

# Charter Schools and District Enrollment Loss

Center on Reinventing Public Education, University of Washington Bothell

## California Charter Schools: Costs, Benefits, and Impact on School Districts

Districts must no longer pay to educate students who transfer to publicly funded charter schools but they must still pay costs that can't be adjusted immediately as school enrollment changes. Since 2017 critics in California and nationwide have claimed charter school growth undermines school district finances and forces cuts in the quality of schooling districts can provide.

These claims have gathered momentum, especially in California districts, where in 2019 teachers unions made stopping charter school growth part of their collective bargaining agendas. As part of a settlement with the United Teachers of Los Angeles, the local school board released a statement in support of a temporary moratorium on charter school growth, and the State Superintendent of Schools has convened a task force to consider charter costs and the impact on school districts. The Legislature is now considering various bills on charter school policy.

Despite the level of political activity around charter schools, evidence about their growth and effects on district enrollment is fragmentary. One study has tried to estimate what it costs a district when students transfer to charter schools, but its methods and uses of data do not follow professional norms for cost analysis. As a result, public discussion is spirited but not well informed.

Because CRPE has done pioneering work on estimating and mitigating costs to districts in times of charter growth, we sought to provide the best evidence available for California in time to inform the current debate. We have written short briefs on three topics:

**As charter school enrollments have grown, what has happened to district enrollment, statewide and in critical localities like Oakland and Los Angeles?** Are charters the main drivers of enrollment loss, such that ending charter school growth will stabilize district enrollment? Or is enrollment decline a deeply-rooted phenomenon that will continue regardless of what happens with charter schools?

**Does the loss of students to charter schools create escalating financial challenges for school districts, increasing the risk of fiscal distress as critics claim?** Or can school districts adapt to changes in enrollment and meet their financial commitments in the face of enrollment loss? What factors shape school districts' ability to navigate changing financial circumstances?

**Assuming there are costs to charter school growth, how can members of the public and policymakers weigh these against any benefits to families, communities, and students attending charter schools?** What is the weight of evidence for particular benefits, and the conditions under which they occur? How can costs be properly defined, and evidence about them weighted for importance and validity?

Robin Lake, Ashley Jochim, Paul Hill, and Sivan Tuchman wrote these briefs and take responsibility for their contents. Given the time constraints for informing the commission's and legislator's questions, we were limited to data available from earlier studies and from federal, state, and local databases, as cited in the three briefs.

We shared our drafts with independent peer reviewers, including Eric Hanushek at Stanford University, Randall Pozdena at QuantEcon in Oregon, Henry Levin at Teachers College, Patrick Murphy at Public Policy Institute of California, and Paul Bruno at the University of Southern California. Any errors or omissions are ours alone, but we are grateful for their suggestions which strengthened our analyses.

The current debate about charter schools' effects on school district finances hinges on enrollment loss. Critics claim that the surge in charter enrollment in California since 2000 has driven enrollment loss statewide—cutting districts' income more than their costs, especially in cities where many students attend charter schools. State officials [are under pressure](#) to cap the growth of charter schools as a way of stabilizing district enrollments, and thus finances.

This brief examines state and district data on district and charter school enrollment trends over the past 10 years. We pay particular attention to [Los Angeles](#), [Oakland](#), and San Diego, where claims of harm done by charter enrollment growth have been made most often. The brief makes three points:

- Surges and declines in K-12 enrollment have long been a fact of life in California districts. Statewide numbers of school-age children are currently falling and will continue to do so.
- The growth of charter schools cannot account for all of the enrollment loss experienced by urban school districts.
- Charter school enrollment is not currently a major factor in continued district enrollment decline.

## Enrollment Turbulence

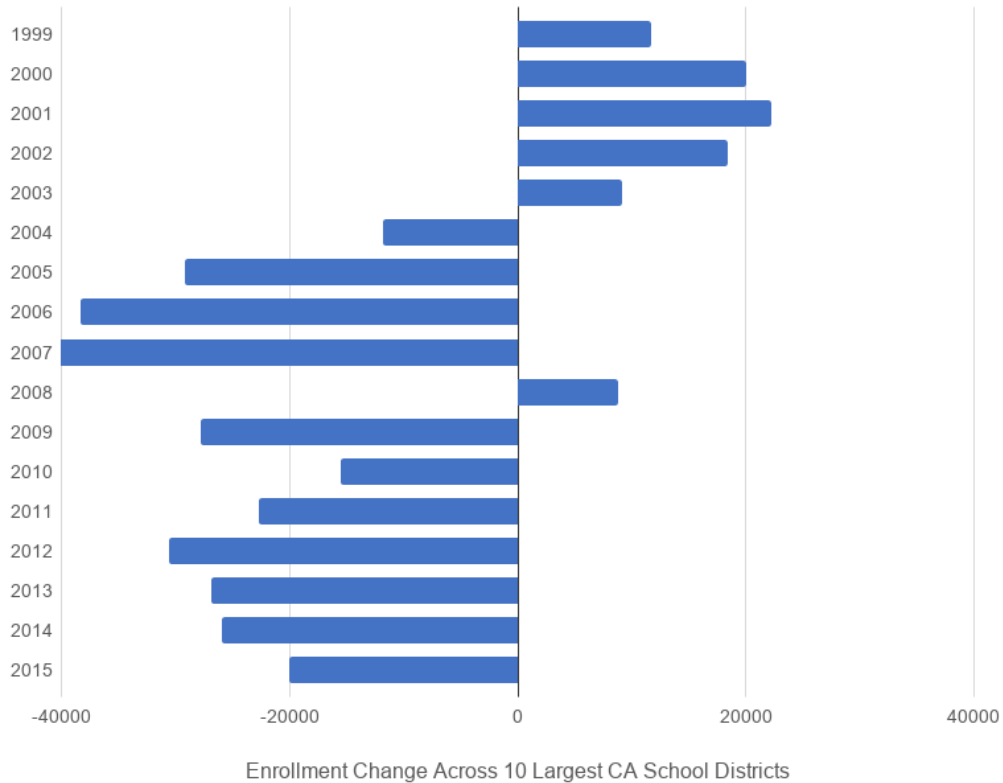
California schools experienced fast growth as postwar baby boomers reached school age, fell a few years later, and increased again as boomers had children. Many city districts lost enrollment as white and middle class parents fled busing-based school desegregation projects. White flight from school desegregation affected Los Angeles, Oakland, San Diego, and San Francisco.<sup>1</sup>

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1. David J. Armor, "White Flight, Demographic Transition, and the Future of School Desegregation." Paper presented at the American Sociological Association meeting, San Francisco, CA, September 1978 (Santa Monica, CA: RAND Corporation, 1978); Martin Waldron, "White Pupils' Rolls Drop As Families Flee the Cities," *New York Times*, November 26, 1972.

Figure 1 presents data on year-to-year enrollment change from 1999 to 2015 across the 10 largest school districts in California (Capistrano, Corona-Norco, Elk Grove, Fresno, Long Beach, Los Angeles, San Bernardino City, San Diego, San Francisco and Santa Ana). As figure I shows, school enrollment grew again as economic growth and immigration swelled total city populations, peaking between 2000 and 2004. In Los Angeles, Oakland and San Diego, K-12 enrollments (including charter attendees) have fallen since the early 2000s peak.<sup>2</sup>

**FIGURE 1. Enrollment Volatility is the Norm in California’s 10 Largest School Districts**



Source: “Common Core of Data, America’s Public Schools,” National Center for Education Statistics website. Figure presents the year-to-year enrollment loss or gain, summed across the 10 largest California school districts.

2. Los Angeles peaked in 2003–2004, Oakland in 2000–2001, and San Diego in 1999–2000.

Today, Oakland faces a new challenge in the rapid decline of its black population. According to a [local newspaper analysis](#), by 2030 Oakland's black population could fall to as few as 70,000 people, from 140,000 people in 2000.

The California Department of Finance predicts a statewide enrollment decline of 250,000 between the 2017–2018 and 2027–2028 school years.<sup>3</sup> Though some localities will gain students because of birth rates, immigration, and residential moves, coastal metropolitan counties are likely to [decline or remain stagnant](#). The Department of Finance projects 10-year enrollment losses in the counties of Los Angeles (59,000) Orange (50,000), Santa Clara (23,000), and San Diego (15,000). Alameda is predicted to grow by just 3,000 students and San Francisco by 2,500 students.

Private and parochial schools are also experiencing enrollment declines.<sup>4</sup> The fact that both public and private schools are falling together suggests that declines are driven by economic factors (job growth and decline, demands for different kinds of labor, housing prices) and demographic changes (birth rates, domestic migration, immigration).

## District and Charter School Enrollment

For many school districts, charter schools are not an influential contributor to enrollment loss simply because there are no charter schools nearby for students to enroll in. Only a minority of California school districts (15.8 percent between 1998 and 2015) have any charter schools; most of these districts have only a few, with 76 percent containing three charter schools or fewer.

Charter schools have expanded rapidly in a handful of cities at a time when the same districts were losing enrollment. Figure 2 shows charter school enrollment gains as a share of district enrollment losses beginning in 2004, when district enrollment began to decline across the 10 largest districts in California.<sup>5</sup> In the period covered by figure 2, charter schools added 144,000 students across the state's 10 largest school districts.

This is an imperfect measure of charter schools' influence on district enrollment loss: not every student who enrolls in a charter school came from the district where the charter school is located. But it does provide an estimate of the upper limit of charter schools' contribution to enrollment loss.

The data powerfully illustrate a simple point: charter schools are not the only driver of district enrollment loss. Across the time period covered by figure 2, charter school enrollment gains exceed district enrollment losses just once—in 2010. In all other years, charter school enrollment grew less than the districts in which they were located declined. On average, during the period of rapid charter growth statewide, charter school enrollment growth can at the most account for 55 percent of district enrollment losses.

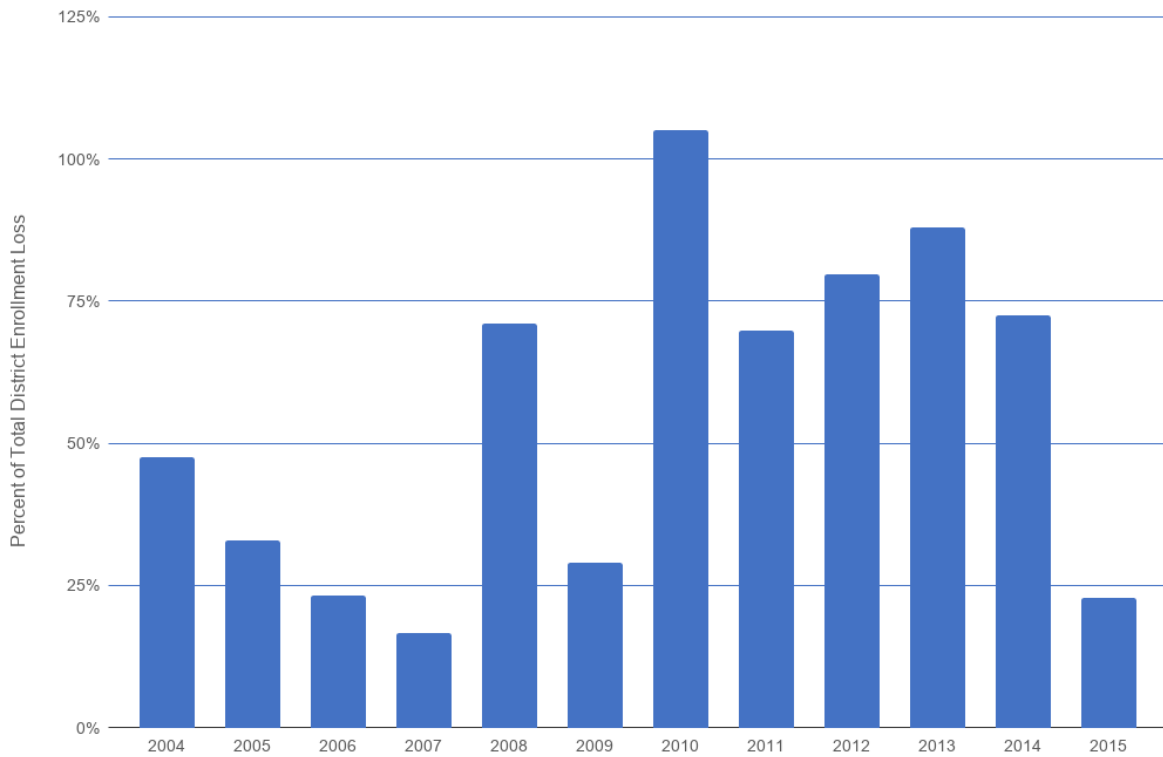
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3. California Department of Finance K-12 Projections 2018 Series Report W(1), Projected California Public K-12 Graded Enrollment by County by School Year.

4. Statewide private school enrollment has fallen from 648,000 to 500,000 since 2000. See “[Private Schools – CalEdFacts](#),” California Department of Education website, last reviewed May 9, 2019.

5. Prior to this, both district and charter enrollments trended upward.

**FIGURE 2. Losses to Charter Schools Rarely Explain District Enrollment Loss**



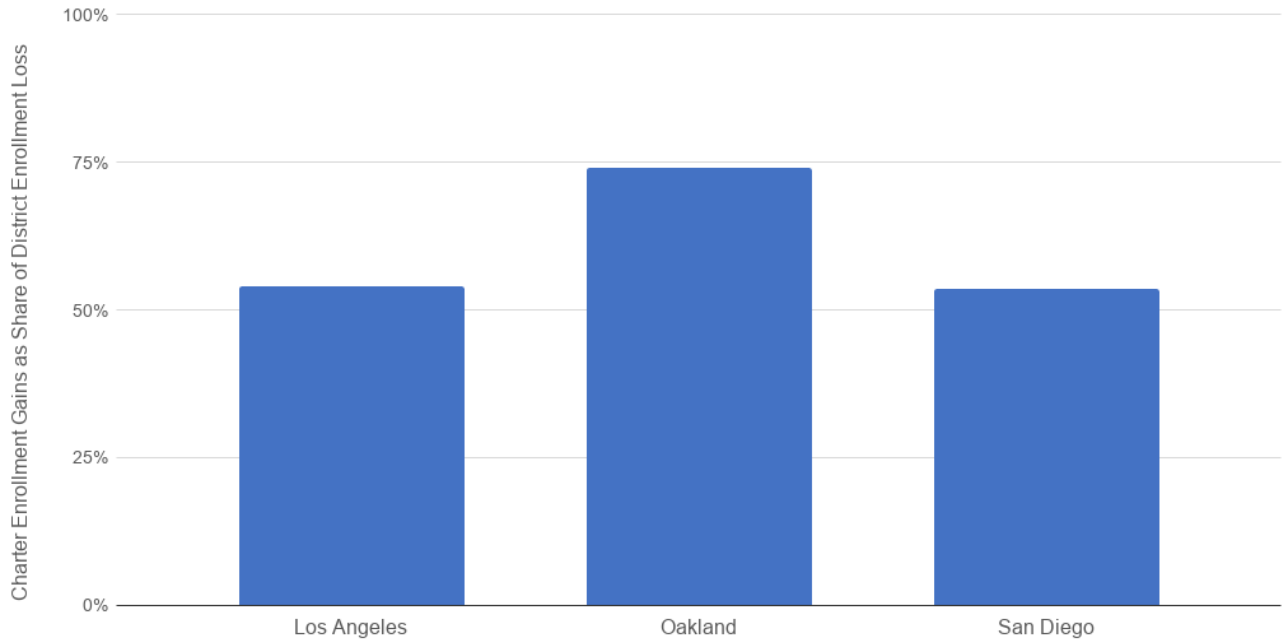
Source: “Common Core of Data, America’s Public Schools,” National Center for Education Statistics website. Figure presents the absolute value of enrollment change in charter schools as a percent of enrollment change in school districts from 2004, when enrollment began to decline in these districts. Enrollment change for both sectors summed across 10 largest school districts.

Los Angeles, Oakland, and San Diego—three cities that figure prominently in the current debate about charter policy—show that enrollment loss in school districts is a problem larger than charter growth. As figure 3 shows, charter school enrollment gains amount to a little over half of district enrollment losses in Los Angeles and San Diego, and about three-quarters of those in Oakland.<sup>6</sup> While these data provide an approximation of how charter schools contribute to enrollment loss, they likely overstate their contributions since charter and district enrollments can evolve at different rates over time. For example, Oakland’s period of most rapid enrollment loss was between 2003 and 2008. In those years, charter school enrollment gains can account for less than half of the district’s losses.

Statewide, there is no connection between charter growth and district enrollment decline. Charter school and district enrollment growth are positively correlated and all enrollments have a tendency to rise or fall together.

6. Enrollment loss/gain in both sectors calculated from the year following the peak in district enrollment. Peak enrollments were 2003 in Los Angeles, 2001 in San Diego, and 1999 in Oakland.

FIGURE 3. In Los Angeles, Oakland, and San Diego, Enrollment Loss Cannot Fully be Explained by Charter Schools

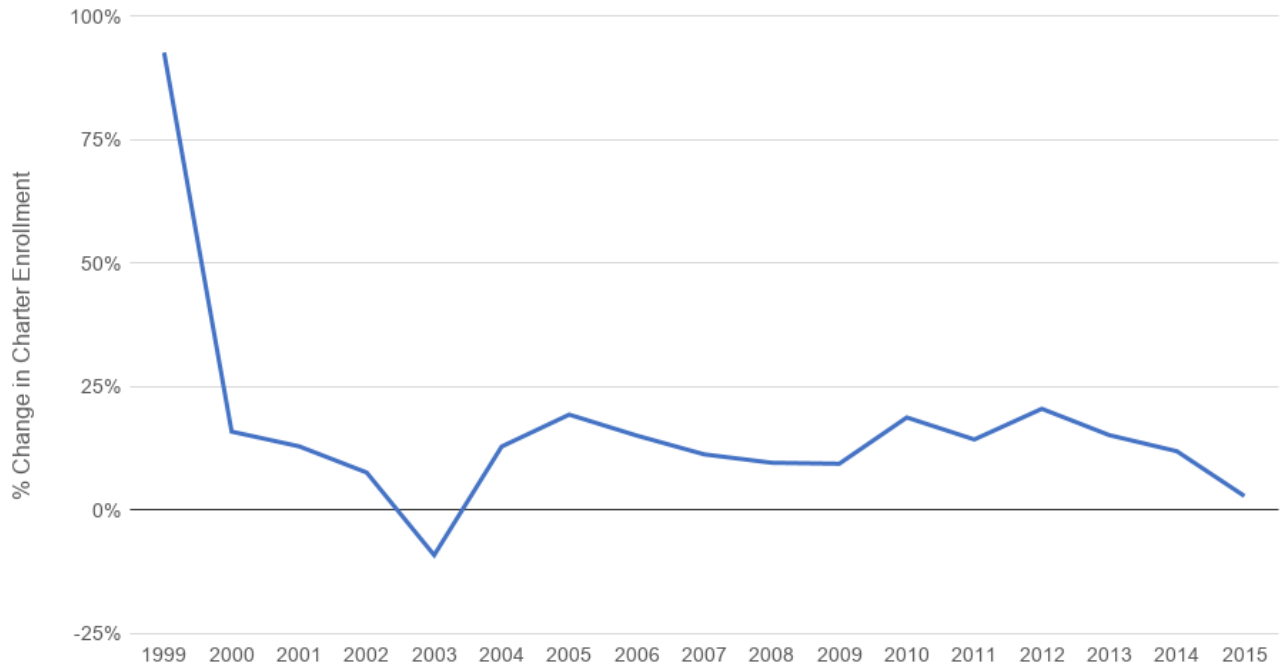


Source: “Common Core of Data, America’s Public Schools,” National Center for Education Statistics website. Figure presents enrollment change in charter schools as a percent of enrollment change in each school district following the district’s peak enrollment.

## Charter Schools A Small Factor Now

Charter enrollment growth has slowed dramatically in large coastal cities and is now a smaller factor in district enrollment decline than historically. As figure 4 shows, charter school growth rates in large cities have risen and fallen dramatically since the early 2000s but were lower by 2015.

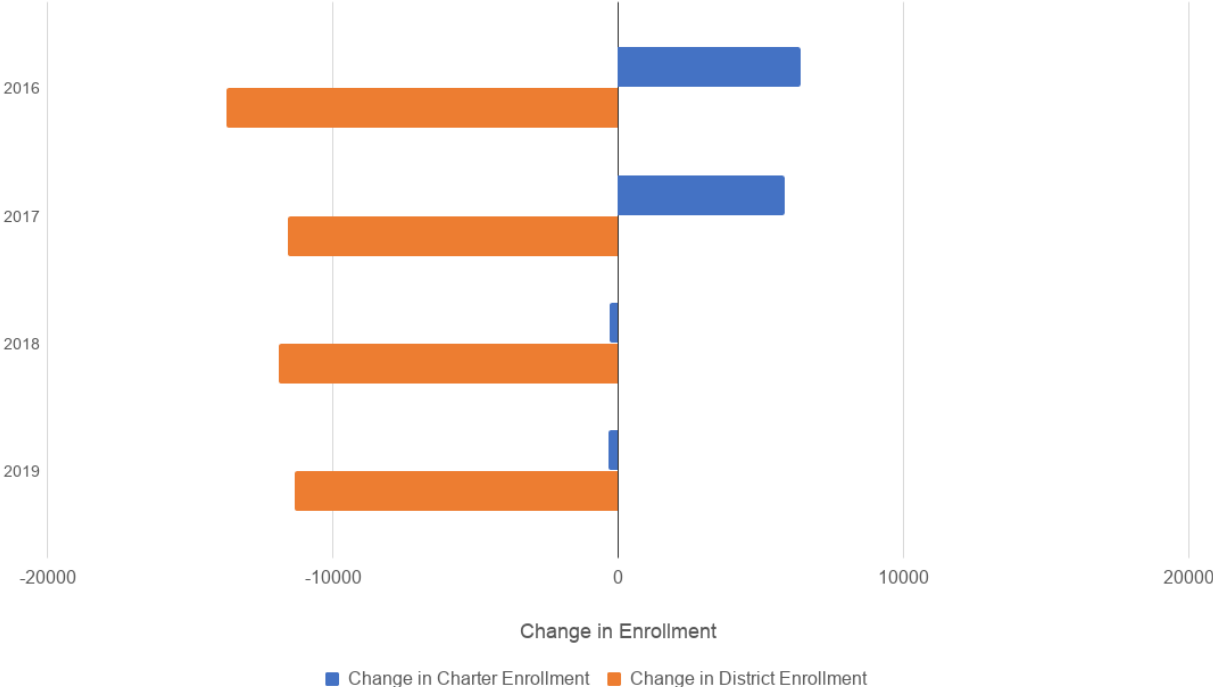
FIGURE 4. Annual Rates of Charter School Enrollment Growth in 10 Largest School Districts



Source: "Common Core of Data, America's Public Schools," National Center for Education Statistics website. Figure presents year-by-year percent change in charter school enrollments in 10 largest California school districts.

Figure 5 provides more recent data for Los Angeles. It shows that charter school enrollment gains have fallen while district enrollment declines have been steady. In the average year from 2015 to 2019, charter school enrollment growth was 26 percent as great as district enrollment decline; in the two most recent years charter school enrollment fell, while the district continued to decline.

**FIGURE 5. Enrollment Continues to Decline in Los Angeles Despite Slowed Charter School Enrollment Growth**



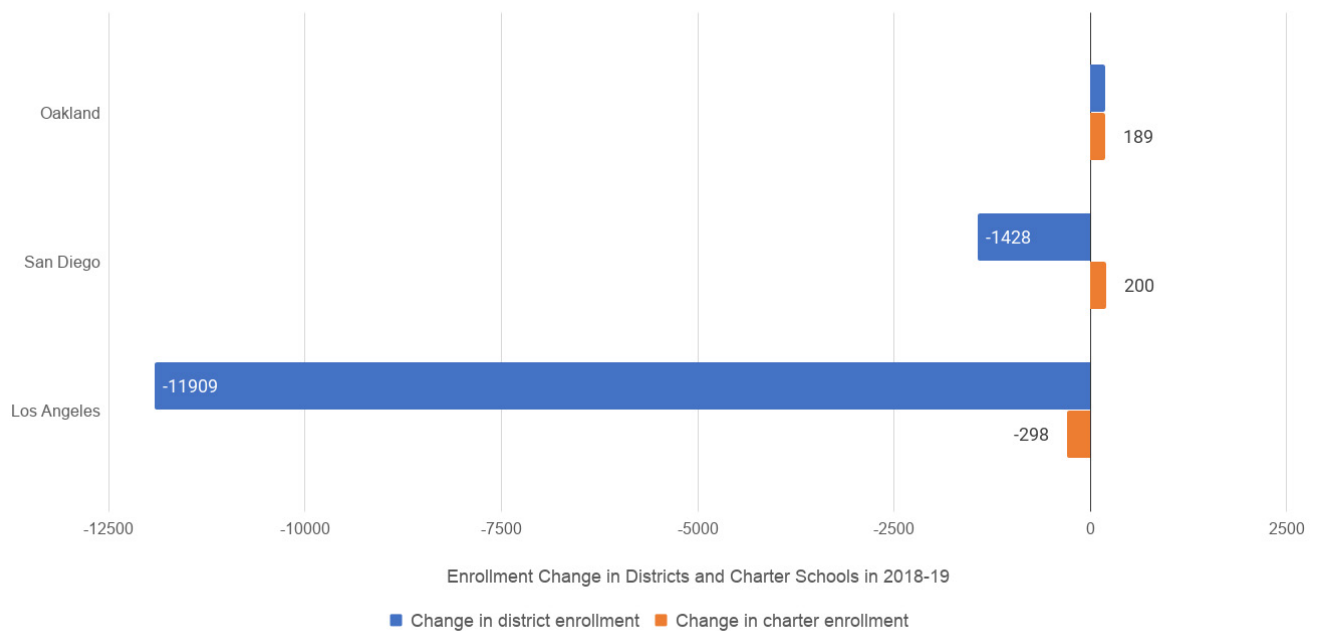
Source: Individual district data profiles on the California Department of Education’s Ed Data website, <https://dq.cde.ca.gov/dataquest/>.



As California’s Independent Financial Review Panel concluded about LAUSD in 2015, about half of student loss is attributable to increased enrollments in charter schools, but about half of the students lost are no longer served by the district at all because of the decline in the birth rate, as well as students dropping out of school or transferring to other school districts. Projections are that LAUSD will continue to lose students at a rate of about 2.8 percent per year for the foreseeable future.

As figure 6 shows, in the most recent school year (2018–2019) the change in charter school enrollment can account for little or none of the enrollment loss experienced by Los Angeles and San Diego. In Oakland, the district gained a few more students than did charter schools.

**FIGURE 6. Current District Enrollment Decline Outpaces Charter Growth**



Source: Individual district data profiles on the California Department of Education’s Ed Data website, <https://dq.cde.ca.gov/dataquest/>.

Confirming the importance of economic and demographic factors, California districts losing enrollment are almost always (99 percent) located in a county with at least one district that is losing enrollment but has few or no charter schools. For example, Long Beach (in Los Angeles County) district enrollment has fallen by 6,500 students in the past five years, but the city has only two charter schools, which together enroll only 250 students.

Raw numbers on changes to charter school enrollment, finally, exaggerate the numbers of students leaving district schools. A substantial number of students transfer to charter schools from private schools or other localities. Parochial schools, especially those identified with the Catholic Church, have lost significant enrollment in large cities. Families that might earlier have chosen religious schools are highly likely to switch to charter schools: in some cities in the Eastern U.S., as many as a third of the students enrolled in charter schools had switched from parochial schools.<sup>7</sup>

These numbers are likely lower in California, but we do know that on average 15 percent—and in some schools more than 35 percent—of the students enrolled in Oakland charter schools did not come from the district.<sup>8</sup> Trends are likely similar in Los Angeles, San Diego, and San Francisco, all places where [parochial enrollments are declining](#).

## Implications

Charter schools were a significant factor in enrollment decline in a few districts for a few years early in the current decade. That is no longer the case. In the future, whether charter schools grow or not, many districts will face continuing enrollment decline and the financial challenges it brings.

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7. Abraham Lackman, “The Collapse of Catholic School Enrollment: An Unintended Consequence of the Charter School Movement,” *Albany Government Law Review* 6 (2013).

8. “Charter School Student Enrollment (2017-2018),” Office of Charter Schools, Oakland Unified School District website, accessed May 9, 2019.

## About the Center on Reinventing Public Education

CRPE is a nonpartisan research and policy analysis center at the University of Washington Bothell. We develop, test, and support bold, evidence-based, systemwide solutions to address the most urgent problems in K-12 public education across the country. Our mission is to reinvent the education delivery model, in partnership with education leaders, to prepare all American students to solve tomorrow's challenges. Since 1993 CRPE's research, analysis, and insights have informed public debates and innovative policies that enable schools to thrive. Our work is supported by multiple foundations, contracts, and the U.S. Department of Education.

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