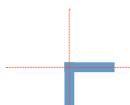


Hopes, Fears, & Reality

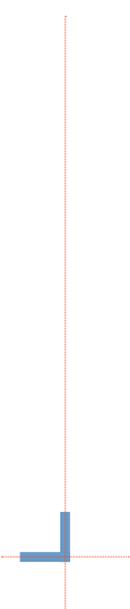


A BALANCED LOOK AT AMERICAN
CHARTER SCHOOLS IN **2009**

Robin J. Lake, *Editor*

*National Charter School Research Project
Center on Reinventing Public Education
University of Washington Bothell*

JANUARY 2010



CHAPTER 1

The Charter Landscape, 2004-2009

Jon Christensen, Jacqueline Meijer-Irons, and Robin J. Lake

Just four years ago, the inaugural issue of *Hopes, Fears, & Reality* raised the concern that legislative “caps” on charter schools (an upper boundary, by state, of the number of charter schools) threatened to seriously limit the growth of the charter sector.¹ At that time, the National Charter School Research Project (NCSRP) estimated that although about 3,300 charter schools enrolling nearly a million students existed, “there is room for just 725 more schools nationwide” under existing cap restrictions.

Despite caps limiting charter school expansion in most states with charter laws, annual growth of the charter sector has become a reality. It is no longer a question of whether the number of charter schools will grow, but rather a question of by how much, in which cities, and what types of students they will serve.²

Drawing on NCSRP’s historical data from prior *Hopes, Fears, & Reality* reports, as well as on data from state departments of education, the National Center for Education Statistics, and the National Alliance for Public Charter Schools, this review of the charter landscape reveals that over the last four years (from 2004–2005 to 2008–2009):

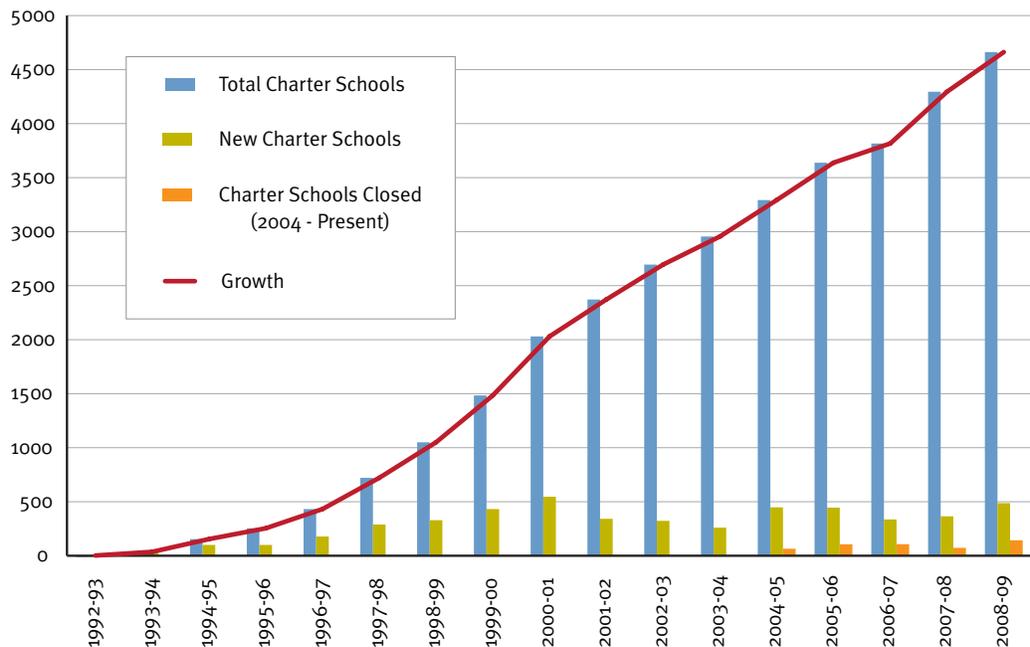
- Charter growth nationally has been robust and consistent.
- However, charter schools are still not a mainstream option for most American families.
- Charter school growth remains confined to certain states and to big cities within them.
- Charter closure rates vary by state; some states rarely close a charter school.

- Charter schools continue to enroll the same proportion of minority and low-income students as nearby district schools.
- Nonprofit charter management organizations and for-profit education management organizations (CMOs and EMOs) now operate about a quarter of all charter schools.
- Despite the 20-year history of the charter concept, most charter schools are relatively new.

FINDING #1: NATIONALLY, CHARTER SCHOOL GROWTH HAS BEEN REMARKABLY CONSISTENT OVER THE PAST FOUR YEARS.

To date, no state has adopted a new charter school law since NCSR’s 2005 report was published.³ (As was true four years ago, charter schools operate in 40 states and in Washington, D.C.) However, as figure 1 indicates, charter school growth since 1992 has been significant, and the sector has continued to grow fairly steadily in the last four years.

FIGURE 1. NET CHARTER SCHOOL GROWTH 1992–2008



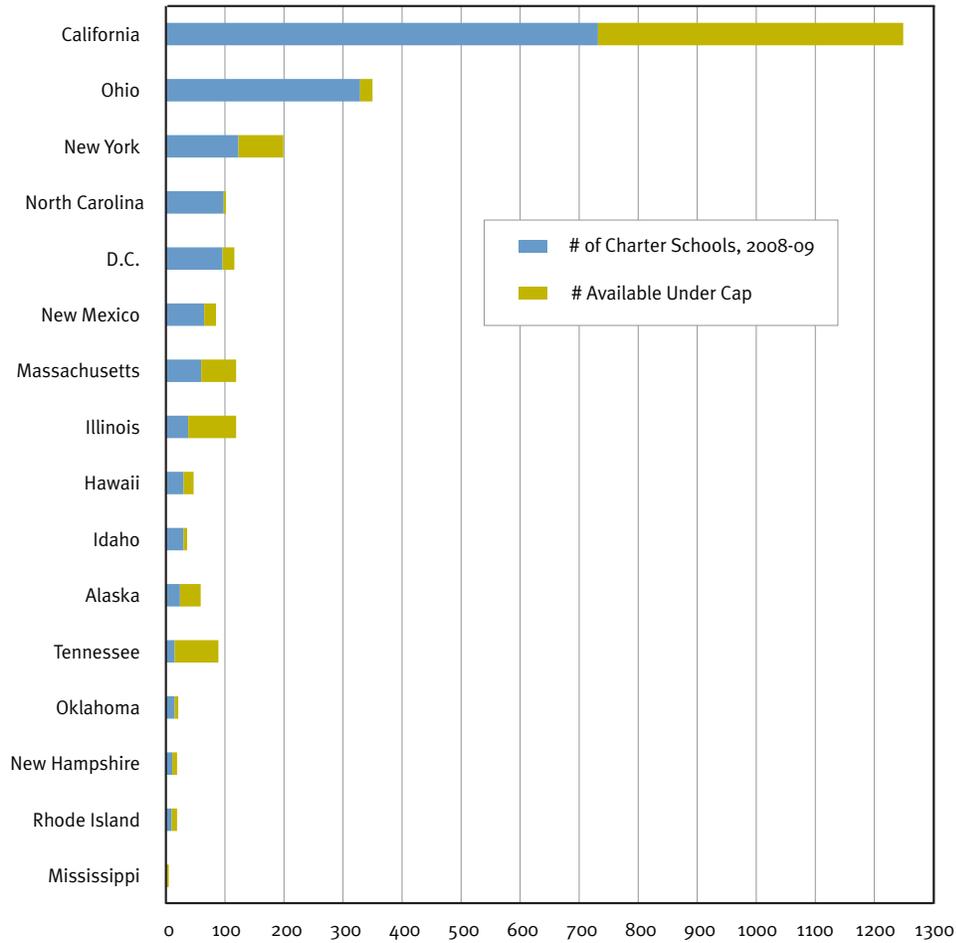
SOURCE: Traditional public school data are from the National Center for Education Statistics; charter school data are from the National Alliance for Public Charter Schools.

Since 2004–2005:

- The number of students attending U.S. charter schools grew from approximately 900,000 to more than 1,400,000 (an increase of 55 percent).
- The total number of charter schools grew from approximately 3,300 to 4,662 (a 41 percent net growth rate).⁴
- The annual net rate of charter school growth varied between 5 percent and 13 percent over the past four years. In 2008–2009 there were 9 percent more charter schools than in the previous year.
- Net growth rates, however, do not tell the complete story. Over the past four years, 2,081 new charter schools opened their doors, but 495 charter schools closed. This equates to one charter school closed for every four that opened over the same period.
- Seven states expanded their laws to allow more charter schools to operate, while two states (Oregon and Indiana) further restricted growth through caps. These two states placed restrictions only on enrollments in virtual charter schools.
- Charter caps severely restrict growth in some states, but nationally there is room for 955 charter schools under current caps, with over half of these in California (517). (See figure 2.)

By any measure, these are indications of continuing interest in and demand for charter schools. Those who imagined that charter schools might be a short-lived fad in school reform appear to have been mistaken.⁵ So too were those who imagined that the initial supply of principals, teachers, and parents who would want to start new charter schools would dry up after an initial burst of entrepreneurial interest. With continued growth and national attention, charter schools are clearly an established part of the public school landscape.

FIGURE 2. NUMBER OF NEW CHARTER SCHOOLS POSSIBLE UNDER CURRENT STATE CAPS



SOURCE: Traditional public school data are from the National Center for Education Statistics; charter school data are from the National Alliance for Public Charter Schools.

There is good reason to believe that charter schools may continue to grow. In the past year alone there has been substantial legislative movement on state charter caps, perhaps in response to U.S. Secretary of Education Arne Duncan’s encouragement through the \$4.5 billion Race to the Top Initiative.⁶ Secretary Duncan has made it clear that states that do not authorize charters or lift charter caps will be at a competitive disadvantage in applying for Race to the Top funds. Louisiana removed its cap altogether. Illinois doubled the number of charters allowed, from 60 to 120. Tennessee upped the limit from 50 schools to 90. Meanwhile, the Massachusetts Attorney General approved an initiative for the 2010 ballot to remove the cap on charter schools. In each case, these changes position the states for substantial charter growth in coming years.

FINDING #2: TWENTY YEARS AFTER THE FIRST CHARTER SCHOOL OPENED, SUCH SCHOOLS ARE STILL NOT A MAINSTREAM OPTION FOR MOST AMERICAN FAMILIES.

Although each year charter schools assume a more prominent position in the education landscape, they still account for only a small fraction of the overall public school picture. Four years ago, when NCSRP began reporting on the charter landscape, charter schools made up about 3.6 percent of all public schools in the country. This year, despite their growth, they account for only about 5 percent. However, since charter schools tend to serve fewer students per school than traditional public schools, the overall share of students served in charter schools during 2008–2009 was only about 3 percent (up from 2 percent four years ago). Although this represents a substantial growth rate described above (i.e., 55 percent), charter schools still serve a very small proportion of all students in public schools in the United States.

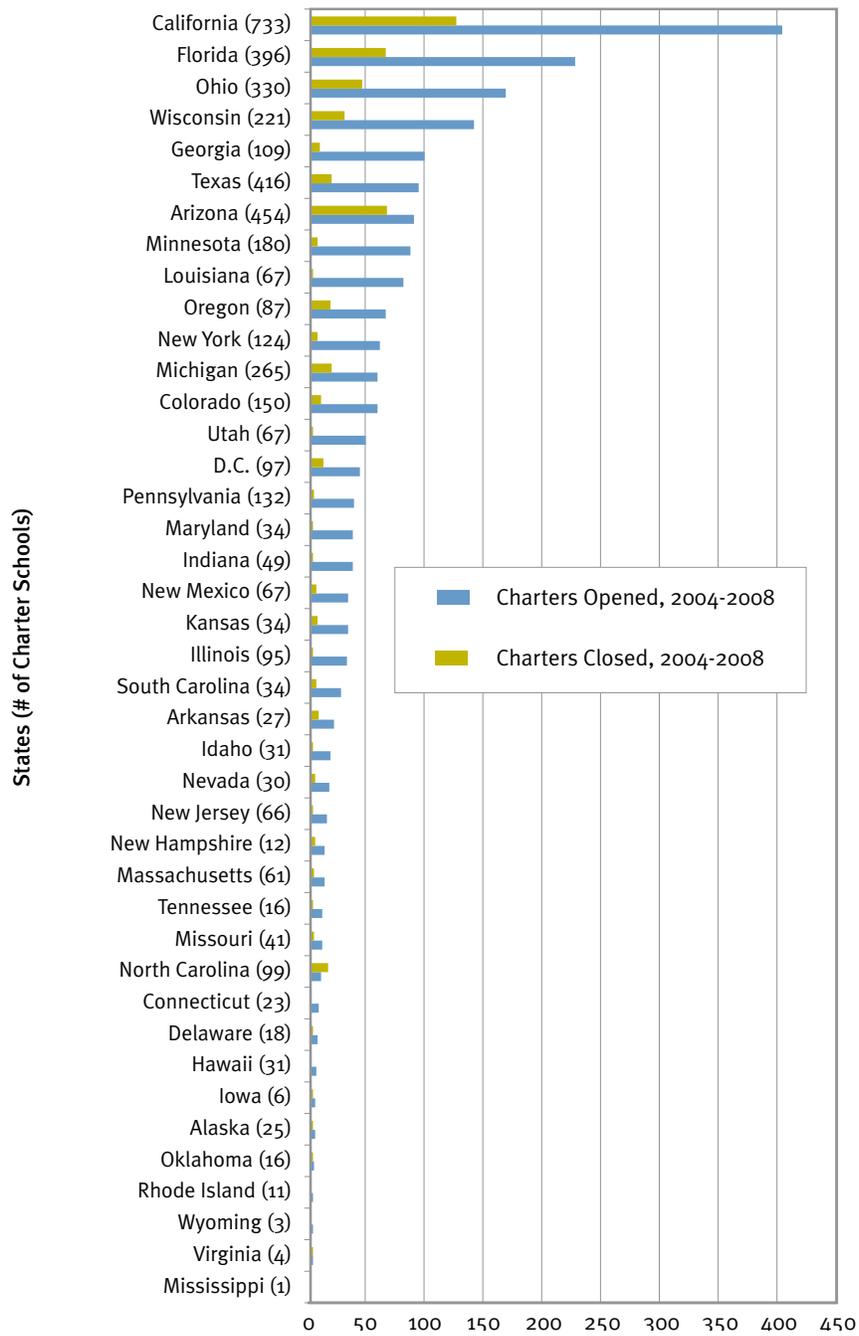
Of more importance to the visibility and accessibility of charter schools, roughly 89 percent of American school districts have no charter schools within their boundaries. (The geographic concentration of charter schools is discussed further in finding #4.)

Overall then, while the number of charter schools and students has continued to grow, the chance that a typical American student will attend a charter school (or even know someone who does) is still extremely small. This may help explain recent Gallup Poll results showing that the general public lacks a clear understanding of what charter schools are.⁷

FINDING #3: CHARTER SCHOOL GROWTH REMAINS LARGELY CONFINED TO CERTAIN STATES.

Charter growth is heavily concentrated in certain areas of the country. Figure 3 shows that most charter school growth since 2005 occurred in just a few states. More than half of new charter schools in this period opened in just six states: California, Florida, Georgia, Ohio, Texas, and Wisconsin. Ironically, caps are in place in four of the six (California, Ohio, Texas, and Wisconsin). Between them, California and Florida opened almost a quarter of all charter schools in the country by the end of this period (1,129 schools opened in the two states since 2004, out of 4,662 total schools that existed nationally).

FIGURE 3. NUMBER OF CHARTER SCHOOLS OPENED AND CLOSED, 2004–2008, BY STATE



SOURCE: Traditional public school data are from the National Center for Education Statistics; charter school data are from the National Alliance for Public Charter Schools.

Table 1 provides more detail on the concentration of schools and students in a small number of states. Although there has been some lessening of concentration (for example, in 2004–2005 the top ten states enrolled 79 percent of all charter students, a proportion that fell to 71 percent in 2008–2009), the top-ten dominance continues. However, this concentration may lessen as other states lift caps on charter schools and/or expand their state charter laws in other ways.

TABLE 1. STATES' SHARE OF NATIONAL CHARTER SCHOOL POPULATION, 2008-09

	SHARE OF ALL U.S. CHARTER STUDENTS (%)	SHARE OF ALL U.S. CHARTER SCHOOLS (%)
Top Ten	71	69
California	20	16
Florida	8	9
Texas	7	9
Michigan	7	5
Arizona	6	10
Ohio	6	7
Pennsylvania	5	3
Colorado	4	3
Georgia	4	3
Wisconsin	3	5
Second Ten	20	19
North Carolina	3	2
New York	2	3
Minnesota	2	4
Illinois	2	2
Utah	2	1
Massachusetts	2	1
Louisiana	2	1
D.C.	2	2
New Jersey	1	1
Missouri	1	1
Remaining 21	9	12

Since the 2004–2005 school year, charter schools in all states (except Virginia and Arkansas) increased their overall state presence, or market share. For most states, this growth was moderate (i.e., 3.5 percentage points or less increase over the four years). Washington, D.C., charter schools expanded most quickly relative to all other public schools, with market share growing nearly 13 percentage points between 2004–2005 and 2008–2009.

FINDING #4: CHARTER SCHOOL GROWTH IS ALSO LARGELY CONFINED TO URBAN AREAS.

As was true in 2005 and earlier, charter schools remain largely an urban phenomenon in 2009. Charter school enrollment is heavily concentrated in areas that are classified as cities.⁸

Nationally, roughly 50 percent (2,177) of all charter schools are located in cities. Specifically, 70 percent of charters schools in New York State are located in the New York City area. In California, 41 percent of all charter schools are located in Los Angeles Unified School District. Every charter school in Washington, D.C. (one of the areas experiencing the most growth) is by definition within an urban district. Fully 90 percent of charter schools in Illinois are located in the Chicago Public School District.

Because charter schools are so much an urban phenomenon, roughly 89 percent of all school districts in the United States do not have a charter school within their boundaries. While that sounds dramatic, it is not altogether surprising. It may simply reflect the reality of district structures in the United States. Although public discussion of American schools is dominated by developments in large districts, frequently urban and exurban, the overwhelming majority of school districts in America are small and rural. The data make that crystal clear: According to National Center for Education Statistics data, only 27 percent of all districts are city districts (either small, midsize, or large),⁹ and fully 46 percent of districts enroll 999 students or fewer (including 20 percent that enroll 299 or less).

FINDING #5: CHARTER CLOSURE RATES VARY SUBSTANTIALLY AMONG STATES, WITH SOME STATES RARELY OR NEVER CLOSING A CHARTER SCHOOL.

The number of charter school closures nationally between 2004 and 2009 ranged from a low of 65 in 2004–2005 to a high of 143 in the 2008–2009 school year.

As illustrated in figure 3, the number and proportion of both openings and closures of charter schools differed significantly by state. Just five states (California, Florida, Ohio, Arizona, and Wisconsin) accounted for two-thirds of all closures, and four of these (the exception is Arizona) experienced the most openings. In virtually all other states, there

were very few or no closures at all. States with a large number of charter schools or with older charter schools would obviously have more of them at risk for closure, while states with only a handful of charter schools or with newer charter schools would be expected to have fewer losses. However, some of the states with few or no closures host a substantial number of charter schools, and a couple of states with very few charter schools have had one or more close.

School closures are difficult to track or explain because states simply do not provide adequate information. Some charter school operators close a school when it cannot maintain enrollment or sustain its original vision. Other schools are closed down by an authorizer, sometimes quietly, but sometimes within the glare of newspaper headlines.

National data available at this time do not permit analysis of the reasons for the closures that occurred over the past four years, nor do they allow for a parsing of the effects of economic and political interests on the decisions to close a school. If researchers are to answer questions about charter school effectiveness, it will be necessary for states to carefully document the reasons for school closures. If indeed some states are more likely to close poor performers, states with low rates of closure may need to ask themselves whether they are doing enough to weed out their lowest-performing schools.

FINDING #6: CHARTER SCHOOLS CONTINUE TO ENROLL THE SAME PROPORTION OF MINORITY AND LOW-INCOME STUDENTS AS SCHOOLS IN NEARBY DISTRICTS.

In the 2005 edition of *Hopes, Fears, & Reality*, NCSRP reported that charter schools served a larger proportion of minority and low-income students than all traditional public schools, due largely to the disproportionate number of charter schools located in urban areas. This situation has not changed.

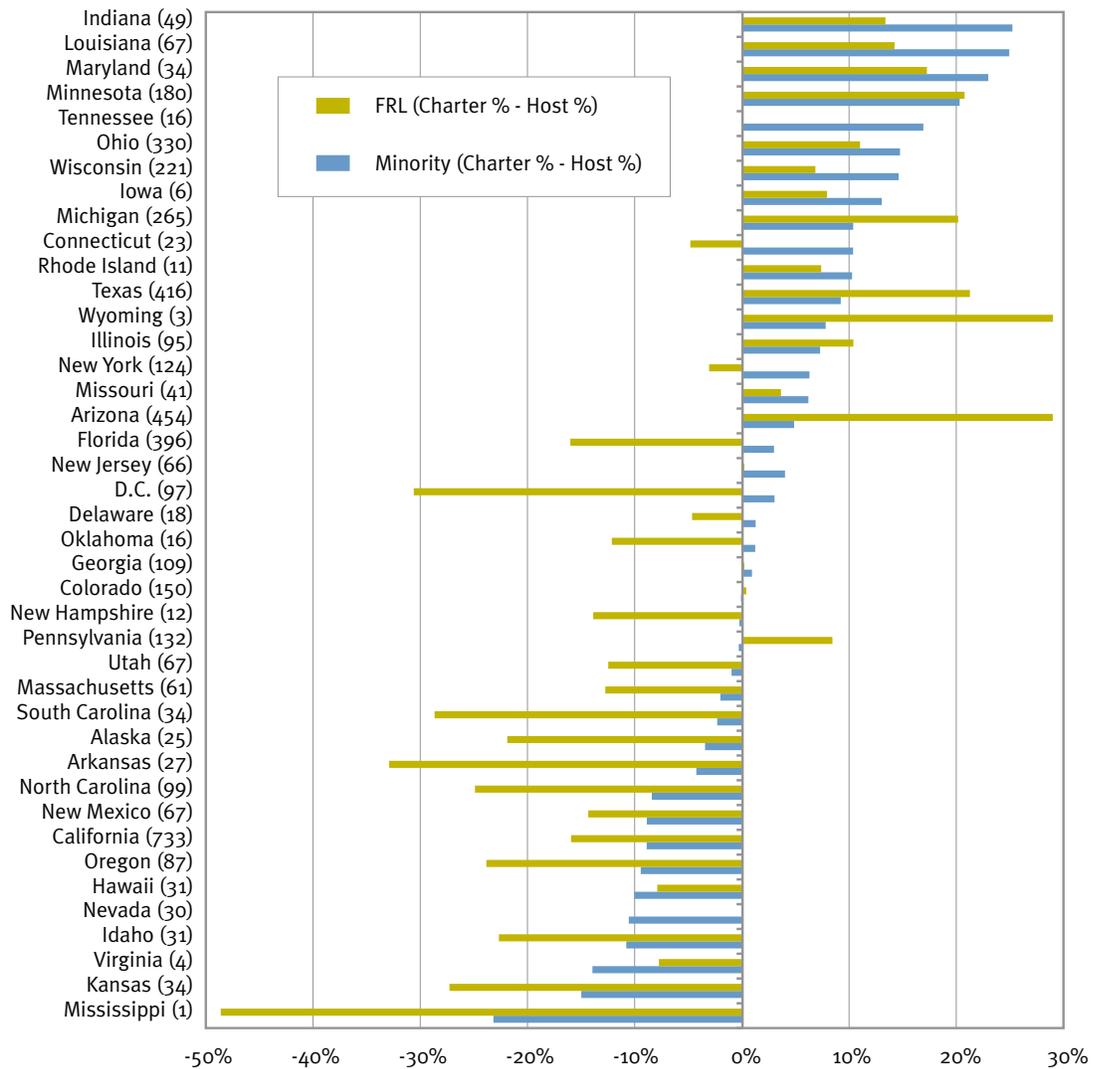
Nationally, minority enrollment in charter schools is 61 percent, compared to 47 percent in traditional public schools in the states where charter schools are located. However, the difference between charter and traditional public schools is nearly erased when the comparison is between schools in the same districts (61 percent minority in charter schools versus 60 percent minority in school districts in which charters are located).

The same pattern is seen with regard to low-income students. Nationally, almost half (49 percent) of charter school students are enrolled in the Free and Reduced-Price Lunch

(FRL) program, compared to 45 percent in traditional public schools. Sharpening the comparison to host districts, the difference shrinks slightly to 47 percent in charter schools compared to 45 percent in school districts in which charters are located.

Again, however, the national figures mask stark variation between states. Figure 4 shows both comparisons (minority and FRL) and displays the differences by state.

FIGURE 4. COMPARISON OF FRL COUNTS AND MINORITY ENROLLMENT IN CHARTER AND REGULAR PUBLIC SCHOOLS, BY STATE



SOURCE: Traditional public school data are from the National Center for Education Statistics; charter school data are from the National Alliance for Public Charter Schools.

NOTE: Positive numbers indicate the percentage of minority or FRL students in charter schools is greater than in the host district; negative numbers indicate the percentage is smaller than in the host district.

Charter schools in 22 states enroll *fewer* low-income students (as defined by FRL counts) than their host districts. The 22 include such charter bellwethers as California, Florida, and Washington, D.C. By contrast, charter schools in 17 states enroll *more* low-income students than their host districts.

The results for minority students are almost reversed. Here, charter schools in 21 states enroll *more* minority students than do their host districts. In three states there seems to be little or no difference. Meanwhile, charters in 15 states enroll a *lower* proportion of minority students than their host districts.

FINDING #7: NEARLY ONE-QUARTER OF ALL CHARTER SCHOOLS ARE NOW OPERATED BY MANAGEMENT ORGANIZATIONS, EITHER NONPROFIT OR FOR-PROFIT.

Charter school management organizations typically provide schools with educational designs and back-office services (such as payroll and facilities management). In many ways, these organizations perform the function of a school district. They also have operational control over their schools, meaning they can intervene directly if dissatisfied with a school's performance.

Approximately one-quarter of all charter schools in the country are operated by management organizations. About 45 percent of those schools operate as part of a nonprofit CMO. The other 55 percent operate as part of a for-profit EMO.

Four years ago, NCSRP reported that 10 percent of charter schools were operated by either nonprofit or for-profit management organizations. However, it is highly likely that this figure was inaccurate. We relied on states to identify such schools and the information supplied at the time was incomplete and inconsistent: many states did not track such data, while others were unclear about the definition of a management organization. NCSRP has since developed its own database of CMOs/EMOs as part of the National Study of Charter Management Organization Effectiveness,¹⁰ so we are reasonably confident that the current estimates are correct. But there is no way to say with any confidence how much the overall proportion of EMO- or CMO-run schools has changed since 2005.

FINDING #8: ALTHOUGH THE CHARTER SCHOOL SECTOR IS NEARLY 20 YEARS OLD, MOST CHARTER SCHOOLS ARE STILL RELATIVE NEWCOMERS WITHIN PUBLIC SCHOOL DISTRICTS ACROSS THE COUNTRY.

Nationally, the average time that a charter school has been open is 6.2 years. A great majority of charter schools (77 percent) have been in operation for less than 10 years. Just 2 percent of charter schools have been open more than 15 years. So while the charter school movement has been active since the early 1990s, the majority of schools are still relatively new.

This suggests that most charter schools may not have had a chance to build a track record that would permit an accurate assessment of the effectiveness of individual schools, nor of the charter school movement as a whole. A legitimate overall analysis may not be possible until a majority of charter schools have had the time to establish themselves and graduate complete cohorts of students.

IN SUM...

This review indicates that the charter movement is beginning to mature into the shape that it might be expected to take. Growth is surprisingly robust. It is, however, confined to certain states and largely to urban areas. Charter schools consistently enroll minority and low-income students. Meanwhile it appears that charter management organizations (both for-profit and nonprofit) play a larger role than previously thought.

The willingness of authorizers to close low-performing charters may be the key to the charter sector's continued long-term growth. The premise for charters was always a bargain: in return for freedom to ignore onerous oversight and regulation, charter schools would deliver improved student performance. If government agencies cannot demonstrate their ability to close weak schools, the rationale for the original bargain is seriously undermined.

NOTES

1. Todd Ziebarth, Mary Beth Celio, Robin J. Lake, and Lydia Rainey, “The Charter Schools Landscape in 2005,” in *Hopes, Fears, & Reality: A Balanced Look at American Charter Schools in 2005*, ed. Robin J. Lake and Paul T. Hill, National Charter School Research Project (Seattle, WA: Center on Reinventing Public Education, 2005), 1–20.
2. NCSRP’s online Charter School Database contains information on a number of indicators pertaining to the growth and the state of charter schools, including enrollment and demographics. View all data points for a single state or compare information on all states for a single data point: <http://www.crpe.org/cs/crpe/view/projects/1?page=yes&id=1&parent=>.
3. At the time of this report going to press, a number of states were considering authorizing charter schools or expanding charter caps in response to urging from the U.S. Department of Education related to the \$4.5 billion Race to the Top Fund.
4. Calculation of the net rate of charter growth since 2004–05 takes into account both the number of charter schools that opened and the number that closed during the same period: while 2,081 charter schools opened, 495 closed.
5. See, for example, New York State United Teachers, *Charter Schools – Serious Reform or the Latest Fad? Briefing Bulletin*, June 1997.
6. U.S. Department of Education, “President Obama, U.S. Secretary of Education Duncan Announce National Competition to Advance School Reform,” Press Release, July 24, 2009, <http://www.ed.gov/news/pressreleases/2009/07/07242009.html>.
7. Phi Delta Kappa/Gallup Poll of the Public’s Attitudes Toward the Public Schools, 2009, <http://www.pdkintl.org>.
8. See the National Center for Education Statistics’ urban-centric locale codes, http://nces.ed.gov/ccd/rural_locales.asp#justification.
9. National Center for Education Statistics, *Digest of Education Statistics, 2007*, Table 86.
10. This is a three-year study sponsored by NewSchools Venture Fund, the Bill & Melinda Gates Foundation, and the Walton Family Foundation, and conducted in partnership with Mathematica Policy Research.