charters of schools that are not demonstrating academic growth and/or financial and operational viability
  - Revoke charters of particularly low-performing schools

**Challenges**

- Unwillingness to approve quality applications (particularly among district authorizers)
- Lax authorizing practices allow too many weak schools to open

- Lack of clear standards to monitor school performance
- Lack of authorizer capacity to adequately oversee schools
- Insufficient transparency around school performance

- Lack of clear criteria for charter revocation and renewal
- Lack of political will to close low-performing charters
- Lack of a process for responsibly closing a school
Across the country, various types of authorizers oversee charter schools

<table>
<thead>
<tr>
<th>Authorizers</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>IHE</td>
<td>Institution of higher education</td>
</tr>
<tr>
<td>ICB</td>
<td>Independent chartering board</td>
</tr>
<tr>
<td>LEA</td>
<td>Local education agency</td>
</tr>
<tr>
<td>NEG</td>
<td>Non-educational government entity</td>
</tr>
<tr>
<td>NFP</td>
<td>Not-for-profit organization</td>
</tr>
<tr>
<td>SEA</td>
<td>State education agency</td>
</tr>
</tbody>
</table>

- **IHE**: Universities, colleges, etc.
- **ICB**: Statewide bodies such as charter “commissions” or “institutes”
- **LEA**: Local or countywide school districts
- **NEG**: Mayors, municipalities, etc.
- **NFP**: Local organizations or other nonprofits
- **SEA**: State departments of education or public instruction

Source: [NACSA](https://www.nacsac.org) (accessed winter 2018).
The vast majority of authorizers are local education agencies, but they authorize only half of charter schools.

**Share of Authorizers and Authorized Schools**
*By authorizer type, 2017-18*

- **89.5%** of all authorizers are LEAs.
- **50.7%** of all schools authorized are LEAs.
- Of 992 authorizers nationally, **90%** are districts.
- But districts only authorize **51%** of charter schools.
- On average, districts oversee fewer schools than other authorizer types.

This **unequal distribution** of authorizers and authorized schools is a consequence, in part, of the fact that **21 states only allow local education agencies** to authorize charter schools.

Most authorizers oversee only one or two schools, but the largest 23 authorizers oversee almost half of all schools.

Number of Authorizers
By portfolio size, 2017-18

- 494 authorizers oversee 1 school (12% of schools)
- 175 authorizers oversee 2 schools
- 162 authorizers oversee 3-5 schools
- 48 authorizers oversee 6-9 schools
- 90 authorizers oversee 10-50 schools
- 14 authorizers oversee 51-99 schools
- 9 authorizers oversee 100+ schools

669 authorizers oversee only 12% of schools.

~ 7,055 charter schools
~ 992 authorizers

Source: NACSA author data request, 2017-18.
High-quality authorizers employ similar practices

The National Association of Charter School Authorizers (NACSA) identifies 12 “essential practices” for charter school authorizing that comprise the minimum expectations for successful authorizers.

<table>
<thead>
<tr>
<th>Essential Practice</th>
<th>Successful Authorizers Should…</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Mission</td>
<td>Have a published and available mission for quality authorizing</td>
</tr>
<tr>
<td>2. Staff</td>
<td>Have staff assigned to authorizing within the organization or by contract</td>
</tr>
<tr>
<td>3. Contracts</td>
<td>Sign a contract with each school</td>
</tr>
<tr>
<td>4. Application Criteria</td>
<td>Have established, documented criteria for the evaluation of charter applications</td>
</tr>
<tr>
<td>5. Application Timeline</td>
<td>Publish application timelines and materials</td>
</tr>
<tr>
<td>6. Application Interview</td>
<td>Interview all qualified charter applicants</td>
</tr>
<tr>
<td>7. External Expert Panel</td>
<td>Use expert panels that include external members to review charter applications</td>
</tr>
<tr>
<td>8. 5-Year Term Length</td>
<td>Grant initial charter terms of five years only</td>
</tr>
<tr>
<td>9. Financial Audit</td>
<td>Require and/or examine annual, independent financial audits of its charter schools</td>
</tr>
<tr>
<td>10. Renewal Criteria</td>
<td>Have established renewal criteria</td>
</tr>
<tr>
<td>11. Revocation Criteria</td>
<td>Have established revocation criteria</td>
</tr>
<tr>
<td>12. Annual Report</td>
<td>Provide an annual report to each school on its performance</td>
</tr>
</tbody>
</table>

Source: [NACSA](https://www.nacsa.org), “12 Essential Practices.”
Improving the quality of authorizers is increasingly seen as a key lever for improving charter sector performance.

External supports and state policies have driven improvements in authorizer quality.

**External supports**

- The National Association of Charter School Authorizers (NACSA) develops resources and capacity-building tools and services to support effective authorizer decision making.
- NACSA’s work also supports authorizers in driving their own improvement, including materials to assess the effectiveness of their practices to date.
- NACSA and the National Alliance for Public Charter Schools developed model legislation for states that want to improve authorizer quality.

**State policies**

- Several states have passed laws that require authorizers be held to rigorous accountability standards based on the performance of the schools they oversee.
- Eighteen states, for example, have an authorizer oversight body that has the authority to sanction authorizers, including removing the authorizer’s right to approve schools.
- There is more work to be done: Only four states have an application process through which eligible entities apply for authorizing status.

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- Conclusion
Inability to access facilities is a major barrier to charter school growth and development

Charters schools face **two types** of **facilities** barriers

**Difficulty accessing facilities at all**

A survey of Bay Area charter leaders revealed that **lack of access to school buildings** is the **single immediate and overwhelming** factor constraining growth.

Lack of facilities presents a **hard cap** on growth: Whatever other **assets** a charter has, **no building means no school**.

Even when charters secure facilities, that does not mean they are **suitable** for use; **17 percent of charter schools had to delay their opening date** by a year or more due to facilities-related issues.

**Forced to rent in commercial market**

Charters that cannot access facilities via districts are **forced to participate** in the **private market**, but buildings suitable for school facilities are **rare and costly**.

In many areas, districts can relatively easily **rezone** commercial properties as schools, an option available to charters only via an **arduous, expensive city-level application process**.

**53 percent of charter schools are renting or leasing** space from nonprofit organization or commercial entity.

Expensive **rent** payments **drain funds** that should be used to **support students**.

State charter facilities programs can help charter schools access and pay for facilities, but implementation is mixed.

- **50 percent** of states fully implement charter school facilities loan programs, but only **6 states** provide funding for these programs.
- **43.8 percent** of states fully implement charter school grant facilities programs, but only **7 states** provide funding for these programs.
- **31.3 percent** of states fully implement charter school facilities programs, providing a per-pupil allowance to charters, but only **5 states** provide more than $1,000 per pupil.
- **17.8 percent** of states fully implement charter school programs, providing equitable access to capital and facilities funding, but only **8 states**.

Source: NAPCS, “Facilities Funding for Charter Public Schools,” 2016; NAPCS, “Measuring Up to the Model,” 2018. NAPCS defines equitable access as states with charter laws that include provisions such as facilities funding, access to public space, access to financial tools, and other supports.
Charter schools have leveraged state policies in different ways to access and pay for facilities, for example …

- **Florida** uses a combination of state and local funds to support charter school facilities.
  - Florida law provides a *per-pupil charter facilities program* for eligible charter schools. The legislature appropriated **$75 million** for this fund in 2016.
  - Florida law requires school districts to share local property taxes with charter schools for facilities.

- **New York**, a political battle between state and city leadership led to new charter facilities funding.
  - In 2014, New York state passed the *New York Charter Schools Act*, which included a new provision for rental assistance.
  - Eligible schools can receive up to 20 percent of their total school funding as rental assistance.

- **Texas** ties charter facilities funding directly to school performance and accountability.
  - Texas appropriated **$60 million** in annual facilities funds to charter schools that have received at least an acceptable rating within the state’s accountability system.
  - Texas law does *not allow* local school districts to charge rent or require purchase for conversion charters to use district facilities.

Source: NAPCS, 2018; New York Charter Schools Act, 2014; Texas Education Agency, 2018
Federal funding for facilities has also helped increase charter access

**Charter schools have access to a variety of federal programs to assist with facilities costs**

<table>
<thead>
<tr>
<th>Program</th>
<th>Department</th>
<th>Overview</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit Enhancement for Charter School Facilities</td>
<td>Education</td>
<td>• Part of the Charter Schools Program, reauthorized by ESSA &lt;br&gt;• Provides grants to eligible entities to permit them to enhance the credit of charter schools so that the charter schools can access private-sector and other non-federal capital at lower interest rates</td>
</tr>
<tr>
<td>State Facilities Incentive Grant</td>
<td>Education</td>
<td>• Part of Charter Schools Program &lt;br&gt;• Provides competitive grants to help states establish and enhance, or administer “per-pupil facilities aid” for charter schools</td>
</tr>
<tr>
<td>Replication and Expansion of High-Quality Charter School Grants</td>
<td>Education</td>
<td>• Part of Charter Schools Program &lt;br&gt;• Provides funds to charter management organizations on a competitive basis to enable them to replicate or expand one or more high-quality schools</td>
</tr>
<tr>
<td>New Markets Tax Credit</td>
<td>Treasury</td>
<td>• Attracts private capital into low-income communities by permitting individual and corporate investors to receive a tax credit against their federal income tax in exchange for investments in specific community development groups</td>
</tr>
<tr>
<td>Community Facilities Direct Loan &amp; Grant Program</td>
<td>Agriculture</td>
<td>• Provides affordable funding for essential community facilities in rural areas</td>
</tr>
</tbody>
</table>

Sources: NAPCS, U.S. Department of Education
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- **Conclusion**

January 2019
Human capital challenges at all levels affect charter quality and growth

Charter Boards

- Quality board members are essential to the success of a nonprofit governance model
- Boards also add significant fundraising and subject area expertise and support

Typical Human Capital Pipeline

- Teachers
- School Leadership
- Executive Leadership

Supply of teachers affects student outcomes and school quality

Supply of school leadership talent is a major constraint on growth

Succession and senior leadership challenges are crucial to long-term sustainability

Continued growth requires developing pipelines of quality talent at all levels
Charter schools are experiencing the same teacher staffing challenges as traditional public schools.

**Percent Distribution of Teacher Stayers, Movers, and Leavers**
*By charter school and TPS, 2012-13*

- **Stayers**: 84.4% TPS, 81.5% Charter
- **Movers**: 8.0% TPS, 10.2% Charter
- **Leavers**: 7.7% TPS, 8.2% Charter

“**Stayers**” were teaching in the same school in 2013 as in 2012; “**Movers**” were still teaching in 2013, but at a different school; “**Leavers**” were no longer teaching at all.

Source: NCES, “Teacher Attrition and Mobility,” 2014
Charter school teachers and principals earn less, on average, than their traditional public school counterparts.

On average, charter school teachers made $8,600 less and charter principals made $8,400 less than their traditional public school peers.

Source: NCES, “National Teacher and Principal Survey,” Tables 4 and 6; 2016.
Staff satisfaction may contribute to human capital challenges

Charter Teachers’ Instructional Culture Survey Results
By response type, 2010 and 2011

Percent of teachers who agree that “My workload is sustainable over the long term”

- Strongly Agree: 6.0%
- Agree: 25.0%
- 69.0%
- All others*

The top four reasons for leaving among teachers who plan to leave within two years**

- Workload: 14%
- Student conduct, culture, and learning environment: 12%
- Dissatisfied with leadership: 10%
- Financial compensation: 7%

A key reason for charter school attrition is **workload**; only a **third of teachers** agree or strongly agree that their workloads are sustainable.

Charters and TPS face challenges recruiting and retaining teachers of color, which affects students’ experience.

### Percentage of Nonwhite* Teachers
*By charter school and TPS, 2015-2016*

<table>
<thead>
<tr>
<th></th>
<th>Traditional Public Schools</th>
<th>Charter Schools</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Nonwhite</strong></td>
<td>19%</td>
<td>29%</td>
</tr>
<tr>
<td><strong>White</strong></td>
<td>81%</td>
<td>71%</td>
</tr>
</tbody>
</table>

Even though charters have more teachers of color, they also serve more students of color. Both TPS and charters have significant gaps between the racial composition of their student population and of their teaching staff.

Source: Pew, America’s Public School Teachers Are Far Less Racially and Ethnically Diverse Than Their Students.”
Note: "Nonwhite" includes black, Latinx, Asian, Pacific Island, American Indian, and Alaskan Native people as well as those of two or more races.
Effective charter schools also require high-quality executive team and senior leadership staff.

Strong leadership pools are particularly critical to the success of growing charter networks. Seventy-four percent of CMOs report they would not expand into a new region without proven pipelines for hiring high-quality leaders in place.

Source: NAPCS, “How to Recruit High-Performing Charter Management Organizations to a New Region: Results From the 2015 CMO Survey.”
Charter school boards play a substantial role in performance, but there is little information on their activities. Charter school boards are often overlooked but can play an essential role in contributing to school quality. The limited research that has been done on charter boards has found the following benefits:

- Charter schools whose student growth exceeds the district average have **consistently stronger boards** than schools whose student growth falls below the district average.

- Board members of higher-performing D.C. charter schools, when compared to those at lower-performing ones, are more knowledgeable about their schools (particularly relative to their performance rating, demographics, and financial outlook).

- Board members of higher-performing schools are also more apt to evaluate their leaders using staff satisfaction as a factor in doing so, highlighting the importance of human capital investments.

Charters have taken steps to improve the quality of their human capital pipelines

- Charters have leveraged nontraditional pipelines and, in some cases, have developed their own (e.g., Relay GSE, High Tech High)
- Many charters create a culture that emphasizes teacher autonomy and advancement as a way to attract higher-performing candidates
- Charters primarily recruit internally to fill school and executive leadership positions, developing a type of “grow your own” pipeline
- External organizations such as New Leaders for New Schools and Building Excellent Schools recruit and support new leaders
- Several charter networks have built formal structures and systems to recruit and develop leaders internally and, in some cases, leaders from other schools (e.g., IDEA, KIPP, Uncommon, Match, Achievement First)
- Increasingly, the field acknowledges the importance of charter boards in driving school success and has begun investing in them
- Charter Board Partners opened in 2010 with the explicit goal of strengthening the quality of governance of charter schools

These steps are crucial and necessary but not sufficient for ensuring a consistently high-quality human capital pipeline at scale
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- Conclusion
An analysis of 15 cities found vast differences in the amount of per-pupil funding charter schools receive.

Of the cities in this sample, more than 70 percent fund their charter schools below the national average.

Across cities with large charter sectors, charter schools receive an average of $6K less per student than TPS

### Average Per-Pupil Funding
*By city, charter school and TPS funding, 2015-16*

<table>
<thead>
<tr>
<th>City</th>
<th>Charter School</th>
<th>Traditional Public School</th>
<th>Funding Difference (K)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Houston</td>
<td>$12K</td>
<td>$11K</td>
<td>-$5K</td>
</tr>
<tr>
<td>Memphis</td>
<td>$12K</td>
<td>$11K</td>
<td>-$5K</td>
</tr>
<tr>
<td>Boston</td>
<td>$20K</td>
<td>$15K</td>
<td>-$5K</td>
</tr>
<tr>
<td>Denver</td>
<td>$12K</td>
<td>$15K</td>
<td>-$5K</td>
</tr>
<tr>
<td>San Antonio</td>
<td>$8K</td>
<td>$14K</td>
<td>-$6K</td>
</tr>
<tr>
<td>Tulsa</td>
<td>$12K</td>
<td>$13K</td>
<td>-$9K</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>$23K</td>
<td>$18K</td>
<td>-$5K</td>
</tr>
<tr>
<td>NYC</td>
<td>$28K</td>
<td>$23K</td>
<td>-$5K</td>
</tr>
<tr>
<td>Indianapolis</td>
<td>$10K</td>
<td>$15K</td>
<td>-$5K</td>
</tr>
<tr>
<td>Little Rock</td>
<td>$9K</td>
<td>$15K</td>
<td>-$6K</td>
</tr>
<tr>
<td>Oakland</td>
<td>$15K</td>
<td>$18K</td>
<td>-$3K</td>
</tr>
<tr>
<td>Atlanta</td>
<td>$23K</td>
<td>$25K</td>
<td>-$2K</td>
</tr>
<tr>
<td>D.C.</td>
<td>$35K</td>
<td>$26K</td>
<td>-$9K</td>
</tr>
<tr>
<td>Camden</td>
<td>$41K</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: [University of Arkansas](https://www.uark.edu/), “Charter School Funding: (More) Inequity in the City,” 2017.
Percentage disparity in per-pupil funding varies widely across cities

Percent Disparity in Per-Pupil Funding
By city, charter school and TPS funding, 2015-16

Source: University of Arkansas, “Charter School Funding: (More) Inequity in the City,” 2018.
Over time, funding gaps in several cities have improved, while others have gotten worse.

Inflation-Adjusted Per-Pupil Funding Gap
By city, charter school and TPS funding, inflation adjusted, FY2014 and FY2016

- **Memphis**: The gap in Atlanta grew due to the opening of a virtual charter school. Declines in philanthropic support explain the gap in Memphis.

- **Los Angeles**: Shifting political attitudes help explain the shrinking gap in Los Angeles.

- **D.C.**: The sharp decline in D.C.'s funding gap was driven by increases in nonpublic revenue.

Source: University of Arkansas, “Charter School Funding: (More) Inequity in the City,” 2018.
Disparity in per-pupil funding between charters and district schools means substantially less funding for children.

On average, charter schools in these cities receive 27% ($5,828) less in per-pupil funding than their district peers.

This leaves a total funding gap of ~$13.1 billion less per-pupil funding than district schools annually.

Source: University of Arkansas, “Charter School Funding: (More) Inequity in the City,” 2018.
Multiple factors contribute to this gap in per-pupil funding

### Local Funding

**Wide disparities** in local funding explain most or the entire charter funding gap. On average, students in charter schools obtained around **$8,000 less** in local per-pupil funding than those in traditional public schools.

### State-Level Funding

State-level revenue streams tend to worsen funding inequities. On average, **traditional public schools received $385, or about 4 percent**, more state-level per-pupil funding.

### Federal Funding

Students in **charter schools** received **$666 less per student in federal funds** than students in traditional public schools, representing a **40 percent** federal public charter school funding gap.

### Nonpublic Funding

On average, **nonpublic sources** of revenue tend to create gaps within the charter sector because these funds are highly skewed toward a small number of favored operators. Nearly **two-thirds** of public charter schools receive **no revenue at all from nonpublic sources**.

---

A **dearth** of education funding from **local sources, states, nonpublic sources, and the federal government** all **exacerbate** charter school funding inequities.

Source: [University of Arkansas](http://example.com), “Charter School Funding: (More) Inequity in the City,” 2018.
When charter schools receive less in per-pupil funding, students miss out on potential long-term positive effects

For low-income families, a **10% increase in per-pupil funding** each year leads to …

- **+.43** years of completed education
- **+9.5%** higher earnings
- **-6.8%** reduction in annual incidence of poverty

The researchers’ hypothesis behind these improvements in student outcomes is that **per-pupil funding increases** often lead to **reduced student-to-teacher ratios** and **increased teacher salaries**, thus giving students a higher-quality educational experience.

Federal charter schools funding has not always kept pace with sector growth, but it has grown in recent years.

**Federal Charter Schools Program (CSP) Funding and Sector Enrollment**

*By fiscal year, 2008-2019*

Charter Schools Program funds have played a crucial role in providing start-up funding for new charters, but a decrease in future funding could constrain growth.

**Sources:** U.S. Department of Education, NAPCS, FY 17- FY 19 enrollment numbers are projections assuming the current 9 percent annual growth rate for future years.
Charters address funding disparities through philanthropic support, extending reach of existing funds, and advocacy

**Philanthropic Support**

Many charter schools rely on philanthropic dollars to close the funding gap. Funds are used to either start or sustain a school. But charters receive relatively little funding from philanthropy. California charters, for example, receive about $800 per pupil from philanthropy.

**Extending Existing Funds**

Compared to traditional public schools, charters have more discretion over their budgets and can extend the reach of their current per-pupil funding. They’ve done so by making concessions, such as:

- Fewer administrative and non-instructional staff
- Fewer student supports
- Less competitive salaries and benefits, accomplished by hiring less experienced teachers
- Lower-quality facilities, such as smaller spaces without a gym, library, etc.

**Advocacy**

Philanthropic dollars and strategic concessions only go so far. Charters have engaged in advocacy at the state level to increase funding. In the past three years, there have been funding advocacy efforts in at least 28 states. Georgia legislators, for example, adopted HB787 in 2018 to increase per-pupil funding for charters with statewide attendance zones.

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Current State of the Sector

### Challenges

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<tbody>
<tr>
<td>Human capital</td>
<td>Funding</td>
<td>Public opinion</td>
<td>Equity</td>
</tr>
</tbody>
</table>

Conclusion
Public understanding of charter schools remains limited

Public Knowledge of Charter Schools
By question, by type of response (don’t know/refused, false, true), 2006-14

Charter schools are public schools
- Don’t know/refused:
  - 2006: 8%
  - 2009: 4%
  - 2014: 2%
- False:
  - 2006: 53%
  - 2009: 51%
  - 2014: 48%
- True:
  - 2006: 39%
  - 2009: 45%
  - 2014: 50%

Charter schools are free to teach religion
- Don’t know/refused:
  - 2006: 16%
  - 2009: 7%
  - 2014: 4%
- False:
  - 2006: 34%
  - 2009: 47%
  - 2014: 48%
- True:
  - 2006: 50%
  - 2009: 46%
  - 2014: 48%

Charter schools can charge tuition
- Don’t know/refused:
  - 2006: 11%
  - 2009: 4%
  - 2014: 3%
- False:
  - 2006: 29%
  - 2009: 39%
  - 2014: 40%
- True:
  - 2006: 60%
  - 2009: 57%
  - 2014: 57%

Charter schools can select students on the basis of ability
- Don’t know/refused:
  - 2006: 13%
  - 2009: 4%
  - 2014: 3%
- False:
  - 2006: 29%
  - 2009: 25%
  - 2014: 29%
- True:
  - 2006: 58%
  - 2009: 71%
  - 2014: 68%

Support for charter schools has gone down in recent years

Public Support for Charter Schools

By type of response (neither, oppose, support), 2013-18

As you may know, many states permit the formation of charter schools, which are publicly funded but are not managed by the local school board. These schools are expected to meet promised objectives, but they are exempt from many state regulations. Do you support or oppose the formation of charter schools?

Though a majority of the public has supported charter schools in the past, that support has declined in recent years.

Source: Education Next, 2018.
Respondents’ support for charter schools is affected if support is tied to broader national politics.

**Effect on Public Support for Charter Schools When Informed of President Trump’s Support**

*By party affiliation, 2017*

President Donald Trump has expressed support for charter schools. Do you support or oppose the formation of charter schools?

In 2017, Education Next measured how President Trump affects the public’s views on education issues by informing half of respondents of his positions in advance.

Learning of President Trump’s support for charter schools had a **net positive effect on public support**, but the effect was **divided between Democrats and Republicans**.

Source: [Education Next](https://www.educationnext.org), 2017.
State-level polling shows some support for charter schools, but several states have rejected proposals to expand them.

Though limited, recent state-level polling data suggests the public has a generally favorable view of charter schools.

- In a Massachusetts survey of registered voters, 59 percent of respondents indicated that they are familiar with the state’s charter schools; 25 percent believe the number of charter schools in the state should be increased, while 19 percent think the number should be decreased, and 43 percent think it should be kept about the same.
- Similarly, a 2018 poll of likely voters in Tennessee found that 50 percent of respondents had a favorable view of charter schools, while 27 percent had an unfavorable view.

Recent proposals to expand charter schools have failed in multiple states.

- In 2016, Massachusetts voters defeated Question 2, which would have allowed the authorization of at least 12 new charters or increased enrollment in existing charters.
- In 2017, Missouri legislators in the House and Senate introduced HB 634 and SB 428, both of which sought to expand the state’s charter law to allow charter schools to open near persistently low-achieving schools, and to allow CTE charter schools to open in districts not served by a high-quality CTE center.
- In 2017, legislators in the Virginia House and Senate introduced HB 2342 and SB 1283, both of which sought to create regional boards of education with the power to authorize charters if regional districts had one or more persistently low-achieving schools.
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Summary

## Current State of the Sector

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<tr>
<th>Overview</th>
<th>State policies</th>
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</tr>
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<td>Human capital</td>
<td>Funding</td>
<td>Public opinion</td>
<td>Equity</td>
</tr>
</tbody>
</table>

Conclusion
Charter schools are wrestling with the same challenges around equity in education as the broader education sector.

Across the education sector, leaders of all stripes are troubled by the geographic segregation and achievement gap between students of different racial, ethnic, and income groups.

Many charter schools were founded to disrupt school assignments based on residence and provide underserved students with high-quality options.

But equity continues to be a challenge in both traditional public and charter schools.

Like the traditional sector, questions of equity in the charter sector often anchor around how students access charter schools and their experiences once enrolled.
Questions about equitable access are fueled by data that show how student populations in charters differ from TPS.

**FOR EXAMPLE**

Compared to TPS, a higher proportion of charters serve student populations that are majority Black or Hispanic.

<table>
<thead>
<tr>
<th>Percent of Schools Meeting Enrollment Thresholds</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than 50 percent White: 58% TPS, 34% Charter</td>
</tr>
<tr>
<td>More than 50 percent Black: 9% TPS, 23% Charter</td>
</tr>
<tr>
<td>More than 50 percent Hispanic: 16% TPS, 25% Charter</td>
</tr>
</tbody>
</table>

When charters enroll high proportions of students of color, does it imply that they foster segregation? Even if neighborhoods are already segregated? Does a lower proportion of students of color imply inequitable access or discrimination?

Charters serve a lower proportion of SWDs than TPS, and the SWDs they enroll spend more time in inclusive settings.

<table>
<thead>
<tr>
<th>Percent of SWDs in General Education</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-14: 12.5% TPS, 10.6% Charters</td>
</tr>
<tr>
<td>&lt;39% of the day: 5.1% TPS, 11.8% Charters</td>
</tr>
</tbody>
</table>

When charters enroll lower percentages of SWDs, does that imply that charters screen or “counsel out” SWDs during enrollment, or that charters offer special education services that are different from traditional special education?

The charter sector is **broad** and **diverse**; the answers to these questions are **complicated**.

Note: For more data on racial/ethnic composition and SWDs in charter schools, see slides 18 and 20.
Other concerns about equitable access are tied to how easy it is for families to participate in choice.

**FOR EXAMPLE**

**Access to Information**

Parents require two types of information to select a school: **how to enroll** and **school quality**.

Successfully enrolling can be difficult to navigate in areas where each school has its own application process and deadlines.

Comparing information on quality often requires extensive research from multiple school-based sources.

Access to enrollment and quality information is often lowest for historically underserved families and students with the highest needs.

**Transportation**

Families cannot exercise school choice if their children cannot access **reliable transportation** to their school of choice.

One study found that difficulty accessing transportation options is correlated with income: Over 30 percent of families making below $35K had trouble accessing reliable transportation, compared to 20 percent of families making $75K+.

In the same study, interviews with families revealed that **unsafe transportation** is a persistent barrier to accessing higher-quality school options for their children.

Increasing **equitable access** to charter schools is important for the sector’s long-term growth and success — equally important is **student experiences once they are enrolled** in a charter school.

Once enrolled, some data suggest charter students are more likely to be suspended than if they enrolled in a TPS.

Suspension Rates of Elementary and Secondary Students
For elementary and secondary students, by grade span, comparing students in charter schools to TPS, 2016

Differences in suspension rates between charters and TPS are less clear-cut when charters are compared to the TPS in their surrounding neighborhoods.

Sources: UCLA Civil Rights Project, 2016; American Enterprise Institute, 2016.
For both TPS and charters, there are variations between student subgroups

Suspension Rates of Elementary Students
By subgroup, comparing students in charter schools to TPS, 2016

For the **majority** of **subgroups**, suspension rates between TPS and charter schools are **roughly equal**

The **difference** in average suspension rates is driven by higher suspensions of **Black** students and **students with disabilities** in charter schools.

Source: [UCLA Civil Rights Project](https://www.ucla.edu/civil-rights-project), 2016.
The difference in suspension rates for Black students and SWDs narrows as those students enter secondary school.

Regardless of grade level or school sector, Black students and students with disabilities are more likely to be suspended.

Source: UCLA Civil Rights Project, 2016.
Several African-American groups have cited equity concerns in their calls for limiting charter school growth.

- In October 2016, the NAACP called for a moratorium on charter school expansion and for the strengthening of oversight in governance and practice, citing, among other issues, the high incidence of **expulsion of students of color**.

- In August 2016, the Movement for Black Lives (MBL) released a policy agenda that called for a moratorium on charter schools and included a concern that charter schools offer **fewer protections for vulnerable populations**.

Sources: [NAACP](https://www.naacp.org), [Movement for Black Lives](https://www.movebpl.org).
Public opinion data across different populations, however, reveal a diversity of perspectives on the issues.

### Subgroup Support of Charter Schools
*By subgroup, by degree of support, 2018*

<table>
<thead>
<tr>
<th>Subgroup</th>
<th>Support</th>
<th>Oppose</th>
<th>Neutral</th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
<td>15%</td>
<td>29%</td>
<td>21%</td>
</tr>
<tr>
<td>Black</td>
<td>14%</td>
<td>32%</td>
<td>21%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>12%</td>
<td>37%</td>
<td>21%</td>
</tr>
<tr>
<td>White</td>
<td>15%</td>
<td>28%</td>
<td>23%</td>
</tr>
</tbody>
</table>

**Do you support or oppose the formation of charter schools?**

- **Strongly support**
- **Somewhat support**
- **Neither support nor oppose**
- **Somewhat oppose**
- **Strongly oppose**

### Subgroup Support of Discipline Policy
*By subgroup, by degree of support, 2018*

<table>
<thead>
<tr>
<th>Subgroup</th>
<th>Support</th>
<th>Oppose</th>
<th>Neutral</th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
<td>12%</td>
<td>13%</td>
<td>25%</td>
</tr>
<tr>
<td>Black</td>
<td>27%</td>
<td>18%</td>
<td>26%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>21%</td>
<td>16%</td>
<td>18%</td>
</tr>
<tr>
<td>White</td>
<td>7%</td>
<td>11%</td>
<td>23%</td>
</tr>
</tbody>
</table>

**Do you support or oppose school district policies that prevent schools from expelling or suspending black and Hispanic students at higher rates than other students?**

- **Strongly support**
- **Somewhat support**
- **Neither support nor oppose**
- **Somewhat oppose**
- **Strongly oppose**

Source: Education Next, 2018.
Leaders across the charter sector are working to address issues of equity in access

**Access**

**Disseminating key information**
- Easily accessible data on school quality and application processes
- Translation of enrollment information to languages prominent in the community
- Assurances about services for SWDs

**Increasing transportation**
- Advocating for more transportation funding
- Partnerships with public transit systems, districts, or other charters
- Shuttles between schools and neighborhood drop-off hubs

**Unified enrollment systems**
- Streamlined platform for families in high-choice markets to rank top choices for their child through a single application process

**Diverse-by-design schools**
- Intentionally prioritizing student diversity in school design, mission, and enrollment
Addressing equity in retention and completion are also priorities across the field

**Different approaches to discipline**

- Some charter schools are adopting practices that prioritize **restorative justice** over suspension and expulsion
- Some charters have **altered discipline policies** to push teachers to handle more discipline issues within the classroom

**Transparency and accountability**

- Many authorizers are paying increased attention to discipline rates in the schools they oversee, requiring **additional reporting and transparency** on suspensions and expulsions
- In some cases, authorizers are building **discipline metrics** into performance expectations

**Data quality and research**

- Many advocates from across all sectors are pushing for **higher-quality data** and **deeper analysis** of trends in school discipline

There are no easy answers to these complex and fraught issues, which continue to generate debate in the charter sector and across the education landscape
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Charter schools currently serve 3 million students in more than 7,000 schools across 44 states and Washington, D.C.

There are very real challenges that the charter sector must grapple with.

As the charter sector continues to grow and improve, it needs a rigorous and evidence-based debate around how to address those key challenges and leverage future opportunities.

We hope this deck helps provide a foundation for those conversations.
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Acknowledgements

Bellwether Education Partners would like to thank the Walton Family Foundation for their support of this project.

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