

# The Slowdown in Bay Area Charter School Growth: Causes and Solutions Executive Summary

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The rate of new charter school growth has slowed significantly in recent years. Going into 2013 the sector enjoyed a nearly 7 percent growth rate but since then the number has fallen steadily, adding just over 300 new schools in 2016. This trend is similar in the San Francisco Bay Area. The 2016-2017 school year marked the first time in at least 10 years when more Bay Area charter schools closed than opened. Declines in charter enrollment growth rates are even more stark: since the 2011-2012 school year, the sector added fewer students every year.

We set out to learn what factors are inhibiting charter growth in the Bay Area and how they can be addressed. We conducted phone interviews with representatives from organizations that operate 74 Bay Area charter schools, seeking evidence and triangulation as a check on individual views. We examined data on school openings, closings, authorizations, and enrollment, and reviewed data on Bay Area charter authorizers. We also reviewed media coverage and public polling data. We sought to confirm or deny the many hypotheses that might explain a slowdown in growth.

In general, our interviews revealed an already fatigued sector dealing with a powerful trifecta of new factors: scarce facilities, rising costs, and rising political backlash. As one operator lamented, “Things are hard overall. What was a hard job is exponentially harder now.”

Our research revealed that, at least in the Bay Area, charter schools are encountering a set of interlocking factors that are, essentially, the price of success. As charters have become a more significant presence, especially in their target cities, they are encountering very scarce facilities, increased competition with each other, and increased political opposition. These intense new dynamics exacerbate an already challenging reality of a maturing sector: after a period of rapid expansion, many charter networks are pausing growth to attend to improved instruction, talent development, and other internal challenges.

To a significant degree, these challenges are regional and even neighborhood-specific in nature and call for targeted solutions. In Oakland, San Jose, and increasingly in Richmond, a high concentration of charter schools all vying for the same few affordable buildings is creating a situation where they often compete more with each other than with the school district. It is also the case that challenges are different for different types of charter operators. Increasing gentrification is of particular concern for Bay Area operators with a mission to serve low-income populations. Combined with the rising “cost of business” in Oakland, San Francisco, and San Jose, operators are increasingly interested in looking to grow in nearby counties where start-up funding is perceived to be more scarce.

The demand and need for more high-quality schools in the Bay Area—and nationally—is evident. For that reason, there is urgency to open up new pathways to high-quality learning in the Bay Area and nationally. What our research makes clear is that the easy days of Bay Area charter growth may be over. Anyone serious about finding a way to meet the still desperate need for better education in the Bay Area can’t afford to sit back and hope the old strategies will eventually work. Lack of access to affordable school buildings is the immediate and overwhelming single factor constraining growth, but the facilities challenge cannot be dealt with in isolation of underlying political dynamics.

There are many new high-leverage paths forward. In particular, we recommend:

- Pursuing revisions to Proposition 39, as well as an arbitration process that can sort through Prop. 39 disputes between districts and charters, would help lend stability and timeliness to an otherwise uncertain process.
- Offering “consolidation grants” to districts that are willing to use their space to maximum efficiency could help in some cases.
- Requiring (via state legislation) that districts that fail to reduce costs responsibly get out of the property ownership business—by having the state assume ownership, by placing the buildings into a third-party trust, or by establishing a cooperative to which charter schools have equal rights.
- Targeting more viable counties for growth and/or doubling down on advocacy in highly saturated markets.
- Cultivating a more diverse supply of charter school operators: those with unique and innovative school models (especially those that face relatively little political opposition); with racial/ethnic diversity; and with nimble, flexible instructional models like micro-schools, which can operate in smaller spaces than traditional schools.
- Negotiating district-charter-state “grand bargains” to give charters access to new buildings and other assets as part of a broader deal to stabilize district finances and “legacy cost” challenges.

Through innovation and cooperation, the Bay Area charter sector can be headed for a second generation of impact, both with the students they serve and the broader systemic improvement they can help leverage.