

HOW CHARTER SCHOOLS UNDERMINE GOOD EDUCATION POLICYMAKING



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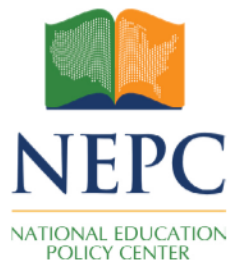
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Introduction

Charter schools are publicly funded schools of choice operated by private entities.¹ They differ from traditional public schools in that they have more operational autonomy, their teachers are not public employees, and they are operated by nonprofit or for-profit private entities under renewable contracts called charters. The main sense in which they are public is that they are funded by taxpayer dollars.

Charter schools have expanded rapidly since their early beginnings in Minnesota in the 1990s and are now enabled by state legislation in 45 states. Nationwide, charter schools account for about 7 percent of all school enrollments but over 40 percent in several urban districts.² Although many people have long been skeptical of the charter school movement, enrollments in charter schools have been growing, including during the pandemic, and appear likely to continue doing so.

In this policy memo, I argue that charter schools disrupt four core goals of education policy in the United States. These goals are 1) establishing coherent systems of schools, 2) attending to child poverty and disadvantage, 3) limiting racial segregation and isolation, and 4) ensuring that public funds are spent wisely. I recommend that policies be designed both to limit the expansion of charter schools and to reduce the extent to which they disrupt the making of good education policy.

**This policy memo is a slightly revised version of the Ravitch Lecture that Helen Ladd presented at Wellesley College on April 12, 2022. Professor Ladd thanks Diane Ravitch for funding that public lecture.*

Publisher's Note: NEPC is publishing this policy memo as an overview of the key policy issues raised by charter schools.

Before defining each of these four elements and explaining how charter schools disrupt the pursuit of each of them, I provide a brief reminder of the structure of public education in the U.S.

Education is so important to the life chances of individuals that public education for children through age 16 or 18 has long been compulsory in the U.S. and is provided free of charge.³ Full public funding of public schools is justified because, in addition to generating benefits for students in the form of enhanced future earnings and a healthier life, schooling generates a variety of collective, or public, benefits in the form of economic productivity and a more vibrant democracy.⁴

Because education was one of the powers reserved to the states under the 10th Amendment to the U.S. Constitution, state governments, rather than the federal government, are responsible for public education. Indeed, the word “education” does not even appear in the U.S. Constitution. Currently the federal government provides less than 10 percent of total funding for K-12 education, much of which is directed toward disadvantaged students or students with special needs and, since 1995, some in the form of development grants for new or expanding charter schools.⁵

Thus, in practice, two overlapping levels of government—the state governments and local school districts—have primary responsibility for funding and operating public schools within each state, with the division of responsibilities between the two levels differing across states. Typically, the state government sets the overall framework, including the curriculum standards and methods of school funding, but delegates to local school districts the responsibility for operating the schools. School districts, which are typically controlled by locally elected school boards, then use a combination of federal, state, and local tax dollars to pay for school principals, teachers, and other support staff, as well as for the school facilities needed to provide quality schooling for all children in the local community.

Establishing Coherent Education Systems

Requirements for Coherent Education Systems

Good education policymaking requires the development of coherent education systems with sufficient public funding to promote both the private and collective interests in education.

The constitutions of all 50 states include specific education clauses, with 37 of them specifically requiring the state to provide a system of schools, modified by words such as public, free, uniform, or “thorough and efficient.”⁶ The other 13 states, including those in New England, eschew the word “system” in favor of language such as: The state shall provide free public schools, common schools, or adequate public education. Even in most of these states, however, the concept of a state system of education is implicit.

Given that all states other than Hawaii delegate significant responsibilities for operating the schools to local districts, I use the plural term “systems” here to refer to the combination of an overall statewide system and its local systems operated by individual school districts or municipalities for students within them.

A state education system starts with the recognition that education is a cumulative process. Thus, the state must provide students with a developmentally appropriate curricular framework that builds knowledge and skills in a systematic manner as children grow and progress through schooling and that provides challenging instruction for all students with various educational needs. Such a curriculum framework must provide continuity to the educational experiences of the many children who move from one school to another or from one local district to another from year to year or during an academic year. In addition, a coherent system ensures that policies and practices such as teacher training programs are designed to support statewide curricular objectives.⁷

At the local level, districtwide systems are needed to provide funding for staffing in elementary, middle, and high schools to meet the educational needs of all school-aged children in each local community and, as appropriate, to provide for alternative programs and schools for students who might otherwise fall through the cracks. Such local systems also increasingly offer preschool programs as well as vocational programs designed to prepare students for careers and education beyond high school.

Contrary to the claims of the well-known education economist, Eric Hanushek, that money doesn't matter,⁸ recent careful research studies confirm what many of us have long known to be true, namely that money does matter.⁹ But while sufficient funding is clearly necessary, it must be used productively and efficiently to promote good educational outcomes. Hence a state system, in combination with its local systems, must ensure sufficient resources are available and that they are used productively to achieve state goals. At the local level, that requires attention to the size of schools to avoid schools that are inefficiently large or small or are operating below or above capacity, and to the need for centralized services such as transportation, professional development, or special education services that are subject to economies of scale. Local districts must also plan ahead to ensure the availability of places for changing numbers of students over time.

Note that a coherent system does not require that all schools across the state or within a local community be similar. Indeed, given the differences in the aspirations and talents of children within a local community, it may well make sense to provide a variety of types of schools, especially at the secondary level, within a local district and to give parents some choice among them. It does require, however, that individual schools have sufficient resources to achieve state goals for the students they serve, and that the overall state system be efficiently designed and funded to serve all its students.

Finally, decisions about the operation and funding of the schools within the overlapping parts of education systems should be under the control of publicly elected officials. Public officials responsible to voters are needed to promote the collective interests of such voters that justify the use of public funding.

Charter School Disruptions to Local Education Systems

By design, charter schools operate outside standard state and local education systems. How far outside varies across states. Some states have a single statewide authorizer of charter schools. In other states, charter schools are authorized and overseen by various combina-

tions of entities such as independent charter school boards, institutions of higher education, local education authorities, or a combination of authorizers.¹⁰ Regardless of who authorizes them, charter schools enjoy far more autonomy than traditional public schools. In practice, many charter schools are operated by charter management organizations or by management chains operating many schools which often have no ties to the local community.

The tenuous relation of charter schools to regular state or local education systems, and specifically the movement of students away from traditional public schools toward charter schools, clearly disrupt efforts to promote a smooth functioning of local education systems.

One is a planning challenge. The outflow or potential outflow of students to charter schools makes it difficult for district policymakers to plan for teachers, programs, and facilities. Planning for programs requires that district policymakers determine in a timely manner how many teachers and with what qualifications are needed to meet the needs of their students. Bear in mind that the local district remains responsible for providing seats for any charter school students who opt to return to a public school or are forced to do so because a charter school shuts down. Special challenges related to facilities planning arise not only in growing communities but also in those facing declining student populations.

Another challenge to the local systems is financial. Given public funding follows students to charter schools on a per-pupil basis, the outflow of students to charters means that the local districts will be financially worse off. That is because districts losing students to charters cannot easily reduce their spending in line with the loss of revenue. Although they may be able to adjust somewhat by reducing spending on operating costs such as teachers, spending on fixed expenditure items, such as school facilities, is less sensitive to student enrollment and harder to adjust downward in line with the loss of students, thereby reducing the per-pupil funding available to serve the remaining students.¹¹ In addition, districts are likely to face higher per-pupil costs for the students they continue to serve because charter schools typically enroll fewer than their fair share of the most expensive-to-educate students, such as those with special needs or who are otherwise disadvantaged,¹² thereby leaving greater concentrations of such students in the district schools.

Charter schools can create huge inefficiencies in local education systems.

In addition, charter schools can create huge inefficiencies in local education systems. Individual charter schools have little incentive to work together with other charter schools or with district policymakers to promote the broader public or collective interests of the local community.¹³ For example, multiple organizations operating schools and competing with each other for students can lead to an excess supply of school spaces, school shutdowns that interfere with the continuity of student learning, higher than necessary administrative costs, complications for parents making school choices, and the loss of community gathering places.

Some cities, such as Boston, New York, and Philadelphia, have made efforts to reduce some of these inefficiencies by promoting cross-sector agreements—often referred to as compacts—to develop common enrollment systems or partnerships between charter and traditional public schools.¹⁴ But such compacts have been difficult to put together and typically have not been very successful. They have not proven to be a solution to the basic problem.

By the challenges they pose for local planning and the pressure they place on local finances, charter schools clearly disrupt efforts to promote coherent local education systems.

Addressing the Educational Challenges of Child Poverty and Disadvantage

Why Child Poverty and Disadvantage Matter for Education Policy

Child poverty matters because children from low-income families come to school less ready to learn than their more advantaged counterparts. Low-income students have less access to books and computers at home, or to the enriching summer and after-school activities typically enjoyed by higher income children. Moreover, they are likely to have more health problems, to be food insecure, and to live in households subject to financial and other types of stress.¹⁵

As a result, but not surprisingly, children from low-income families typically achieve at lower levels than their higher income counterparts, not only in the U.S. but in other developed countries.¹⁶ This clear relationship between child economic disadvantage and student performance in schools is particularly relevant for the U.S. with its very high child poverty rate. The U.S. rate of 20 percent far exceeds the 12 percent average rate of child poverty in 25 other developed countries.¹⁷

Unfortunately, for many years some U.S. education policymakers at the federal level ignored or downplayed the role of poverty. For example, those who supported the Federal No Child Left Behind Act in the early 2000s appear to have believed that, if subjected to sufficient test-based accountability pressure, schools alone could and should offset the disparities in educational achievement associated with family economic disadvantage.¹⁸ But that view has been shown to be clearly misguided.¹⁹

Extensive research makes it abundantly clear that broad policy changes well beyond the purview of education policy are needed to address the many educational and other challenges associated with family poverty.²⁰ In recognition of that fact, President Biden tried hard—but unsuccessfully—in 2022 to pass his Build Back Better plan, a key element of which was the American Families Plan.²¹

Nonetheless, educational policymakers cannot, and should not, ignore the many educational challenges associated with child poverty and low family income or wealth. Instead, good education policy requires that policymakers ensure all children, regardless of their family background, access to a quality educational experience.²²

Charter Schools and Student Disadvantage

Lobbying for charter schools in many states diverts political attention and resources away from the states' basic challenge of providing a quality education for all its students, especially those who are economically disadvantaged. Such a diversion of political attention might be justified if charter schools themselves were a reasonable solution to the educational chal-

lenge of poverty. But they are not.

Charter advocates often claim that the managerial flexibility enjoyed by charter schools enables them to provide higher quality education, as typically measured by student test scores, than traditional public schools to all their students, including their disadvantaged students.²³

But are charter schools more effective in raising the test scores of their enrolled students than traditional public schools? Answering that question is not straightforward because it requires that one estimate how the charter school students would have performed had they been educated in regular public schools. Different researchers use a variety of methods, some of which are more sophisticated than others, to address this challenge. My main take-away from the now extensive body of research is that on average, charter schools are no more effective than traditional schools in raising student test scores, but that some charter schools may be more effective, and many others are clearly less effective.²⁴

Conceivably, however, the most effective charters could be the ones in urban areas serving disadvantaged students who otherwise would have attended low-quality neighborhood schools. Indeed, careful empirical studies of charter schools in the cities of Boston, Newark, and New York provide some support for that possibility.²⁵ Moreover, a 2015 study of charter schools in 41 urban regions also painted a more positive picture for urban charter schools than for those in other areas.²⁶ That study made it clear, however, that despite their successes in some cities, charter schools in many urban areas were no more effective than the district schools in those areas.

Although by law charter schools are open to applications from all students, in practice, charter schools often discourage applications from certain groups of students.

Even when charter schools do in fact raise the test scores of their disadvantaged students, that may come at a high cost. It is well documented that the charter schools that successfully raise test scores typically do so by relying on a “no-excuses” ap-

proach to schooling.²⁷ This approach, which is characterized by high behavioral expectations, extensive tutoring, and strict disciplinary codes of conduct, not only takes the joy out of learning but also can lead to high rates of suspension and expulsion.²⁸ In addition, such an approach may interfere with the development of the social and behavioral skills necessary for a student’s subsequent success.²⁹

More generally, consider the fact that many charter schools hire inexperienced teachers with high rates of turnover or teachers without the skills required for students with special needs or English as a second language.³⁰ Without high-quality teachers, students will be underserved. Nor will enrolled students be well served when the charter school they attend has to shut down, as many charter schools have.³¹

Although some charter schools are specifically established to serve students with special needs, many others face incentives to discourage such students from applying, in part because they are expensive to educate. Although by law charter schools are open to applications from all students, in practice, charter schools often discourage applications from certain groups of students by choosing where to locate, by not providing transportation or

subsidized meals, by failing to provide information about the school in local languages other than English, or by making it clear that they do not have teachers qualified to provide special education services.³²

These behaviors matter because when charter schools in a local community end up serving below their proportionate share of needy students, the traditional public schools will have to serve greater concentrations of them, many of whom will require special services. Combined with the loss of revenue associated with the outflow of students to charters, the result is likely to be a lower overall quality of education for the entire district.

A final consideration relates to the limited types of non-core courses that are often available to students in charter schools given that charters tend to focus their offerings on the core courses of math and reading. Without solid student performance in those core subjects, a charter school might be subject to nonrenewal of its charter. Hence it is not surprising that recent studies document that charter schools at the elementary and middle school levels in some states are less likely than local district schools to offer instruction in art or music.³³ That especially matters for disadvantaged students, given that they are less likely than their more advantaged peers to have access to art and music opportunities, as well as other enrichment opportunities, outside the classroom.

In sum, charter schools are clearly not the solution to the educational challenge of poverty and disadvantage, a conclusion shared by the NAACP.³⁴ Moreover, by distracting the attention of policymakers responsible for state and district funding decisions, the charter school movement often undermines efforts to address that challenge in meaningful ways, such as increasing teacher salaries,³⁵ reducing class size,³⁶ and providing support in the form of teacher assistants, psychologists, and social workers.³⁷

Racial Segregation and Isolation

Why School Segregation Matters

School segregation by race has long been a persistent and pernicious issue in U.S. education. After a long history of legally enforced racial segregation of schools, in the 1954 *Brown v. Board of Education* case, the Supreme Court ruled that separate was not equal and that racially segregated schools were unconstitutional. Subsequently, during the 1970s and 1980s, U.S. federal courts forced many school districts, especially those in the South, to eliminate segregation by integrating their schools. Since the removal of that court pressure in the late 1980s, however, school segregation is no longer declining and instead has been increasing in many urban areas.³⁸

Among the many reasons racial segregation deserves attention from policymakers, two stand out. The first is that it interferes with one of the fundamental purposes of education in the U.S., namely to prepare students to function as adults in a pluralistic democratic society. If students within a state or local community are educated in schools primarily with students of the same race or ethnicity, they lose the opportunity to interact with members of other groups and, importantly, to understand and learn to respect the dignity of those who differ

from themselves.

The second reason is that school segregation makes possible racial differences in access to educational resources. If underrepresented minority students, such as Black or Hispanic students, were educated in the very same schools or classrooms as White students, the quality of the education both groups receive, as measured, for example, by the quality of their teachers and the nature of their classroom peers, would be identical for the two groups. But segregation both between schools and across classrooms within schools enables differences in educational opportunities that often work to the disadvantage of racialized minority students. That is because such students often attend schools with lower fiscal resources and because high-quality teachers tend to gravitate toward the schools or classrooms serving more advantaged students. Thus, when schools are racially segregated, race and economic disadvantage often work together to the detriment of racialized minority students.

Charter Schools and Racial Segregation

At a conceptual level, how charter schools affect the racial segregation of students is hard to predict because it depends on the choices families make. On the one hand, the availability of charter schools could reduce school segregation. That would happen if the families of Black children used the charter school option to move their children from segregated neighborhood schools largely populated by Black students to charter schools serving more racially diverse groups of students. Early studies of Chicago, Milwaukee, and Little Rock— three cities with very high shares of Black students in the traditional public schools—did indeed find that the charter schools in those cities reduced the racial segregation of the schools and increased the exposure of some racialized minority students to white students.

On the other hand, a different pattern of choices by Black families and importantly, also by White families, suggests that charter schools might well increase segregation.³⁹ Many Black families, for example, may choose to transfer their children to charter schools with higher proportions of Black students than were present in their more racially diverse public schools. That choice could well reflect the value that many Black parents place on having their children educated with children like themselves, or it could reflect a preference for the educational approach, including for example, the no-excuses approach that I mentioned earlier, used by many charter schools serving large proportions of minority students. In addition, White families may use the charter school option to place their children in charter schools that are whiter than the traditional public schools. They may do so either as a way to avoid racially diverse public schools or because of their perception that schools serving large shares of white students are likely to be higher quality than other schools. Together these latter types of choices mean that the availability of charter schools would lead to higher levels of racial segregation across schools within local areas.⁴⁰

Consequently, one must turn to the data to determine what actually happens in practice. At least three types of research studies shed light on this issue.

One approach is to look closely at the students who transfer from traditional public schools to charter schools and simply to compare the racial mixes of the public schools left behind to those of the chosen charter schools, separately by race of the switcher. For example, in a recent paper, Turaeva Mavzuna and I assembled and analyzed data on every child who trans-

ferred to a charter school serving elementary or middle school grades in 2015/2016 in the state of North Carolina.⁴¹ We concluded that the transfers to charter schools increased racial segregation. Importantly, this segregating effect was primarily attributable to the choices made by White families, that is, by those who transferred their White children to whiter charters, than those by the choices made by Black or Hispanic families.

A second, and far more ambitious, study used national data for all public and charter schools for the 10-year period 1998-2018 to estimate the causal effects of the growth of charter schools within local areas such as school districts or municipalities on the level of school segregation in the area.⁴² The authors' main conclusion was that charter schools contributed about 6 percent to the 2018 level of school segregation in the average district, with charter schools contributing a bit more to the segregation of black students than of Hispanic students. Although the authors interpreted the magnitude of the average overall effect as modest, they cautioned that the contribution of charter schools to segregation in districts with charter shares well above the national average would be much greater.⁴³

A third empirical approach shifts the focus away from segregation as defined by the racial balance or imbalance across all schools within a local area to the extent to which students are racially isolated in individual schools. For this purpose, one might, for example, define a racially isolating school as a school in which most of the students, say 90 to 100 percent, are non-White. Using this criterion, a recent study based on national data for all public and charter schools in the years 2015-2016 documented that Black and Hispanic students were much more likely to be in racially isolated school environments if they attended charter schools than if they attended traditional public schools.⁴⁴ Specifically, while 69% of Black students in charter schools were in racially isolated schools, only 38 percent of those in traditional public schools were similarly racially isolated. For Hispanic students the pattern was similar, although with lower percentages. Additional analysis at the city level for the 50 cities serving the most charter students showed that in 42 of them, the students in charter schools were more racially isolated than their counterparts in public schools.⁴⁵

Based on these studies and other evidence, I conclude that charter schools do indeed contribute to the racial segregation and racial isolation of U.S. schools. Thus, by enabling families to make choices in line with their own preferences that may conflict with societal values, the availability of charter schools can work against a societal goal of promoting racially integrated schools. Moreover, the actual or threatened exit of some families from the traditional public school system in favor of charter schools may make it difficult for district policymakers to design school assignment policies designed to balance the racial mix of students across the traditional schools over which they have jurisdiction.⁴⁶

Appropriate Accountability for the Use of Public Funds

Public Funding of Schools and the Role of Accountability

Given that we fund schooling with publicly raised revenue, the public has both a right and a responsibility to ensure that the money is used wisely and with financial transparency. Further, schools were established to promote not just the interests of enrolled students and

their families but also the public or collective interests of the broader community that justify the public funding of education in the first place. That is why school systems are run by elected officials at the state and local levels.

In addition to requiring financial transparency, oversight is needed to promote valued educational outcomes for the students enrolled in individual schools. Unfortunately, for more than 20 years, U.S. policymakers have defined valued outcomes very narrowly. Starting with the passage of the federal No Child Left Behind Act in 2001, national and state policymakers have focused attention on the cognitive skills that can be measured most readily by student scores on standardized tests in reading and math. As a result, many state accountability systems, including the one in my home state of North Carolina, measure and publicize the effectiveness of each school—both traditional and charter—primarily in terms of the level (and somewhat on the growth) of its students' test scores. But while public accountability for traditional public schools clearly leaves room for improvement, the situation is far more dire for charter schools.

Weak and Ill-Conceived Public Accountability for Individual Charter Schools

The biggest accountability shortcoming for charter schools is the lack of financial transparency. Because charter schools are run by private organizations, they are not typically subject to the financial transparency requirements of government entities. As a result, the public often has little or no information on the extent to which charter operators engage in inappropriate activities such as overstating their enrollments, renting property that they own at highly inflated rates, paying high salaries to themselves or close relatives, or purchasing property from board members.⁴⁷ Two recent examples from North Carolina illustrate the problem: Torchlight Academy in North Carolina, a 20-year old charter school in Raleigh, NC, serving 600 students, recently had its charter revoked because the school had falsified special-education records and violated rules on self-dealing and conflict of interest. In addition, the charter of the Memphis Academy of Health Sciences, a middle and high school serving 750 students, was recently revoked because of the school's misappropriation of \$800,000. But these schools are simply representative of a far larger problem. A national study of all the charter schools that opened between 1998 and 2014 found that 18 percent had shut down by year three and 40 percent by year 10, affecting close to a million children.⁴⁸

I note that the distinction between for-profit operators, which are permitted in some but not all states, and not-for-profit operators is not as relevant as one might think. That is because not-for-profit operators often contract out a range of management and other activities to for-profit companies.⁴⁹ So even prohibiting profit-oriented entities from obtaining a charter is not likely to solve the problems of charter school fraud and abuse.

Even setting aside this issue of financial mismanagement, several other characteristics of charter schools demand that public accountability be more expansive and broader than what might be appropriate or needed for traditional public schools. Public accountability in this context refers to the provision of publicly available information about the operation of individual schools—information that can be used by families making choices among schools,

by the schools themselves to improve their practices, by authorizers making decisions about charter renewals, or by state policymakers making charter school policy.

Four characteristics of charter schools make this type of public accountability and oversight essential.

One is that charter schools are schools of choice. Hence, parents need good and complete information about the school, including, when appropriate, information in languages other than English or information about the availability and quality of special programs. And the schools themselves may need to be prodded by public reports to provide that information.

A second is that charter schools are operated by private entities with a variety of incentives, some of which may be counter to the public interest or the needs of their students. Strong public accountability may be needed to prod them to hire qualified teachers, to offer a broad array of student services, and to minimize their suspension and expulsion rates.

A third special characteristic is that charters enjoy extensive autonomy. Hence, public oversight is needed to confirm that they are fulfilling the mission specified in their charter, that they are providing the services required by law, and that they are delivering high-quality instruction.

Fourth, because many charter schools have unique missions, and some may be experimental by design, public accountability is needed to ensure reasonable chances of success. Special attention is needed given that some experiments are likely to fail, causing the charter school to be closed down.⁵⁰

Four characteristics of charter schools make . . . public accountability and oversight essential.

Together these special characteristics call for public accountability systems that focus not just on the educational outcomes of the students enrolled in individual charter schools, as is typically the case for traditional public schools, but also on the school's internal school

processes and practices. This point argues for holding charter schools accountable through some form of inspection or review process. With that approach, small groups of inspectors would make site visits to individual charter schools on a periodic basis, compile both quantitative and qualitative information on the school, and write public reports based on a specified set of performance criteria.

Inspection systems of various forms have long been used quite successfully for school accountability in other countries, including, for example, England, the Netherlands, and New Zealand.⁵¹ The most common concern about an inspection approach in the U.S. context is its high cost relative to a test-based accountability system. Such costs can indeed be high and will vary depending on the frequency and length of the school visits, and the nature of the training for the inspectors. Nevertheless, the advantages of a well-designed approach of this type, particularly for charter schools, can be high. For example, the approach avoids the distortions, such as teaching to the test and narrowing the curriculum, associated with test-based accountability. In addition, given that charter schools are not subject to most of the regulations that apply to traditional public schools, the periodic public reports generated by an inspection process provide useful and timely information about both the strengths and

the weaknesses of individual schools. Such information can then be useful for charter school operators and their boards to make internal policy changes should they decide to do so, and for families choosing charter schools. The public reports may also be used by the authorizing agency in the charter renewal process. Finally, an inspection reporting system that includes attention to equity considerations, can, where appropriate, prod charters to diversify their student bodies and thereby help charter authorizers minimize some of the adverse distributional effects of charter schools. The state of Massachusetts, which has a single statewide authorizer of charter schools and a well-developed charter inspection system with attention to equity, provides a good example of the potential for such an approach.⁵²

Conclusion and Policy Recommendations

Some charter schools undoubtedly produce positive outcomes for many of their students. At the same time, as currently designed and operated in the U.S., charter schools typically do far more to interfere with, than to promote, the making of good education policy in the U.S. In particular, they make it difficult for publicly elected officials to develop coherent education systems, to adequately attend to the educational challenges of child poverty, to promote the racial integration of students, and to ensure strong public accountability and oversight for the use of public funds. This conclusion need not mean that in the absence of charter schools, policymakers would always make good education policy. Rather, it recognizes that making good policy is more difficult in the presence of charter schools than it would otherwise be.

This conclusion leads to the following policy recommendations.

First, the growth of charter schools should be severely restricted. Moreover, the authorization of new charter schools should be limited to those that are clearly designed to achieve the goals of the relevant local public education system. In this way, education policymakers can focus attention on the basic needs of the whole system, including, for example, providing quality teachers and adequate funding for all students and addressing the educational challenges of poverty and economic disadvantage. Moreover, limiting the growth of charter schools would limit inefficiencies associated with wasteful competition among schools.

Second, various charter school regulations and policies should be modified to reduce some of the distorting effects of charter schools. For example, state governments should provide transition aid to school districts losing students—and hence revenue—to charter schools. Aid of that type would help to minimize the adverse financial impact of charter schools on the traditional schools within the district. In addition, all charter schools should be required to provide the basic services such as food and transportation that enable economically disadvantaged students to enroll in them. Similarly, they should be required to provide the quality programs needed to serve students with disabilities or those from non-English-speaking families. The goal would be for them to serve their fair shares of expensive-to-educate students within the local community, and thereby prevent them from disproportionately burdening district public schools while diverting the funds those schools need to provide for such students.

Third, in authorizing and overseeing charter schools, policymakers should pay close attention to the potential for charter schools to contribute to racial segregation and isolation. That would require attention to the location of individual charter schools, the services they offer, and their strategies for student recruitment.

Finally, for the reasons spelled out earlier, including, for example, the autonomy of charter schools and the fact that they are schools of choice, charter schools should be subject to more stringent accountability procedures than traditional public schools. Given their public funding, policymakers need to provide more complete information about individual charter schools related to the quality of their financial management, student outcomes, and also to their internal school processes and practices. One way to provide such information, consistent with the flexibility offered to charter schools and the variety of their missions, would be to use a public inspection system of the type now used for charter schools in Massachusetts.

Notes and References

- 1 Although their supporters often refer to them as public charter schools (see for example, National Alliance for Public Charter Schools (publiccharters.org), I refer to them throughout this policy memo as charter schools or simply as charters.
- 2 National Center for Education Statistics. (2022). *Public charter school enrollment*. U.S. Department of Education, Institute of Education Sciences. Retrieved August 3, 2022, from <https://nces.ed.gov/programs/coe/indicator/cgb/public-charter-enrollment#>
- 3 As early as the 1830s, Horace Mann, the first state superintendent of education, promoted the idea of common schools that would be publicly provided and free for all children. Public education, he argued, would increase economic productivity, equalize opportunities, and foster democratic competence. See the discussion of Mann's views in:

Fiske, E.B. & Ladd, H.F. (2022). Values and education policy. In D.C. Berliner & C. Hermanns (Eds.), *Public education: Defending a cornerstone of American democracy* (pp. 33-45). New York, NY: Teachers College Press.
- 4 Levin, H.M. (1987). Education as a public and private good. *Journal of Policy Analysis and Management*, 6(4), 628-641. Retrieved September 7, 2022, from <https://doi.org/10.2307/3323518>
- 5 Hanson, M. (2022, June). *U.S public education spending statistics*. Education Data Initiative. Retrieved August 3, 2022, from <https://educationdata.org/public-education-spending-statistics>
- 6 Dallman, S. & Nath, A. (2020, January 8). Education clauses in state constitutions across the United States. "Federal Reserve Bank of Minneapolis. Retrieved September 29, 2022, from <https://www.minneapolisfed.org/~media/assets/articles/2020/education-clauses-in-state-constitutions-across-the-united-states/education-clauses-in-state-constitutions-across-the-united-states.pdf?la=en>
- 7 For a discussion of systemic education reform, see Smith, M.S. & O'Day, J. (1990). Systemic school reform. *Journal of Education Policy, The Politics of Curriculum and Testing*, 5(5), 233-267. Retrieved August 2, 2022, from <https://doi.org/10.1080/02680939008549074>
- 8 Hanushek, E.A. (1997). Assessing the effects of school resources on student performance: An update. *Educational Evaluation and Policy Analysis*, 19(2), 141-164. Retrieved September 29, 2022, from <http://hanushek.stanford.edu/publications/assessing-effects-school-resources-student-performance-update>
- 9 For examples of the more recent research on the positive effects of school spending, see:

Jackson, C.K, Rucker, R.C., & Persica C. (2016). The effects of school spending on educational and economic outcomes: Evidence from school finance reforms. *The Quarterly Journal of Economics*, 13(1), 157-218. Retrieved September 29, 2022, from <https://www.nber.org/papers/w20847>

Lafortune, J., Rothstein, J., & Schanzenbach, D.W. (2018). School finance reform and the distribution of student achievement. *American Economic Journal: Applied Economics*, 10(2), 1-26. Retrieved September 29, 2022, from <https://www.aeaweb.org/articles?id=10.1257/app.20160567>
- 10 See distribution of charter authorizer types in Ladd, H.F. (2019). How charter schools threaten the public interest. *Journal of Policy Analysis and Management*, 38(4), 1063-1071 (Table 1). Retrieved September 5, 2022, from <https://eric.ed.gov/?id=EJ1227228>
- 11 See the following papers for the analysis of adverse fiscal effects of charter schools in New York and North Carolina.

Bifulco, R. & Reback, R. (2014). Fiscal impacts of charter schools: Lessons from New York. *Education Finance*

and Policy, 9(1), 86-107.

Ladd, H.F. & Singleton, J.D. (2018). The fiscal externalities of charter schools: Evidence from North Carolina. *Education Finance and Policy*, 15(1), 191-208. Retrieved September 29, 2022, from <https://files.eric.ed.gov/fulltext/ED583626.pdf> or <https://direct.mit.edu/edfp/article/15/1/191/10311/The-Fiscal-Externalities-of-Charter-Schools>

- 12 Although many charters serve some students with special needs (and a few focus exclusively on such students) charter schools are often able to dissuade the parents of students with the most severe disabilities from enrolling, leaving them to be served by the traditional public schools.

See, for example, Mommandi, W. & Welner, K. (2018). Shaping charter enrollment and access: Practices, responses and ramifications. In I.C. Rotberg & J.L. Glazer (Eds.), *Choosing charters: Better schools or more segregation?* (pp. 61-81). New York, NY: Teachers College Press.

For the underrepresentation of limited English proficient students and economically disadvantaged students in charter schools in Arizona, selective districts in New York and in 41 urban areas across the country, see:

Chingos, M.M., & West, M.R. (2015). The uneven performance of Arizona's charter schools. *Educational Evaluation and Policy Analysis*, 37(1st suppl), 120S-134S, Table 1.

Buerger, C., & Bifulco, R. (2019). The effect of charter schools on districts' student composition, costs, and efficiency: The case of New York State. *Economics of Education Review*, 69, 61-72. Retrieved September 9, 2022, from <https://www.sciencedirect.com/science/article/pii/S0272775716303417>

Center for Research on Education Outcomes (CREDO). (2015). *Urban charter school study*. Retrieved on September 16, 2022, from <http://urbancharters.stanford.edu/overview.php>

- 13 For an illustration of the conflict between the private and the public, or collective, interests that arise from the growth of charter schools within a district, see:

Ladd, H.F. (2019). Self-governing schools, parental choice, and the public interest. In M. Berends, R.J. Waddington, & J. Schoenig (Eds.), *School choice at the crossroads* (pp. 235-249). New York and London: Routledge.

- 14 For discussions of the challenges posed by district-charter collaborations, see:

Tuttle, C., McCullough, M., Richman, S., Booker, K., Burnett, A., Keating, B., & Cavanaugh, M. (2016). *Understanding district-charter collaboration grants*. Final report submitted to the Bill and Melinda Gates Foundation under contract #4493/23749(20). Mathematica Policy Research Report, August 30.

Bulkley, R.E., Henig, J.R., & Levin, H.M. (Eds.). (2010). *Between public and private: Politics, governance, and the new portfolio models for urban school reform*. Cambridge, MA: Harvard University Press.

Ladd, H.F. (2019). Self-governing schools, parental choice and the public interest. In M. Berends, R.J. Waddington & J.A. Schoenig (Eds.), *School choice at the crossroads* (Ch. 2). New York, NY and London, UK: Routledge, Taylor and Francis Group.

- 15 For a fuller discussion of this issue, see Ladd, H.F. (2012). Education and poverty: Confronting the evidence. *Journal of Policy Analysis and Management*. Retrieved August 3, 2022, from <https://doi.org/10.1002/pam.21615>

- 16 Ladd, H.F. (2012). Education and Poverty: Confronting the Evidence. *Journal of Policy Analysis and Management*. Retrieved August 3, 2022, from <https://doi.org/10.1002/pam.21615>

- 17 The child poverty rate is above 20% in the U.S. which far exceeds the average of 13% in OECD countries. Child poverty rates in Denmark and Finland are 4.9% and 3.5% respectively.

OECD Child Well-Being Data Portal Country Fact Sheet (2017). *How does the United States compare on child*

well-being? Retrieved September 29, 2022, from https://www.oecd.org/els/family/CWBBDP_Factsheet_USA.pdf

- 18 See, for example, the discussion in Ladd, H.F. (2017). No Child Left Behind: A deeply flawed federal policy. *Journal of Policy Analysis and Management*. Retrieved August 24, 2022, from <https://doi.org/10.1002/pam.21978>
- 19 See evidence in Ladd, H.F. (2017). No Child Left Behind: A deeply flawed federal policy. *Journal of Policy Analysis and Management*. Retrieved August 24, 2022, from <https://doi.org/10.1002/pam.21978>
- 20 Cancian, M. & Danziger, S. (Eds.). (2009). *Changing poverty, changing policies*. New York: Russell Sage Foundation.
- 21 The American Families Plan would have expanded public spending on childcare, helped to make pre-kindergarten universally available for free, and included funding for subsidized paid family and medical leave. In addition, it would have extended the boost to the child tax credit in the American Rescue Plan, which effectively turned the credit into a child allowance, helped make community college free for all Americans and provided more funding for health insurance subsidies. Retrieved September 1, 2022, from <https://www.whitehouse.gov/briefing-room/statements-releases/2021/04/28/fact-sheet-the-american-families-plan/>
- 22 Ladd, H.F. (2012). Education and poverty: Confronting the evidence. *Journal of Policy Analysis and Management*. Retrieved August 3, 2022, from <https://doi.org/10.1002/pam.21615>
- 23 See, for example:

DeAngelis, C., Wolf, P., Maloney, L., & May, J. (2019, April 9). A good investment: The updated productivity of public charter schools in eight U.S. cities. EDRE Working Paper No. 2019-09, Retrieved September 5, 2022, from <https://ssrn.com/abstract=3366979> or <http://dx.doi.org/10.2139/ssrn.3366979>
- 24 See the following meta-analysis which emphasizes the variation in effects by grade level, by location, and by quality of public schools.

Betts, J.R. & Tang, Y.E. (2019). A meta-analysis of the effect of charter schools on student achievement. In M. Berends, R.J. Waddington, & J. Shoenig (Eds.), *School choice at the crossroads: Research perspectives* (pp. 69-91). New York, NY and London: Routledge.

In addition, see the following studies:

Center for Research on Education Outcomes (CREDO). (2013). National charter school study. Retrieved September 29, 2022, from <https://credo.stanford.edu/report/national-charter-school-study>

Lauen, D.L & Abbott, K. (2022). Bringing the full picture into focus: A consideration of the internal and external validity of charter school effects. In T. Freytag et al. (Eds.), *Space, place and educational settings, Knowledge and space, Volume 16* (pp. 63-83). Retrieved August 3, 2022, from https://doi.org/10.1007/978-3-030-78597-0_4
- 25 Hoxby, C.M., Murarka, S., & Kang, J. (2009, September.) *How New York City's charter schools affect achievement, August 2009 Report*. Second report in series. Cambridge, MA: New York City Charter Schools Evaluation Project.

Abdulkadiroglu, A., Angrist, J.D., Dynarski, S.M., Kane, T.T., & Parthak, P.A. (2011). Accountability and flexibility in public schools: Evidence from Boston's charters and pilots. *Quarterly Journal of Economics*, 126(2), 699-748.

Winters, M.A. (2020, January). *Charter schools in Newark: The effect on student test scores*. Manhattan Institute Report. Retrieved September 3, 2022, from manhattan-institute.org/charter-school-effectiveness-newark-new-jersey

- 26 Center for Research on Education Outcomes (CREDO). (2015). *Urban charter school study*. Retrieved October 11, 2022, from <http://urbancharters.stanford.edu/overview.php>
- 27 See, for example:
- Cheng, A., Hitt, C, Kisida, B., & Mills, J.N. (2017). “No Excuses” charter schools: A meta-analysis of the experimental evidence on student achievement. *Journal of School Choice: International Research and Reform*, 11(2), 209-238.
- 28 Losen, D.J, Keith, M.A, Hodson, C.L, & Martinez, T.E. (2016). *Charter schools, civil rights and school discipline: A comprehensive review*. UCLA: *The Civil Rights Project / Proyecto Derechos Civiles*. Retrieved August 29, 2022, from <https://escholarship.org/uc/item/65x5j31h>
- 29 Golann, J.W. & Torres, C. (2020). Do no-excuses disciplinary practices promote success? *Journal of Urban Affairs*, 42(4), 617-633. Retrieved August 3, 2022, from <https://doi.org/10.1080/07352166.2018.1427506>
- 30 Stuart, D.A. & Smith, T.M. (2012). Explaining the gap in charter and traditional public school teacher turnover rates. *Economics of Education Review*, 31(2), 268-279.
- 31 Burris, C. & Pflieger. (n.d.). *Broken promises: An analysis of charter school closures from 1997-2017*. Retrieved October 11, 2022, from <https://networkforpubliceducation.org/brokenpromises/>
- 32 In North Carolina where charter schools are not required to provide transportation, bus service is very highly skewed toward high minority schools, which is in sharp contrast to organized carpools that are more likely to be offered in charters with low proportions of minorities. See:
- Ladd, H.F. & Mavzuna. T. (2020). *Parental preferences for charter schools in North Carolina: Implications for racial segregation and isolation*. EdWorkingPaper: 20-195. Annenberg Institute, Brown University. Retrieved August 1, 2022, from <https://www.edworkingpapers.com/ai20-195>
- 33 See, for example, the following references for charter schools serving students at different grade levels:
- Elpus, K. (2022). Access to arts education in America: The availability of visual art, music, dance, and theater courses in U.S. high schools. *Arts Education Policy Review*, 123(2), 50-69, Retrieved October 17, 2022, from <https://doi.org/10.1080/10632913.2020.1773365>
- Salek, M. (2021). *Music for all? A comparison of Florida middle school music enrollment in traditional, for-profit and nonprofit charter schools*. Retrieved August 3, 2022, from https://digitalcommons.unf.edu/soars/2021/spring_2021/42/ (presented at a 2021 SOARS virtual conference in the form of a poster presentation).
- Aprile, A. (2019). Discourse and early childhood music access in NYC charter schools. *International Critical Childhood Policy Studies*, 7(20), 17-43. Retrieved August 3, 2022, from <https://journals.sfu.ca/iccps/index.php/childhoods/article/view/83>
- 34 The National Association for the Advancement of Colored People (NAACP) which is the nation’s largest and most widely recognized civil rights organization passed a resolution in 2016 calling for a moratorium on charter schools expansion and more oversight of governance and practice. Shortly thereafter 50 African American and social justice advocacy groups, including the Black Lives Matter network, unveiled a new policy agenda that also called for a moratorium on charter schools. In 2017, the NAACP again called for a moratorium on the expansion of charter schools.
- 35 Miles, K.H. & Katz, N. (2018, September). *Teacher salaries: A critical equity issue*. National Association of State Boards of Education. Retrieved September 14, 2022, from <https://www.erstrategies.org/cms/files/4026-nasbe-journal-version-of-low-teacher-salaries-101--just-our-article.pdf>
- 36 Krueger, A, Hanushek, E., & Rice, J.K. (2002). *The class size debate*. Washington, DC: Economic Policy Institute.

- 37 Hemelt, S.W., Ladd, H.F., & Clifton, C.R. (2021). Do teacher assistants improve student outcomes? Evidence from school funding cutback in North Carolina. *Education Evaluation and Policy Analysis*, 43(2). Retrieved September 15, 2022, from <https://doi.org/10.3102/0162373721990361>
- 38 For examination of desegregation and resegregation since the 1954 *Brown v. Board of Education* decision, see: Reardon, S.F., Tej Grwal, E., Kalogrides, D., & Greenberg, E. (2012, Fall). Brown fades: The end of court-ordered school desegregation and the resegregation of American public schools. *Journal of Policy Analysis and Management*, 31, 876-904.
- Orfield, G., Jongyeon, E., Frankenberg, E., & Siegel-Hawley, G. (2016, May). *Brown at 62: School segregation by race, poverty and state*. UCLA Civil Rights Project. Retrieved September 29, 2022, from <https://www.civilrightsproject.ucla.edu/research/k-12-education/integration-and-diversity/brown-at-62-school-segregation-by-race-poverty-and-state>
- 39 The type of behavior described here is often labeled ethnocentrism. See, for example, the discussion of this and other types of segregating behaviors in Bifulco, R. Ladd, H.F. & Ross, S.L. (2009, March). Public school choice and integration: Evidence from Durham, NC. *Social Science Research*, 38(1), 71-85.
- 40 Bifulco, R. & Bulkeley, K. (2018). Charter schools. In H.F. Ladd & M.E. Goertz (Eds.), *Handbook of research in education finance and policy, second edition* (Ch. 25). New York, NY and London, UK: Routledge, Taylor and Francis.
- 41 Ladd, H.F. & Turaeva, M. (2020). *Charter schools and segregation in North Carolina* (working paper). National Center for the Study of Privatization in Education, Teachers College, Columbia University. Also available from the National Center for the Analysis of Longitudinal Data in Education Research as a Calder Working Paper No. 196-0618-1. Retrieved September 23, 2022, from <https://ncspe.tc.columbia.edu/center-news/2020/working-paper-charter-schools-and-segregation-in-north-carolina/>
- 42 Monarrez, T., Kisida, B., & Chingos, M. (2022). The effect of charter schools on school segregation. *American Economic Journal: Economic Policy*, 14(1), 301-340. Retrieved August 20, 2022, from <https://doi.org/10.1257/pol.20190682>
- 43 Monarrez, T. Kisida, B., & Chingos, M. (2022). The effect of charter schools on school segregation. *American Economic Journal: Economic Policy*, 14(1), 301-340 (p. 303). Retrieved August 20, 2022, from <https://doi.org/10.1257/pol.20190682>
- 44 Heilig, J.V., Brewer, T.J., & Williams, Y. (2019). Choice without inclusion?: Comparing the intensity of racial segregation in charters and public schools at the local, state and national levels." *Education Sciences*, 9(3), 205. Retrieved August 20, 2022, from <https://doi.org/10.3390/educsci9030205>
- For additional evidence of the impacts of charters on segregation and how they vary across local areas within a state, see:
- Clotfelter, C.T., Hemelt, S.W., Ladd, H.F., & Turaeva, M.R. (2021). School segregation in the era of color-blind jurisprudence and school choice. *Urban Affairs Review*. Retrieved August 29, 2022, from <https://doi.org/10.1177/10780874211049510>
- 45 Heilig, J.V., Brewer, T.J., & Williams, Y. (2019). Choice without inclusion?: Comparing the intensity of racial segregation in charters and public schools at the local, state and national levels." *Education Sciences*, 9(3), 205. Retrieved August 20, 2022, from <https://doi.org/10.3390/educsci9030205>
- 46 Mickelson, R.A., Giersch, J., Nelson, A.H., & Bottia, M.C. (2018). Do charter schools undermine efforts to create racially and socioeconomically diverse public schools? In I.C. Rotberg & J.L. Glazer (Eds.), *Choosing charters: better school or more segregation?* (pp. 116-132). New York, NY: Teachers College Press.
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- & Miron, G. (2015). *The business of charter schooling: Understanding the policies that charter operators use for financial benefit*. Boulder, CO: National Education Policy Center. Retrieved October 17, 2022, from <http://nepc.colorado.edu/publication/charter-revenue>
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- 49 Baker, B. & Miron, G. (2015). *The business of charter schooling: Understanding the policies that charter operators use for financial benefit*. Boulder, CO: National Education Policy Center. Retrieved September 15, 2022, from <https://nepc.colorado.edu/publication/charter-revenue>
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- 51 For more background on school accountability systems in other countries, see Ladd, H.F. (2010). Education inspectorate systems in New Zealand and the Netherlands., *Education Finance and Policy*, 5(3), 378-392.
- For a comparison of the educational values promoted by different types of public accountability systems, see Brighthouse, H., Ladd, H.F., Loeb, S., & Swift, A. (2018). *Educational goods: Values, evidence and decision making* (pp. 108-131). Chicago and London: The University of Chicago Press.
- 52 Ladd, H.F. & Fiske, E.B. (2021, August). Charter schools and equity: The power of accountability. *Phi Delta Kappan*, 103(1). Retrieved September 28, 2022, from <https://doi.org/10.1177/00317217211043620>
- A more detailed and complete description and analysis of the Massachusetts approach can be found in:
- Ladd, H.F. & Fiske, E.B. (2021). *Equity-oriented accountability for charter schools: Lessons from Massachusetts* (EdWorkingPaper: 21-353). Annenberg Institute at Brown University. Retrieved September 23, 2022, from <https://doi.org/10.26300/ekh3-we64>