Chapter 1

Charter Inroads in Affluent Communities: Hype or Turning Point?

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Charter schools were formerly eyed suspiciously—as a way for affluent families to get the benefits of elite private education without having to pay tuition and thus were a potential force for racial resegregation. By 2010, approximately two decades into the charter school movement, it seemed this worry had been put to rest. Charter schools were primarily focused on urban minority families, who felt they were not well served by traditional public schools, rather than suburban white children, whose advantages seemingly destined them for success. In 2009–10, according to the National Center for Education Statistics, 63 percent of all charter school students were nonwhite, 60 percent of all charter schools served a majority nonwhite student population, and 55 percent served a majority low-income-family student population.

In the past few years, however, high-profile incursions of charters into privileged suburbs and gentrifying city neighborhoods have been gaining attention, leading some to conclude that a dramatic shift is afoot. Reporting in the Wall Street Journal, Stephanie Banchero noted that “charter operators have pushed to open schools in middle-income and suburban communities, triggering battles” in New Jersey, New York, and Nashville, among other places. Nina Rees, the incoming chief executive officer of the National Alliance for Public Charter Schools (NAPCS), told Banchero that the change is “important to broaden the base, so all parents—including middle- and upper-income—can see charters are a viable option for them.... It helps build support for the idea of charters” (Banchero, 2012). In central Ohio, between 40 percent and 50 percent of the more than 23,000 charter school students are in suburban and rural districts, leading a vice-president of the pro-charter Thomas B. Fordham Institute to declare the following: “We’re moving into the second generation of school choice. The first generation was about helping kids in failing schools and giving them a safety valve. The second generation of school choice is now actually about middle-class parents” (Smith Richards, 2011).
The prospect that charters may be targeting more affluent neighborhoods also has stoked concern and resistance. In New York City, Success Academy Charter Schools, headed by Eva Moskowitz, a former city council member, attracted opposition when it spread from its original base in Harlem and opened charter schools in affluent neighborhoods in Brooklyn and Manhattan’s Upper West Side. “When charters open in their own privately financed, state-of-the-art buildings in poverty-stricken neighborhoods where they’re welcomed by the community, there may be reasons to celebrate,” one parent wrote in the *New York Times*. “But when charters co-locate in mixed-income areas, choice is only half the story. The existing schools in which they set up shop suffer both in terms of resources…and morale” (Rosenfeld, 2012). In Silicon Valley, Bullis Charter School gives an admissions advantage to a geographic area where the median household income is $219,000 and asks families to donate $5,000 per child each year. Bullis, one expert told a reporter from *Bloomberg News*, “could bring a whole new level of inequality to public education” (Hechinger, 2011).

In some instances, charter proposals have been rejected because of concerns about racial resegregation. In June 2012, Nashville school officials voted 7-to-2 to reject a proposal by an Arizona-based charter management organization (CMO) to open a school in a middle-class part of the city. Opponents were concerned that the proposed location would make it difficult for low-income minority students to attend. “I went to segregated schools,” said one board member who voted against the plan, “and this gets us dangerously close to separate but unequal” (Banchero, 2012).

Is this renewed attention to the prospect of charters catering to affluent communities a case of media hype—of journalists and anticharter activists overinflating the significance of idiosyncratic exceptions to the general rule? Or are we witnessing the early stages of a fundamental redefinition of the charter school market? If it is the latter, is it occasion for alarm or simply an indication that charter schools are now being recognized as a solution to a broader range of educational wants and needs?

**THE SPECTER OF “CREAMING”**

Concern that charters would exacerbate racial and socioeconomic segregation was a defining feature of early charter school debates. Critics warned that charters would seek out populations that were easier and less expensive to
serve, presumably those in which families had substantial education, resources, and commitment to ensure that their children would come to school ready and able to learn. In contrast, it would cost more to educate children raised in neighborhoods scarred by concentrated poverty, and they might be less likely to post the academic gains that would be the metric by which schools marked—and marketed—their success. Proponents countered that charters would be no worse—and might be substantially better—at promoting racial and economic integration than traditional public schools. Anchored in segregated communities and ruled by enrollment policies based almost entirely on location, traditional public schools allowed and even encouraged families to sort out into homogeneous schools, with advantages going to those with the wealth and the mobility to live wherever they chose.

Interestingly, both critics and proponents leaned heavily on the market metaphor in buttressing their predictions. Critics argued that charter entrepreneurs, acting as rational investors, would be drawn to markets that maximized profit and the potential for expansion. With most state laws barring charter schools from charging tuition, revenue per pupil would be relatively fixed, so competitive advantage would depend on lowering marginal costs. Children from middle-class backgrounds, it seemed likely, would present fewer disciplinary problems, require less remedial work, and tap into stronger family resources and social capital. This could translate into lower costs by reducing the need for specialists or making it feasible to have teachers handle larger classes. Legislative provisions, such as requirements that schools use lotteries to allocate slots when oversubscribed, would limit the ability of charters to directly screen students. But critics anticipated that charters would informally counsel out high-cost kids; selectively recruit (e.g., by advertising only in English); offer programs, such as language immersion and Montessori (more likely to appeal to the affluent); use website images to signal which students were welcome; or locate far from low-income and minority families.

Proponents also based their predictions on market considerations, although in their case, the story was meant to send reassurances that choice would target need and not lead to stratification by race and class. Middle-class and affluent families would have little incentive to seek out charters, they argued, because they would have already used their economic advantages to find the best public school districts or placed their children in private schools. The effective market for charter schools would consist of neighborhoods and families ill-served by traditional public schools. Residential density would make cities a more favorable place for charters to attract applicants. Compared with traditional school
districts, which are based on typically segregated residential attendance zones, charters would attract diverse families united by interest in a particular curricular theme or a pedagogical approach.

That analysts leaned so heavily on the market metaphor in anticipating how charters would behave was understandable. As with all sharp policy interventions, early discussions depended largely on theory because there were no working models available. Because one of the key animating ideas behind the charter movement was to make the existing system more market-like, it was reasonable that microeconomics would be invoked.

Charter systems are very much mixed public-private systems, however, with supply and demand operating within parameters established and maintained by government laws and regulation. More relevant would be theories about how markets and governments interact, especially in light of ideological, partisan, and interest group politics. The sharp distinction between traditional public schools, as representatives of government monopolies, and charter schools, as representatives of entrepreneurial and competitive market actors, meant that predications about both sectors were abstract and often caricatured. At this point, the nonprofit sector—not quite government and not quite market—was not yet recognized as the substantial force it would become.

**THEORY MEETS REALITY: EARLY FINDINGS ABOUT LOCATION AND ENROLLMENT**

As charters expanded and took root, evidence began to accumulate about their behavior, the behavior of those who sought them out, and the actual consequences for location and enrollment. The resulting picture was more complex than either the supporters or the skeptics had projected.

Early enrollment patterns made clear that charters were not targeting affluent and white clientele. Based on data from 927 charter schools in 27 states, the U.S. Department of Education’s *The State of Charter Schools 2000* report (RPP International, 2000) found that charter schools were more likely than public schools to enroll black students (24 percent versus 17 percent) and Hispanic students (21 percent versus 18 percent). In 2004, the American Federation of Teachers released a report noting that charter schools enrolled black students at twice the rate of traditional public schools (Nelson, Rosenberg, & Van Meter, 2004).
These patterns, however, masked some important findings. Although the early charter school movement was centered in minority communities, a subset of schools was catering to non-Hispanic whites. For instance, one study found that among charter high schools in Phoenix and several rural towns in Arizona, those that were obviously focused on vocational education were predominantly Hispanic, and those that were obviously college-preparatory academies were largely white (Cobb & Glass, 1999).

Not targeting the elite, moreover, is not the same as fully embracing the highly disadvantaged. A few charter schools, usually small, had organizational missions built around serving high-need populations, such as students with disabilities or juvenile justice problems. But even those serving nonaffluent minorities typically had lower proportions of special education and non-English-speaking students. Rather than skimming the cream of the highly advantaged, they were “cropping off” service to students who cost more to educate because of their special needs (Lacireno-Paquet, Holyoke, Moser, & Henig, 2002). Although charters were locating in high-minority communities, some research suggested they were targeting middle- and working-class populations, not the poorest neighborhoods (Henig & MacDonald, 2002).

For those trying to read these early trends, one of the most important things to learn was not to overgeneralize. There is no such thing as a typical charter school. Charters differ from one another, and the differences matter. One of the important distinctions is between those that are more mission oriented and those that are more market oriented—a distinction that partially overlaps with whether providers are nonprofit or for profit. Many charter schools were started by organizations with long-standing missions of helping the disadvantaged; they cannot be totally insensitive to market factors that affect revenues and costs, but by seeking philanthropic support and hiring employees willing to work for less because they identify with a school’s mission, they can push considerations of profitability toward the periphery of their decision making (Henig, Holyoke, Brown, & Lacireno-Paquet, 2005).
COMPELLING STORIES OR INFLECTION POINT?

To opponents, charter schooling has always been about privatization and market forces, which opponents believe inevitably induce providers to cater to consumers who can pay more, are less costly to serve, or whose status helps to expand the market. That did not happen earlier, opponents would say, because (1) legislative provisions and charter authorizers favored only those proposals targeted to high-need populations, and (2) charter funders figured they could assuage concerns about resegregation and expand political support by initially concentrating on minority neighborhoods. As the charter community expands to include more affluent families, critics predict it will shift its emphasis away from helping those most in need to maximizing freedom of choice for all families, including a large middle class.

Charter proponents have an alternative interpretation. In their view, charter schooling has been fueled from the outset by the failures of a government-run system characterized by special-interest politics and monopolistic indifference to quality and cost. What we are seeing now is proof that the appeal of charter schools is universal. Suburban and affluent urban parents were once reasonably satisfied with their zoned public schools and wary of charters. Now, many have grown disappointed with bland school offerings and pressure to narrow the curriculum and expand test preparation. Charter schools, formerly an untested notion, have become more familiar and represent for these families the chance to recover the kind of parent-centered local control that they remember as being integral to happy schooling experiences before the No Child Left Behind (NCLB) Act. The fact that charters are beginning to penetrate these markets, supporters might say, proves that the movement can not only serve as a mere bandage and competitive spur but also provide the ultimate replacement of an obsolete education system.

But both sides should not assume that the incipient signs presage broad changes. To the extent that the changes are real, a rush to explain them with predigested theories preempts an opportunity to develop a more sophisticated understanding of how quasi-markets behave across time.
Data Versus Anecdote

Formal data on unfolding policy and social issues often lag behind genuine change. Nonetheless, it is important to note that the available data do not show evidence of the beginning of a trend, at least as of the 2009–10 school year. Figure 1 shows the change from 1999 to 2009 in the racial composition of charters. In 1999, 51 percent of all charter schools had majority white enrollments; by 2009, charter schools with majority white enrollments had decreased to 40 percent. During the same time period, the proportion of charters with a Hispanic majority increased from 11 percent to 20 percent.

Figure 1. Change in Racial Composition of Charter Schools: 1999–2009

![Figure 1](http://nces.ed.gov/programs/coe/tables/table-cse-1.asp)


Figure 2 shows the change from 1999 to 2009 in the distribution of charter schools that were either predominantly serving affluent populations (where one fourth of the students or fewer were eligible for free or reduced-price lunch) or high-poverty populations (where at least three fourths of the students were eligible for free or reduced-price lunch). The percentage of charters with more affluent enrollments decreased sharply from 37 percent to 19 percent, whereas those serving high-poverty populations increased from 13 percent to 33 percent.
Figure 2. Distribution of Charter Schools Across Low and High Concentrations of Poverty: 1999–2009

For the six years for which data are available, the distribution of charter schools among city, suburban, and rural communities has barely changed (see Figure 3). From 2003 to 2009, the percentage of the nation’s charters located in suburbs decreased by one percentage point.

Given evidence that the proportion of charters serving a more affluent clientele was decreasing, at least through 2009, what should we make of the growing perception that something is afoot? One possibility is that stories about this new wave of charters are largely hype. For media consumers, who tend toward the affluent, the topic is compelling and personal in a way that stories only about failing schools are not (Edmonds, Guskin, & Rosenstiel, 2013). The culture clashes that often surround charter school penetration into racially and socioeconomically mixed neighborhoods make for vivid reports.
But it is unlikely that this perception is born of hype alone. Policy analysts and journalists, after all, are well placed to spot early trends. Although the distribution of charters appears to not be shifting toward suburban, white, or affluent students, overall expansion means that charters have been making substantial inroads in these communities. For example, even as the proportion of charter school students who are white was declining, the total number of white charter school students more than tripled between 1999 and 2009, to more than 600,000, according to the National Center for Education Statistics (2010). During that time, the number of low-poverty charter schools increased 43 percent, from 545 schools to 961 schools.

Especially from a political perspective, this expansion could be meaningful because affluent voters are typically more powerful than their generally less mobilized counterparts. It is not out of the question that the simmering stories may signal the approach of an inflection point.
Policies and programs change as they mature as (1) the rules become better known and more sharply defined, (2) market conditions change, (3) key actors learn about what works and what does not, (4) distracting battles fade, and (5) legislators revisit laws in response to new information and political pressure. Initially promising policies and programs also can falter or spin off in unpredictable ways as (1) the original pioneers and funders lose interest or are elbowed aside, (2) new actors enter with differing goals and modus operandi, and (3) new strains and complications are introduced. It is then natural that charter school distribution also might evolve, potentially shifting toward more affluent areas because of changes in demand, supply, and governmental behavior.

Demand-Side Shifts

Markets change, sometimes precipitously. On the demand side, change is driven by the aging of loyal consumers and the entry of new ones, changes in taste, or changes in effective buying power. In the case of charter schools, there are credible scenarios under which suburbanites and urban gentry might sharply shift from wary contemplation to a strong embrace of charters.

Researchers also have identified a contradiction. Suburbanites frequently support school choice and charters in the abstract yet consistently balk at the prospect of them in their immediate environs, out of fear they might disrupt local public schools, attract students from elsewhere, or symbolically convey that they have a problem, which might lower prestige and property values (d’Entremont & Huerta, 2007). It is conceivable, however, that this reticence is based on limited information and will dissolve as suburbanites learn more about charters. In a report titled *Familiarity Breeds Content*, based on polling by NAPCS, Gary Larson wrote, “public support for charters is growing while opposition is declining. It’s also evident that the more the public knows about charters, the more they like them.” NAPCS found that national support doubled from 37 percent to 74 percent when respondents were read a simple definition of charter schools (Larson, 2008, p. 2). A recent poll in *Education Next* of college graduates who are in the top income deciles in their states found that 64 percent supported charters and 19 percent opposed them (Howell, Peterson, & West, 2011).
One factor that could accelerate suburban demand for charters is the high-stakes testing environment in district-run schools. Charters may be somewhat more insulated from those pressures compared with traditional public schools, especially when their initial charter contract specifies an emphasis on nontested subjects or alternative outcome measures. By focusing on themes such as foreign languages, science, or the arts, they can signal to affluent families that they will not narrow the curriculum in the face of standardized tests. This is not to say that charters can duck high-stakes accountability. They are subject to adequate yearly progress and other NCLB accountability requirements, and some educational management organizations (EMOs) and CMOs impose rather strict accountability regimes of their own design. But charters that attract affluent families with the promise of a less test-based approach are building a constituency capable of using its greater political muscle to defend it against interventions. Suburban reticence about charters also could drop sharply if affluent families become convinced that the right kinds of charters confer prestige, attract desirable development, and do not necessarily undermine nearby traditional public schools.

**Supply-Side Shifts**

Shifts in the supply side also could bring more charters to the suburbs. In the early years of the charter school movement, many providers were small enterprises founded by local educators, community-based organizations, or social service agencies. These actors were familiar with local needs, could mobilize quickly, and were viewed favorably by local charter authorizers. Many were mission oriented, with little interest in extending beyond a school or two.

As time progressed, larger national and regional operators have grown more prominent, which could dictate substantial changes in charter location. In just three years, between 2007–08 and 2010–11, the proportion of freestanding charter schools declined from 79 percent to 68 percent, whereas charters run by for-profit EMOs increased from 10 percent to 12 percent and those run by nonprofit CMOs increased from 12 percent to 20 percent, according to NAPCS (2013). Because schools run by EMOs and CMOs tend to be larger than freestanding charters, the number of students in them has increased even more sharply, as seen in Figures 4 and 5.
Figure 4. The Number of Schools Operated by Educational Management Organizations and Charter Management Organizations: 2001–10


Figure 5. The Number of Students in Educational Management Organizations and Charter Management Organizations: 2001–10

For the most part, EMOs have business plans that depend on expansion and economies of scale (Levin, 2002). This pressure may be expressed in greater efforts to open new markets, including where families are reasonably satisfied with current options yet eager to find an edge—either by better meeting their children’s specific needs or helping them get into selective high schools and colleges. Politically, EMOs are sometimes cast as profit-maximizing predators, and CMOs are cast as idealized pursuers of the social good. Any pressure CMOs face to increase scale—as a means of increasing positive impacts—would be constrained by the need to show that they are not abandoning their mission to serve the most disadvantaged children.

However, we should not overdramatize the distinction between EMOs and CMOs. Some for-profit charter operators are committed to showing that doing good and turning a profit can be complementary goals. Some nonprofit operators are committed to applying strong business principles to make their efforts as efficient and self-supporting as possible. As research in other areas of service delivery has established, operating within the same general field leads to convergent behaviors by for-profit and nonprofit providers. Research on CMOs suggests that they feel strong pressure from donors to rapidly expand while still producing high test scores and lower per-pupil expenditures. They could very well deduce that their best bet for doing so would be to shift to more affluent locations.

Political and Policy Changes

Political science traditionally has emphasized that in the American system, significant policy change is unlikely. This view is evolving; scholars have begun to recognize that sharp changes in policy can and do occur. Political scientists Frank R. Baumgartner and Bryan D. Jones (1993) suggested that sharp shifts in the agenda become possible when an alternative problem definition is combined with a shift to a new decision-making venue less controlled by the reigning elites and less invested in the reigning ideas.

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1 In the past two to three years, the expansion of large EMOs appears to have leveled off, which might reflect their decision that other avenues of education service provision are more lucrative than the continued expansion of their charter networks.

2 On the general tendency toward convergence, see DiMaggio and Powell (1983). On for-profit versus nonprofit providers generally, see DiMaggio and Anheier (1990), Weisbrod (1975), and Weisbrod (1998).
In education, certainly, the decision-making venue has moved, from localities to state and federal governments, from public actors to private interests, and from school boards to mayors and other politicians. These shifts create a more charter-friendly political environment. For instance, although elected school boards tend to be protective of traditional public schools, school districts under mayoral control have been more open to charters (Bulkley, Henig, & Levin, 2010; Hill et al., 2009).

Also relevant is the notion of policy feedback: the theory that “policies enacted and implemented at one point in time shape subsequent political dynamics so that politics is both an input into the policy process and an output,” as political scientist Lorraine McDonnell (2009, p. 417) put it (see also Mettler, 2002; Mettler & Soss, 2004; Patashnik, 2008). Policies affect politics by (1) making the costs and the benefits of programs more apparent, (2) redirecting support so that some groups become stronger and others less so, (3) creating new allies of public employees and political sponsors who become mobilized because they have jobs and reputations at stake, and (4) creating new interest groups that directly benefit from the programs and often become their most ardent proponents. Sometimes new policies that are enacted by thin margins build stronger constituencies across time.

One national study of the evolution of charter school laws, by Arnold Shober and colleagues, lends support to the idea that charter policies could empower new interest groups (Shober, Manna, & Witte, 2006). They found that, thanks in part to interest group lobbying and partisan politics, nearly every U.S. state with charters had changed its charter laws across time, with almost all of the amendments making it easier to start and operate charter schools.

To the extent that the early generations of charters may have been steered toward more disadvantaged communities as a result of legislative provisions or political compromises, a constituency of charter providers and families pushing for greater state flexibility could open the field for charter founders to shift their sights toward suburbs and gentrifying neighborhoods.
Considering the changing political parameters also brings us back to the earlier observation that the total number of charter families in affluent communities is increasing substantially despite their decline as a percentage of all charter enrollees. Expanding the number of charter school parents in general expands the voting bloc likely to rally to the sector’s support, but expanding the number of affluent charter school parents brings extra muscle to the movement because of their greater propensity to vote and the greater political resources they can bring to bear. One open question is whether the charter movement will stay unified—with more affluent families taking leadership roles while using the more numerous minority and less advantaged families to add electoral clout and burnish their legitimacy as a socially progressive force—or will begin to unravel around racial, class, and urban-suburban cleavages.

CONCLUSION

Charter schools have become increasingly ingrained and broadly familiar in the past two decades. But the charter sector is still in flux, and there is much we do not know about how it is likely to look and behave when the dust settles.

Despite highly publicized instances of inroads into more affluent communities, the center of gravity in the charter school movement remains with minority and low-income populations. Although there are no signs that the center of gravity will move significantly, it is good to be alert to the possibility and begin considering what the implications might be if this were to occur. Market demand is subject to shifts as charters become more familiar and information about them becomes more detailed and better understood. Big changes have already occurred on the supply side, and the growth of larger networks of providers is likely to introduce a range of other changes, including in target audiences. But the greatest volatility may come from the interaction between market forces and the political and policy parameters within which markets operate. These have the potential to shift demand and supply, as well as how they are expressed. And they are susceptible to sharp change.

Early proponents predicted that charters would create more diverse schools and help narrow educational gaps based on race, class, and neighborhood. Today’s supporters admit that charters have done better at targeting minority communities than at creating diverse learning environments. Some consider that to be fine—they are more intent on improving educational outcomes for those in greatest need than they are in chasing what they consider to be an elusive target of racial and
economic balance—but others are calling for a rededication to the possibility of internally diverse charters (Kern, Thukral, & Ziebarth, 2012). And although many on the left remain deeply skeptical of the stratifying tendencies in market processes, some have recently started arguing that charters can be important components of efforts to promote equity (Kahlenberg & Potter, 2012).

If creating internally diverse charters is the goal, some movement into inner suburbs and gentrifying areas, where catchment areas are more likely to include different kinds of families, may be a pragmatic necessity. But realizing this vision is likely to require self-conscious management, not just a happy confluence of supply and demand. Chartering bodies, for instance, would need to explicitly favor charter applicants in mixed neighborhoods versus those in homogeneously advantaged or disadvantaged ones. Patterns to date are relevant to determining what is likely to happen, but the relationship between charters and social goals such as integration and equity are not embedded in their DNA or in that of markets. Decisions about whether to make charters a force for integration and redistribution are still ahead of us. They will depend on not only leadership within the charter community but also authoritative decisions about policy and its implementation as fought and negotiated through partisan, interest group, and electoral politics.
References


Author Biography