



Federal Investment in Charter Schools

A Proposal for Reauthorizing the Elementary
and Secondary Education Act

Melissa Lazarin October 2011

Center for American Progress



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Introduction and summary

The charter school landscape is dramatically different today compared to when the federal government first forayed into the field in 1994. That year it established the Charter School Program as part of the Elementary and Secondary Education Act, or ESEA. The Charter School Program, which is designed to support the startup of new public charter schools, was established at a time when only seven states had charter school laws on the books and 60 charter schools were in operation.¹ Today, there are more than 5,000 charter schools in 40 states and the District of Columbia, and the long waiting lists indicate that there is a demand for many more charters.²

There also is a growing demand for charter schools to take on new roles in the public school system, with the assurance that they are held to the same high standards as traditional public schools. The Obama administration wants charter schools to take a more active role in turning around chronically underperforming traditional public schools. Some charter management organizations—nonprofit entities that directly manage charter schools—are responding to the call.³ Others are hesitant to tamper with their school models and plan to sit this opportunity out (see box).

What are charter schools?

Charter schools are public schools that enjoy more regulatory freedom than traditional public schools. Similar to other public schools, charters are nonsectarian, tuition free, open to all students, and subject to the same state and federal education standards that are required of other public schools.

In addition, educational progress at charter schools is measured against the stated goals outlined in their charter contract, which can be revoked if they fail to meet the necessary benchmarks. In exchange for this accountability, charters have flexibility over staffing, budgeting, curricula, and school operations, such as the length of the school day and year.

Meanwhile, concerns over quality, accountability, and access continue to be hot-button issues for the charter sector. Advocates rightly insist that the federal government should only support high-quality, effective charter schools that meet the needs of all students, including low-income students and students with special needs. Yet even high-quality charter schools continue to face barriers limiting their growth—financial support, human capital, and inhospitable state policy environments.⁴

The long overdue ESEA reauthorization presents an opportunity to take stock of the small but growing and changing role of charter schools in American education. The Obama administration has recently offered states flexibility around the current law while Congress continues to debate revising ESEA. The new flexibility does not address charter schools. So ESEA remains the main vehicle for addressing charter schools in our country.

This paper outlines some of the key issues facing the charter sector at this important juncture. Congress and other policymakers should bear these issues in mind as they determine how best to support the next generation of effective charter schools. Namely, Congress should:

- Ensure charter schools are held to the same accountability standards as traditional public schools and support the creation and expansion of high-quality charters that serve the needs of all students
- Ensure equitable funding for charter schools
- Strengthen charter authorizing practices
- Encourage states to lift caps on the development of high-quality charter schools
- Prioritize states that implement smart effective quality control policies for federal competitive dollars
- Reward states and districts that engage high-quality charters in turning around their chronically underperforming schools

These recommendations are explained in further detail in the pages that follow. But first, this paper examines the role of charter schools in transforming public education and the paths and barriers to expanding high-quality charter school programs, including the federal role in this transformation.

The charter school sector's growing impact on public education

Charter schools make up a relatively small portion of public schools. Only 5 percent of all public schools are charters.⁵ But there is a demand for more. The number of students on waiting lists across the country is approximately 420,000—even with more than 400 new charter schools opening their doors every year.⁶

National polling data also indicates that charter schools have gained favor among a substantial proportion of Americans. According to an Education Next-Program on Education Policy and Governance survey, 44 percent of Americans support the formation of charters while 19 percent do not. The national poll also shows that African Americans and Latinos are especially supportive of charter schools.⁷ This mirrors some of the enrollment trends across charter schools. In comparison to traditional public schools, charter schools are more likely to be located in urban areas and serve Latino and black children.⁸

The popularity of charter schools is not surprising to early proponents of such schools. Charter schools were created as a niche market—intended to offer some parents and students a different type of public education. They were also promoted as laboratories of educational innovation and as a potential reform mechanism to encourage change in traditional public schools among education reformers. In exchange, unsuccessful charters were to be shut down.

Charter schools have taken on a portion of all these roles. And, in the 20 years since the first charter school opened its doors, the small but growing charter school sector has undoubtedly left a footprint in American education as a result. Here are some of the ways in which charter schools are changing the face of public education:

- Charter schools are expanding the availability of public school options.
- Charter schools are challenging traditional models of public schooling.
- Charter schools are informing reform in traditional schools.
- Charter schools are increasingly seen as key partners in improving district schools.

Let's look at each of these changes in turn.

Charter schools are expanding the availability of public school options

Charter schools are gradually reconceptualizing public education in the United States by offering parents and school-aged children an alternative public school option. Disenchanted parents and students of troubled neighborhood schools or those in search of a specialized program focus—such as a school with a dual language or a math and science emphasis—are increasingly seeing charter schools as an attractive, affordable option within the public school sector.

In cities as different as New Orleans, the District of Columbia, Detroit, and Kansas City, charter schools are educating more than 30 percent of public school students.⁹

Charter schools are challenging traditional models of public schooling

Charter schools are taking advantage of the operational, staffing, and budgeting freedoms they have to deliver public schooling differently. Charter schools, for example, are more likely to expand learning time beyond the traditional school day and year. Nearly a quarter of charter schools (24 percent) have a school year that is longer than the 180-day norm. In comparison, 17 percent of traditional public schools have an extended year.¹⁰

Charter schools also use different strategies to attract, support, and retain high-quality teachers. A Center for American Progress report found that charter schools are less likely to rely solely, if at all, on single salary schedules—which are typically based on a teacher’s years of experience, educational credits, and degrees—to determine teachers’ base pay. Instead, charters are more likely to consider teachers’ classroom performance in determining salary and reward teachers that take hard-to-staff positions with a higher salary.¹¹

At the same time, charter schools are public schools so they are held to the same state standards as traditional schools and must serve the needs of all students, including low-income students, English language learners, and special education students. The best charter schools, such as Mastery Charter Schools in Philadelphia, go to such lengths to serve all students that they may have larger percentages of challenging students than other public schools. Eighty percent of Mastery students are low-income compared to 76 percent in the Philadelphia

school district, and 17 percent receive special education services compared to 14 percent districtwide. Mastery also operates five regional special education centers for low-income children.¹²

Charter schools by the numbers

4: The approximate percentage of charter school students to all public school students

5: The percentage of public schools that are charter schools

9: The number of states that do not have a state law authorizing charter schools

160: The number of charter schools that closed during the 2009-2010 academic year

443: The number of new charter schools that opened in fall 2009

955: The estimated number of charter authorizers in fall 2010

5,277: The number of charter schools during the 2010-2011 academic year

420,000: The estimated number of students on charter school waiting lists in 2009-2010

Sources: The National Alliance for Public Charter Schools, "The Public Charter Schools Dashboard," various years, available at <http://dashboard.publiccharters.org/dashboard/home>; National Association of Charter School Authorizers, "The State of Charter School Authorizing" (2010).

Charter schools are informing reform in traditional schools

Charter schools are often touted as potential "laboratories of innovation" that can help inform broader educational policy and practice. The public education system as a whole—not just charter schools and the students that attend them—stand to benefit from charter schools according to this line of thought.

Common charter school strategies do appear to be making their way into traditional public school classrooms and districts. Schools participating in Houston Independent Public School's Apollo project, for example, are adding more time to their school day and year, incorporating performance pay systems, and establishing school-parent contracts—all of which are common features of high-performing charter schools. The reforms are part of a district-wide strategy to turn around 20 elementary, middle, and high schools.¹³

Federal education reforms are capitalizing on some of the charter school sector's most effective education strategies and encouraging traditional public schools to follow suit. The Obama administration is encouraging recipients of federal

school improvement grants to implement strategies that are relatively common in charter schools, including expanding learning time and rewarding effective teacher performance.¹⁴

Charter schools are increasingly seen as key partners in improving district schools

Most charter schools largely function independently from their neighboring school districts, often acting as a separate district in themselves. But the Obama administration's school improvement agenda is gradually changing the relationship between traditional schools and charters. The "restart" option—one of the four turnaround options available to schools under the federal School Improvement Grant program—encourages charter schools to help turnaround some of the nation's 5,000 chronically low-performing schools by restarting schools or taking over their management.

School districts in Philadelphia, Los Angeles, Detroit, and Washington, D.C. are leading by example. Detroit recently announced that it would turn over 41 struggling district schools to charter school and other external operators. In Philadelphia, Mastery Charter School has taken over six Philadelphia district schools and is set to reopen two more in fall 2011. And Green Dot Public Schools is building on its turnaround work with Los Angeles's Locke Senior High School and will take on two additional district schools in the fall.¹⁵

Charter school engagement in district public school turnarounds is not the norm. Many charter school operators are opting to stick with the strategy and school model that has made them successful over the years. But, the district-charter partnerships that are taking place in some major urban school districts are worth noting. The large size of some of these districts underscores the impact that charter schools are making in public education reform.

Paths and barriers to developing more high-quality charter schools

The growing impact of charter schools on public education has advocates calling for more charters. Proponents value the expansion of public school options that come with charter schools and their role in innovating educational practice.

Meanwhile, parents are taking note of some of the successes that high-quality charter schools are demonstrating and making an appeal for more charter schools. YES Prep—a network of charter schools in Houston, Texas—is outperforming both Houston Independent School District schools and public schools across the state of Texas in all state assessments, including English language arts, mathematics, and science. The network has been commended with an “exemplary” status by the state—a recognition achieved by less than 7 percent of Texas school districts.¹⁶ More than 9,000 students are on YES Prep’s waiting list as a result—nearly twice the number of students that the charter network currently enrolls.¹⁷

Like parents and students, the Obama administration and some large urban districts are eyeing the charter sector’s accomplishments. They are carving out a space for charters to play a greater role in turning around traditional public schools because they are held to the same high standards and are committed to serving the needs of all students.

Charter schools are unsurprisingly getting stretched to their limit as a result. They are simultaneously being courted to take on a portion of existing chronically struggling schools and meet the demand for new startup charter schools. But the charter sector will have to overcome some significant challenges if it is expected to grow exponentially and address these needs.

Here are some of the barriers facing the charter school sector.

Addressing the limited supply of effective teachers and leaders

Like traditional public schools, charter schools face the challenge of recruiting and retaining effective teachers and leaders. But high teacher turnover rates in the charter sector—due in part to a young teacher workforce and teacher burn-out—also means that charter operators must hire new teachers more often than traditional public schools.¹⁸

Obtaining resources to support growth and quality

The funding gap between charter schools and traditional public schools is well documented, with charter schools, on average, receiving approximately 22 percent

less in funding.¹⁹ Identifying and obtaining adequate facilities is also a major challenge for charter school operators.

Improving charter authorizing practices

Charter school authorizers play an important role in shaping the quality of charter schools. Authorizers decide which charter schools are allowed to open and expand, and which schools should be closed. The number and type of authorizers—which may include an institution of higher education, local school boards, or the state education agency—varies across states. Some states only offer one authorizing option. Virginia, for example, only allows district school boards to authorize charter school applicants in the state. Minnesota charter authorizers, on the other hand, include school boards, certain nonprofit organizations, and institutions of higher education, among others.²⁰

An estimated 955 authorizers were overseeing charter schools in fall 2010, but there can be some significant differences in how various charter authorizers operate. Nonprofit authorizers, for example, are more likely to close down charter schools while state education agencies and independent chartering boards are among those that are least likely to revoke charters.²¹

Overcoming state caps on new charter school development

A number of states limit charter school development by restricting the number of charter schools that can exist in the state; the number of new charter schools that can open per year; the number or percentage of students that can enroll in charter schools; or the number of charter schools that can be approved by certain authorizers.²² These restrictions may result from concerns over quality or simply knee-jerk opposition to charter schools.

Most statutory caps, however, fail to distinguish between high quality and poorly operated charter schools. Concerns over charter school quality might, therefore, best be addressed by strengthening authorizing practices and improving charter school oversight and accountability, or by imposing “smart caps” that take into account a charter authorizer’s track record or use of proven charter school models.²³ I examine these approaches in recommendations later in the paper.

Overcoming a politically challenging climate fueled by both misconceptions and legitimate concerns

The charter school sector has been plagued by a number of concerns ranging from uneven school performance, selectively enrolling students, encouraging segregation since they tend to serve a high proportion of black and Latino students, and supporting the privatization of schooling, among other things. These concerns may spring from misinformation, lack of transparency, political opposition, or even legitimate cause.

Regardless of the cause, though, the charter school sector and policymakers will have to learn how to better address such concerns to support future growth. At the very least, charters must maintain and increase their commitment to serving the needs of students with educational challenges and retaining those students in their schools.

Clearing the barriers to expanded roles for charter schools

These barriers are not new. Indeed, the charter school sector has grudgingly acclimated to some of these challenges. The human capital and resource barriers, for example, are proving to be less debilitating to charter schools. Charter management organizations have addressed some of their staffing challenges by looking at sectors outside of education or turning to alternative certification programs such as Teach for America, a nonprofit agency that selectively recruits and trains candidates for teaching, for at least two years, in high-need schools.²⁴

Charter management organizations also invest heavily in the professional development of the teachers they do hire to make up for lack of experience or inadequate teacher preparation. And they commonly identify and develop school leaders from within their ranks instead of relying on external talent.

In the absence of sustainable and adequate funding, charter schools have learned to work with the resources they do have to expand their reach. New charter schools tend to open their doors with one grade and expand a grade level every year until they reach their enrollment goal. This allows them to build up their staff slowly and use space more economically.

The charter sector also depended on philanthropy to scale up its presence over the past decade. The Bill & Melinda Gates Foundation, the Eli and Edythe Broad

Foundation, and the Walton Family Foundation are among some of the foundations that have invested heavily in the charter sector's growth.²⁵

Finally, charter management organizations also serve a clear purpose for budget-strapped charter schools. Charter management organizations largely developed and grew in number out of the belief that they can capture the economic benefits of managing a group of similar schools while simultaneously supporting their quality and improvement in a way that continues to value school autonomy and entrepreneurship.²⁶ Philanthropic investments aiming to scale up the number of high-quality charter schools have largely centered on charter management organizations as a result.²⁷

These strategies have allowed the charter school sector to grow at a comfortable rate thus far. But some barriers can be more difficult to tackle. One case in point: The CAP report highlighted earlier in this paper contends that current human capital practices might have to be refined if charters are expected to meet growth expectations. Charter management organizations may have to develop strategies to import leadership talent from other sectors—similar to the way they have tapped nontraditional sources of teaching talent—instead of heavily relying on internal staff.²⁸

The removal of other barriers may be beyond the means of the charter sector and can be better addressed with the support of federal, state, and local policy changes. With some federal prodding, for example, states have taken steps to improve their charter laws. Massachusetts lifted its cap on charter school development, and 13 other states followed suit to improve their chances at winning federal grant dollars from the first Race to the Top competition. Race to the Top gave preference to states that removed barriers to creating and expanding public charter schools.²⁹

In much the same way, federal, state, and local policies can help establish sustainable and fair public funding streams for charters, stronger authorizing practices, and address common concerns over charter school access and accountability. Before turning to these recommendations in detail, though, this paper first takes a look at the federal role in charter school expansion.

The federal role in developing and growing charter schools

The federal role in charter school policy historically has centered on the Charter School Program, which supports charter school development. The Obama administration, however, is using other existing federal education programs—such as the School Improvement Grant program—and newer initiatives—such as the Race to the Top program and the Investing in Innovation Fund—to improve state charter school policies. In addition, several congressional proposals to improve charter schools have been introduced as Congress continues debating the reauthorization of ESEA.

It bears repeating that federal support should focus on effective or high-quality charter schools. By “effective” or “high-quality” we mean a charter school that meets or exceeds state standards, the same standards applied to traditional public schools. We also mean charter schools that enroll, retain, and adequately serve the needs of students with educational challenges including low-income students, English language learners, and students receiving special education services.

So, this paper briefly looks at existing federal programs that support an expanded role for charter schools in our nation’s public school system and then at proposed changes to those programs to achieve the same aims.

The Charter School Program and federal support for charter school facilities

The federal government’s investment in charter schools reached new heights under the Obama administration. The Charter Schools Program—once the primary way in which the federal government supported charter schools—began in 1995 with a \$6 million appropriation to support new charter schools. In fiscal year 2011, ending in September this year, it stood at \$256 million.³⁰

The needs of the charter school sector have changed dramatically since the program was first authorized. The program—intended to support new charter

school development—currently fails to adequately support the expansion and replication of existing high-quality charters. A charter management organization with a charter high school serving grades 9 through 12 that is interested in establishing a kindergarten through eighth grade campus to feed into the charter high school would likely not qualify for Charter School Program development funds for the second campus. This effectively limits the growth and expansion of some successful charter schools.

In recent years, the Obama administration and Congress set aside a portion of these funds—\$25 million in FY 2011—to competitively award grants to support charter school expansion and replication as part of the appropriations process.³¹ This program—the Replication and Expansion for High-Quality Charter Schools competition—allowed 76,000 more students to attend 127 new and 31 expanded charter schools as a result.³² The competition should continue under a reauthorized ESEA.

Future federal charter school investments should focus on quality. The Charter School Program can help drive state quality-control measures by targeting grants to states with robust authorizing practices, smart charter school caps, and those that demonstrate the capacity to effectively monitor charter schools and close poor-performing ones.

The federal government also provides funding under ESEA to support improved charter school access to adequate facilities through the Credit Enhancement grant and Facilities Incentive Grant programs. Recent appropriation cycles consolidated funding for these programs under the Charter School Program.

The Race to the Top program and the Investing in Innovation Fund

Federal funding opportunities for charter schools dramatically increased under the Obama administration’s Investing in Innovation Fund, or i3. The i3 program offers school districts, charter schools, and other nonprofit organizations a chance to compete for federal funding “to expand and develop innovative practices.”³³ As a competitive grant program, the i3 program ensures that only entities with a record of excellence in education are awarded funding. In 2010, for example, the Knowledge Is Power Program charter school network operating nationwide was awarded a \$50 million i3 grant to train 1,000 new school leaders in an effort to double its network of schools over the next five years.³⁴

Meanwhile, the Race to the Top program underscored the potential role of federal policy and competitive grants in influencing state and local environmental conditions for charter schools. A flurry of state activity unfolded as states debated lifting or removing caps on charter school growth in the months following the U.S. Department of Education's announcement of the competition.

Both Race to the Top and i3 present clear implications for charter school development, expansion, and quality enhancement. These programs should be authorized under ESEA. Race to the Top grants to states should continue to incentivize improved charter authorizing practices and changes in other state and local policies that affect charter school quality. Meanwhile, school districts, high-quality charter schools, and other nonprofit organizations should continue to have an equal opportunity to compete for i3 funding.

The School Improvement Grant Program

Congress will review the School Improvement Grant program, which currently includes a role for charter operators to take on school turnarounds, when it takes up ESEA. While some districts and charter management organizations are working together to improve chronically underperforming schools, this is far from the norm. Only 5 percent of School Improvement Grants are supporting district-to-charter conversions of struggling schools.³⁵ If charter schools are expected to shoulder a greater proportion of existing struggling schools, in addition to developing new charter startups, then they will likely need different supports to meet both demands. Charter school operators taking on a turnaround school, for example, may not have to find new school space, but most will find it necessary to completely renovate the school to support a change in school culture.

But more importantly, high-quality charter schools need to be welcomed as a genuine partner in the school turnaround effort. Charter opportunities to participate in turnaround are only as abundant as state and districts make them. States and districts need to be encouraged to take on the bolder turnaround reforms, such as restarting a troubled school as a charter school.

This is why congressional lawmakers and other policymakers should consider ways to recognize and reward states and districts that support bolder turnaround plans like the restart option. This may include encouraging states to award larger subgrants to districts and schools that implement the restart option.

Proposed federal legislation

Several federal proposals to improve the Charter School Program and the federal role in charter school policy have been introduced in Congress. These congressional bills, in general, aim to influence state policy changes related to charter school funding, authorizing, and growth by dangling the promise of competitive grant awards. The three main pieces of legislation are:

- The Empowering Parents through Quality Charter Schools Act
- The All-STAR Act
- The Charter School Quality Act

Let's look at each in turn.

The Empowering Parents through Quality Charter Schools Act

In September 2011, the House of Representatives approved The Empowering Parents through Quality Charter Schools Act.³⁶ The proposal, sponsored by Rep. Duncan Hunter (R-CA), updates the Charter School Program to support both new charter school development and the replication and expansion of existing high-quality charter school models. States that remove charter school caps, safeguard charter autonomy, allow for multiple charter authorizers, support equitable funding for charters, and encourage the development of virtual charter schools will be prioritized for grant awards.

The bill consolidates two federal programs that support charter school facilities—the Credit Enhancement Grant and Facilities Incentive Grant programs—into the redesigned Charter School Program. It also encourages increased use of the restart option under the School Improvement Grant program by prioritizing grant awards to states that employ this strategy. This is an important feature for advocates of bold turnaround reforms.

States' plans to support quality authorizing practices must be considered in the awarding of state grants, including activities intended to improve how authorizing practices are funded, but the proposal does not prioritize state grants based on the quality of state authorizing efforts. Targeting federal funds to states that implement strong authorizing policies can help improve the quality of charter schools

on the market. Congress should make this a priority in awarding state charter school grants if the proposal moves forward.

The All-STAR Act

Reps. Jared Polis (D-CO) and Erik Paulsen (R-MN) have proposed the All Students Achieving Through Reform, or All-STAR Act. Sens. Richard Durbin (D-IL) and Mark Kirk (R-IL) have proposed a companion bill in the U.S. Senate.³⁷ Like the House-passed bill, their proposal amends the Charter Schools Program to support the replication and expansion of successful charter schools as well as new charter startups. The All-STAR Act prioritizes states that do not restrict charter school growth or charter autonomy, have multiple authorizers, and promote equitable funding and access to facilities for charter schools in the allocation of state grants like the House bill.

The All-STAR Act stands out in that it establishes clear metrics by which to judge successful models for replication. Resources to replicate successful models will go to charters that rank among the top 25 percent of a state's public schools or that boast an average student score on an assessment chosen by the secretary of education that is above 60 percent in reading and 75 percent in mathematics.

The bill is also important in that it prioritizes states that have strong authorizing policies and an effective process for closing down low-performing charter schools for Charter School Program state grants. This critical element should be included in other charter school proposals and in ESEA.

The Charter School Quality Act

Sen. Mary Landrieu (D-LA)'s Charter School Quality Act seeks to improve state chartering policies by targeting Charter School Program grants to states that have developed a transparent process for accrediting, training, and evaluating state charter authorizers.³⁸ In addition, states that evaluate the effectiveness of their charter authorizers; encourage authorizers to abide by research-based best practices; and primarily base charter school approval, renewal, and closure on student achievement data, are also prioritized for grant awards.

The Charter School Quality Act puts a much-needed emphasis on state charter authorizing policies as a way to improve charter school quality. Congress should include these elements as it seeks to improve the federal role in charter school policy under ESEA.

Federal policy recommendations

The charter school legislative proposals highlighted in the previous section include some important policy changes. But ESEA presents an opportunity to take a comprehensive approach to improving the federal role in charter schools. Changes to the Charter School Program, the School Improvement Grant program, Race to the Top, and the Investing in Innovation Fund—all of which include important ramifications for charters—can and should be addressed in the reauthorization of ESEA.

Congress should make it a priority to improve the quality of charter schools that are currently on the market, as well as those that will open their doors in the future. Action on the following recommendations can improve access to high-quality charter schools.

Ensure accountability standards that serve the needs of all students

It is critical to ensure charter schools are held to the same accountability standards as traditional public schools and only support the creation and expansion of charters that serve the needs of all students. A redesigned ESEA and Charter Schools Program should include the Replication and Expansion for High-Quality Charter Schools competition to better support high-quality charter schools that seek to open new campuses or expand their capacity.

In addition, the Investing in Innovation Fund, which has the potential to expand the reach of some of the most successful charter operators, should be authorized under ESEA and continue to be open to charter schools and other nonprofit applicants.

Ensure equitable funding for charter schools

Federal policymakers should ensure that charter school eligibility for federal funding is on par with that of traditional public schools across all ESEA programs and other related federal education programs. In particular, federal funding should be appropriated based on annual school enrollment data since many young charter schools grow to scale one grade at a time.

In addition, Congress can encourage equitable state- and local-level funding streams by prioritizing states and districts that ensure fair, adequate charter school funding for competitive federal education dollars.

Strengthen charter authorizing practices

Authorizers determine which charters are allowed to open and expand, and which schools should be closed, thereby determining the quality of charter schools available to students. Congress should encourage states to implement robust, transparent charter authorization policies. Such policies should include processes for monitoring and evaluating the effectiveness of authorizers in approving, and supporting high-quality charter schools, closing academically unsuccessful charter schools, safeguarding autonomy, promoting operational transparency and effective public reporting, and ensuring that charters are held accountable to applicable federal, state, and local laws.³⁹

In addition, authorizers should be required to consider student academic achievement as a primary factor in charter school approval, renewal, and decisions to rescind charter contracts.

Encourage states to lift caps on the development of high-quality charter schools

State caps limit access to all charter schools regardless of their quality—even as waiting lists for charter schools grow across the nation. States should lift caps on charter school development or incorporate more flexible caps that allow charter authorizers with a proven track record to approve new charters, or allow effective charter school models to open new campuses. Federal policy can reward states

that take action on caps by prioritizing them for competitive federal education dollars, such as Race to the Top and the Charter School Program.

Prioritize states that implement smart effective quality control policies for federal competitive dollars

Federal competitive programs, such as the Charter School Program and Race to the Top, should be reserved or targeted to states that do not limit the growth of high-quality charter schools, implement a robust charter authorization process, effectively monitor charter school performance, and close underperforming charters as necessary.

Reward states and districts that engage high-quality charters in turning around their chronically underperforming schools

Charter operators that boast a track record of managing high-quality charter schools can be important partners in the national school improvement effort and in expanding access to charters. States and districts that partner with charters should be rewarded for helping introduce more charter schools in their community and taking on bold reforms. Congress should consider encouraging states to award larger sub-grants to districts and schools that implement the restart option under the School Improvement Grant program and prioritizing districts and states that implement the restart option for competitive dollars in other federal education programs.

Conclusion

The charter school sector may be a relatively small and new player in the nation's education landscape, but it is undoubtedly changing the face of education. Charter schools have largely flourished due to the support of philanthropy and education reform advocates, and the high demand for such schools among parents and students.

The federal government has also demonstrated a deepening interest in charter schools over the past 20 years. The pending reauthorization of ESEA marks another opportunity for federal policymakers to guide the growth and direction of what is increasingly becoming a mainstream form of public education. With federal investment in charter schools on the rise, policymakers must ensure that these dollars are targeted to charter management organizations and other charter operators that have demonstrated success in improving academic achievement and other educational outcomes for all students.

State policies and laws largely control the growth and quality of charter schools on the market. Yet the Race to the Top and i3 programs demonstrate the reach of the federal dollar. To the extent possible, federal education dollars—particularly those authorized under the Charter School Program, the School Improvement Grant Program, Race to the Top, and Investing in Innovation Fund—should be targeted to forward-thinking states that are committed to safeguarding charter autonomy, implementing robust accountability measures and closing low-performing charter schools, strengthening charter authorizing processes, and equitably supporting high-quality charter schools with funding and access to facilities.

Appendix

The effectiveness of charter schools: What does the research say?

Research on the impact of charter school attendance on academic achievement is largely mixed, perhaps varying due to methodology and the geographic location of the schools studied. Few studies have examined charter schools nationally or in multiple states. It is therefore difficult to draw broad conclusions on the performance of the charter school sector as a whole. But there is some notable research.

The Center for Research on Education Outcomes examined student learning in charter schools in 15 states and the District of Columbia and compared it to student learning taking place in the traditional public schools that students would have attended. The study's findings maintain that 17 percent of charters deliver a superior education to traditional public schools, nearly half share the same result as traditional public schools, and 37 percent are significantly worse.

The study had some bright spots, however. Low-income students and English language learners fare well in charter schools compared to traditional public schools. Charter school students are also likely to make gains after their first year at the school. Gains are therefore more likely the longer a charter school has a student.

The authors noted that school quality varied widely across states and that charter authorizing processes must improve to enhance quality. The Center for Research on Education Outcomes's 2011 case study of Indiana, for example, finds that 98 percent of charter schools demonstrate greater academic growth than traditional public schools in reading, and 100 percent of charter schools outperform traditional public schools in mathematics.

Another study came to a different conclusion regarding the performance of charter schools. Caroline Hoxby of the National Bureau of Economic Research and Stanford University led a multiyear evaluation of New York City charter schools. Hoxby and her team concluded that students who attend charter schools in New York City from kindergarten through eighth grade—regardless of their race or ethnicity—are scoring approximately 30 points higher in math and 23 points higher in English language arts than traditional public school students.

Meanwhile, RAND’s research found no evidence that charter schools significantly affect test scores—positively or negatively—for students who transferred into charter schools in eight states. But the study reveals some important findings related to the effects of charter school attendance on high school graduation in Chicago and Florida high schools. Students who attend a charter middle school are 7 to 15 percentage points more likely to graduate if they transition to a charter high school instead of a traditional public school according to study’s findings.

Research on charter school performance is inconclusive. Perhaps, unsurprisingly, it appears that some charter schools are great performers while others are poor—as is the case for traditional public schools. Federal charter school policy, therefore, should target resources to identifying high-performing charter schools and support the replication and expansion of such schools. In addition, the role that charter school authorizing processes have on school quality, as the research suggests, should likely be considered when ESEA is reauthorized.

Finally, the manner in which achievement and outcomes are seemingly affected by the length of charter school participation may have some implications for evaluating the impact of the increasing number of charter operators that are taking over struggling district schools under the School Improvement Grant program.

Sources for appendix

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