

# TEXAS OPEN-ENROLLMENT CHARTER SCHOOLS

*2004–05 Evaluation*

*May 2006*

Executive Summary

Education Agency

Center for Educational Research

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### INTRODUCTION

For nearly a decade Texas charter schools have evolved along with the charter school movement nationally. The charter concept varies greatly across states and individual schools, but a charter school is generally defined as a publicly funded, nonsectarian school that operates under a written contract, or *charter*, from an authorizing agency such as a local or state school board. Since Minnesota enacted the first charter school legislation in 1991, 40 states and the District of Columbia have enacted charter school laws. As of January 2006, nearly 3,600 charter schools served close to a million students nationwide, and Texas was one of five states with the most charter schools in operation.<sup>1</sup> Texas originally passed legislation in 1995 establishing charter schools. The 74th Legislature authorized the creation of 20 open-enrollment charter schools—public schools substantially released from state education regulations (Texas Education Code [TEC], §§ 12.101-12.120). In 1997, the Legislature allowed an additional 100 open-enrollment charter schools and allowed an unlimited number of charter schools serving 75 percent or more at-risk students (75 Percent Rule). As a result, the number of charters awarded by the State Board of Education (SBOE) increased significantly.

Despite hopeful expectations for charter schools, myriad problems—especially financial irregularities—accompanied rapidly increasing numbers of schools. In response to public concern with the academic and financial performance of charter schools, Texas lawmakers further revised state statutes governing charter schools in 2001. House Bill 6 (HB 6) capped the number of charter schools the SBOE may grant at 215, allowed for an unlimited number of schools sponsored by public senior colleges and universities, gave the Commissioner of Education expanded oversight, and specified other regulatory provisions. Over time and with legislative changes, the number of Texas charter schools has increased markedly from 17 charter schools operating in the 1996-97 school year to 192 charter schools and 296 campuses operating in 2004-05. This report presents annual evaluation findings on Texas open-enrollment charter schools for the 2004-05 school year.

### METHODOLOGY

Texas state statute (TEC, §12.118) calls for the Commissioner of Education to select an impartial organization with experience evaluating school choice programs to conduct an annual evaluation of charter schools. Acting on behalf of the commissioner, the Texas Education Agency (TEA) contracted with the Texas Center for Educational Research (TCER) to conduct the evaluation. The study encompasses a variety of data sources, including analyses of the most recently available Public Education Information Management System (PEIMS) and Academic Excellence Indicator System (AEIS) data for schools and campuses; surveys of charter school directors, teachers, and students; and analyses of Texas Assessment of Knowledge and Skills (TAKS) scores and other outcome measures for charter school students and comparison groups of traditional public school students.

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<sup>1</sup> Center for Education Reform (2005). *About Charter Schools*. [www.edreform.com](http://www.edreform.com) (retrieved 2/7/2005).

Researchers have tried to provide accurate, unbiased, and comprehensive information on charter schools by examining multiple data sources and varied perspectives.

## **Data Analysis**

*Analysis by accountability procedures.* In previous evaluations, TCER has grouped charter schools into two distinct types for purposes of analysis: (a) charter schools serving primarily at-risk students (70 percent or more) and (b) charter schools serving less than 70 percent at-risk students. However, the evaluation for the 2004-05 school year groups charter schools and campuses by accountability procedures. This approach is advantageous because beginning in 2005, the new Texas accountability rating system is comprised of two sets of procedures. Standard procedures guide the assignment of ratings to standard campuses (including non-registered alternative education campuses), whereas alternative education accountability procedures govern the assignment of ratings to registered Alternative Education Campuses (AECs). The new accountability procedures recognize that alternative education programs often confront different educational challenges than schools that serve proportionately fewer at-risk students. Because significant differences exist between the characteristics of charter schools rated under Texas' alternative education accountability procedures and those rated under standard procedures, grouping charters by accountability procedure provides a more viable way to examine schools. Thus, this report presents results for charter schools overall as well as by their designated accountability procedure.

*Analysis by years of operation.* Charter schools also are examined by their longevity. For this report, years of operation refers to the number of school years that a charter campus has operated. Analyses related to charter schools' length of operation include comparisons for campuses in operation for one, two, three, four, five, and six or more years.

## **Study Limitations**

Several factors complicate the analysis of charter school data. The first issue is data accuracy. With the exception of the TAKS, the majority of data are self-reported. Thus, information often reflects respondents' perceptions. In past years, the accuracy of charter school PEIMS data was an issue; however, in 2004-05, the Person Identification Database (PID) error rates for charter districts showed a ten-fold improvement over the prior year. The PID error rates for charter operators averaged 0.46 percent, while the state average was 0.16 percent. Second, student mobility continues to reduce the number of charter school students included in the state accountability system and available for analysis. Only 63 percent of charter school students are included compared to 88 percent of students in traditional public schools statewide.

Third, the TEA categorizes charter schools both as charter operators (i.e., districts) and campuses, so analyses involve both categories. In some comparisons, the unit of analysis is the charter school "district," while in other cases the unit of analysis is the charter school "campus." As a result, reported numbers of charter schools may vary. Additionally, for some student performance indicators the "student" is the analysis unit. For school-level analyses, each school or campus receives equal weight, whereas with the student as the unit, schools with larger student enrollments receive more weight in calculations. In general, the reader must consider study limitations when interpreting the reported information.

## MAJOR FINDINGS

### Characteristics of Texas Open-Enrollment Charter Schools

*The number of charter schools operating in Texas has grown considerably since 1997. During the 1996-97 school year, only 17 open-enrollment charter schools operated in Texas—however, by 2004-05, that number increased to 192. Across nine school years, the number of students enrolled in charter schools also has increased significantly, from 2,498 in 1996-97 to 66,073 in 2004-05 (Table 1). Over the same period, the number of charter campuses increased from 17 to 296 (Figure 1). Even though charter schools have grown substantially over time, charter students in 2004-05 represented only 1.5 percent of the nearly 4.4 million public school students in Texas.*

*Although the rate of growth has slowed over the past four years, charters have expanded by opening new campuses and enrolling more students. During the past four years, the number of charter schools operating in Texas has been relatively stable (increasing from 180 to 192). Over the same time period, however, the number of campuses associated with those charters has increased from 241 to 296 (23 percent increase) and the number of students attending charter schools has risen from 46,304 to 66,073 (43 percent increase).*

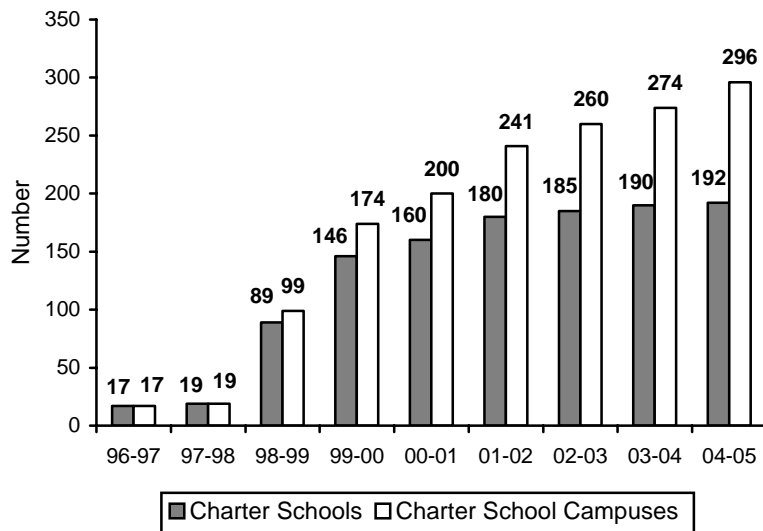
**Table 1. Number of Texas Open-Enrollment Charter Schools and Students Served**

School Year	Total Charter Schools in Operation	Number of 75% Rule Charters <sup>a</sup>	Number of Students Enrolled	Average Campus Enrollment
1996-97	17	--	2,498	147
1997-98	19	--	4,135	217
1998-99	89	45	17,616	198
1999-00	146	46	25,687	156
2000-01	160	51	37,696	188
2001-02	180	--	46,304	192
2002-03	185	--	53,156	204
2003-04	190	--	60,748	222
2004-05	192	--	66,073	223

*Sources:* TEA 2005 AEIS data files. Open-enrollment evaluation reports, years one to seven ([www.tcer.org](http://www.tcer.org)).

<sup>a</sup>The 75 Percent Rule charter designation was authorized in 1997 and eliminated in 2001.

*By the end of the 2004-05 school year, 236 state-approved charters were awarded, 199 were active, and 192 were operational. Eight of the 236 state-approved charters have been revoked, rescinded, or renewal denied. Another 28 charters (including a second generation charter that converted to a university charter) either returned their charter (23 charters), let the charter expire (3 charters), or merged with another charter (2 charters). By the end of the 2004-05 school year, there were 199 active charters. Of these, 7 had been awarded, but were not operational. Currently, as Table 1 indicates, there are 192 active and operational charters.*



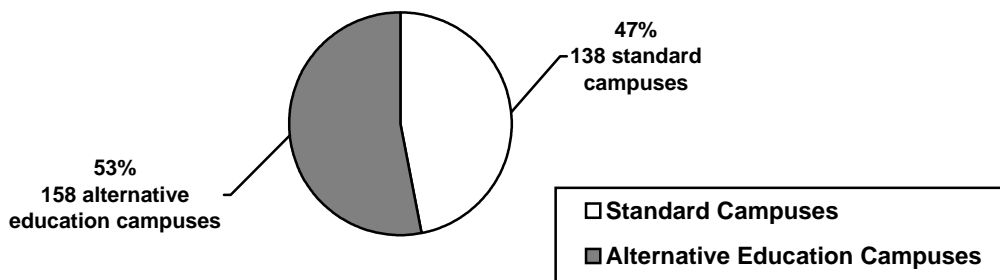
**Figure 1. Number of Texas open-enrollment charter schools and campuses, 1997-2005.**

*Charter school campuses are small compared to traditional public schools.* Charter school campuses have an average 2004-05 enrollment of 223 students, which is about 40 percent of the traditional public school average enrollment of 554 students. Nearly 60 percent of charter school campuses enroll less than 200 students. Although charter schools are generally small, average student enrollment has been trending up over the past four school years (192, 204, 222, and 223 students).

*Most charter campuses in Texas have existed for a brief time.* More than half of charter schools (58 percent) have been operating five or less years. The average campus enrollment increases for schools with greater longevity, with new campuses enrolling about 40 percent less students than established schools.

*Increasingly, charter schools serve alternative education students.* Figure 2 shows that of the 296 charter school campuses operating in 2004-05, 138 (47 percent) were evaluated under standard accountability procedures, while 158 (53 percent) were evaluated under alternative education procedures. In contrast, in 1999-00, only 19 percent of charter campuses were alternative education campuses. As a result, charter campuses are increasingly serving students at risk, whereas the trend is exactly opposite in traditional public schools. In 1999-00, 12 percent of traditional public school campuses were rated under alternative education accountability procedures. This percentage has steadily decreased to only 4 percent of traditional campuses rated as alternative education campuses in 2004-05.





**Figure 2. Charter campuses categorized by 2004-05 Texas accountability system procedures (standard or alternative education).**

### ***Student Demographics***

*Texas charter schools enroll disproportionately more pre-kindergarten and high school students than traditional public schools.* Compared to other public schools, there are proportionately more charter school students at pre-kindergarten and grades 9 through 12. There are proportionately fewer charter school students at kindergarten and grades 1 through 8. Standard charter schools have relatively more students at pre-kindergarten, kindergarten, and at grades 1 through 7. Conversely, the alternative education charters have proportionately more students at grades 8 through 12. In fact, more than three-fourths of charter high school students (78 percent) are enrolled at an alternative education campus.

*Charter schools serve disproportionately more African American students than public schools statewide.* Compared to the student population in Texas traditional public schools in 2004-05, charter schools have a substantially higher percentage of African American students (37 versus 14 percent), a substantially lower percentage of White students (18 versus 38 percent), and a slightly lower percentage of Hispanic students (43 versus 45 percent). (See Figure 3.) Standard campuses have a higher percentage of African Americans (44 versus 29 percent), whereas alternative education campuses have proportionately more Hispanics than standard campuses (51 versus 37 percent).

*Charter school students are more economically disadvantaged, but less likely to be English language learners and equally likely to be identified for special education services.* In 2004-05, the percentage of economically disadvantaged students in charter schools (68 percent) is higher than the state average (55 percent). (See Figure 3.) However, charter schools have a lower percentage of limited English proficient students (11 percent compared to the state average of 16 percent) and an approximately equal percentage of special education students (13 percent compared to the state average of 12 percent).

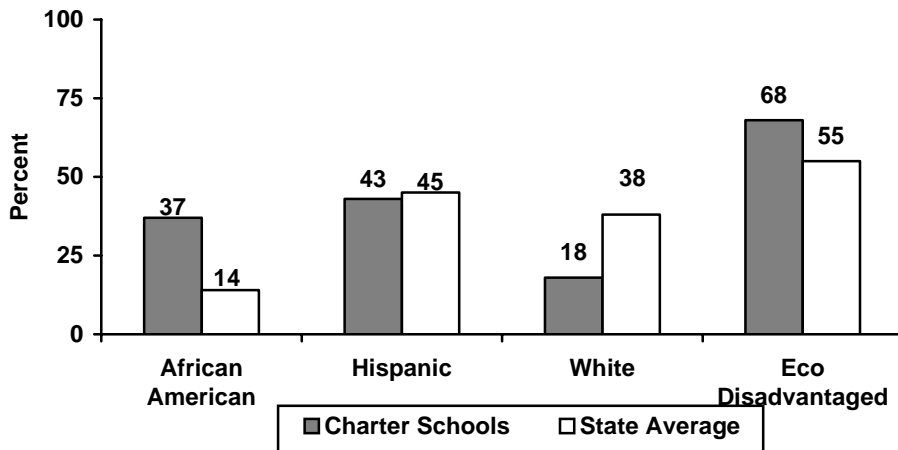


Figure 3. Student demographic data for charter schools, 2004-05.

Over the last five years, the percentages of African American and White students have gradually decreased, while the percentage of Hispanic students has gradually increased. Since 2000-01, the percentage of African American students has decreased from 41 to 37 percent, the percentage of White students has decreased from 20 to 18 percent, and the percentage of Hispanic students has increased from 37 to 43 percent. The proportion of economically disadvantaged students has increased from 54 to 68 percent (Figure 4).

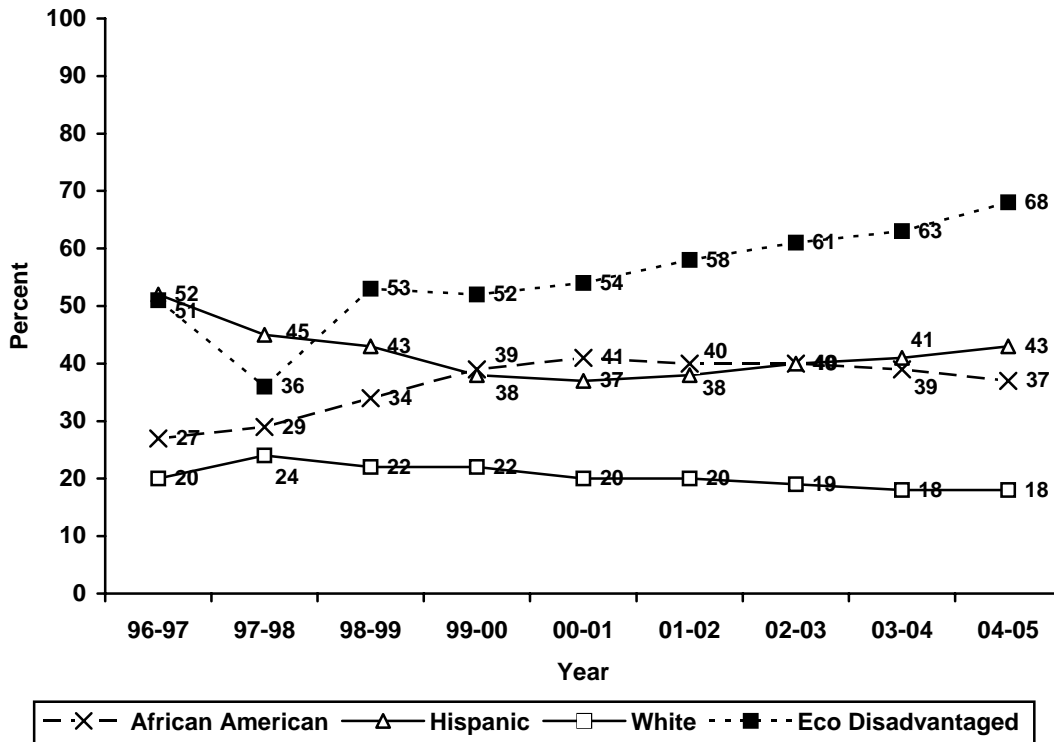


Figure 4. Student demographic trends for charter schools.

## **Teacher Characteristics**

*Charter schools employ disproportionately more minority teachers than traditional public schools.* Charter school faculties in 2004-05 have more minority teachers (53 percent) compared to the state (26 percent), with a greater proportion of African American teachers (33 versus 8 percent), slightly more Hispanic teachers (20 versus 18 percent), and substantially less White teachers (45 versus 72 percent).

*Charter schools have less experienced teachers, and charter school teachers are more likely to have no degree.* Charter school teachers in 2004-05, on average, are less experienced (5.4 years) than teachers in traditional public schools (11.6 years). The percentage of charter school teachers with five years or less experience is approximately two times the state average (69 versus 35 percent). In addition, 8.9 percent of charter school teachers have no degree compared to 0.7 percent of traditional public school teachers.

*Charter schools have lower teacher salaries and higher teacher turnover.* Teachers in charter schools are paid less than those in traditional public schools. In 2004-05, the average teacher salary in charter schools (\$32,819) was far below that for teachers in traditional public schools (\$40,209). The turnover rate for teachers in charter schools (43 percent) is more than twice the state average (18 percent) in 2004-05. Lower salaries in charter schools may account for part of the problem. However, charters may also need to provide greater support in order to retain the large numbers of beginning teachers they employ each year.

*There are differences and similarities in the teacher characteristics of standard and alternative education charters.* Standard charters have a higher percentage of African American teachers (36 versus 30 percent), but a lower percentage of Hispanic teachers (16 versus 23 percent). The alternative education charters have a slightly higher percentage of teachers with no degree (10 versus 8 percent), and they have a slightly higher teacher turnover rate (45 versus 42 percent). Teachers in alternative education charters earn about \$1,000 more. There are only modest differences between these two groupings of charter schools in teacher tenure and experience.

*Charter schools have higher student-teacher ratios than traditional schools.* The average student-teacher ratio in charter schools (17 to 1) is higher than the ratio in Texas' traditional public schools (14 to 1). In addition, alternative education charters have higher student-teacher ratios than standard charters (18:1 versus 15:1). Averages reflect school-level ratios rather than classroom ratios.

*Over time, charter school teacher salaries and educational credentials have improved, but teacher experience has remained low and turnover rates, although decreasing, remain high.* Across the nine-year span, the number of charter school teachers increased from 123 to 4,064 (see Table 2). Average teacher experience remained low but increased slightly across time (from 4.3 years to 5.4 years). Teacher salaries increased from \$25,408 to \$32,819 (nearly \$7,400), yet are about \$7,400 below the salaries of public school teachers statewide. Thus, the salary gap has remained large across nine years.

**Table 2. Charter School Teacher Characteristics Across Years**

Teacher Characteristics	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05
Total number (FTE)	123	284	734	1,518	2,024	2,692	3,246	3,676	4,064
Average experience	4.3	4.8	5.0	4.7	5.1	5.4	5.2	5.4	5.4
Average salary	\$25,408	\$24,222	\$26,944	\$27,460	\$27,755	\$29,343	\$30,585	\$31,758	\$32,819
Student-teacher ratio	28.8	21.5	17.8	16.1	18.4	17.8	16.8	16.8	16.5
% with baccalaureate degree	72.9%	70.6%	68.7%	68.7%	69.4%	70.4%	70.4%	74.6%	75.9%
% with no degree	2.6%	3.8%	9.9%	14.1%	15.8%	15.7%	15.5%	9.7%	8.9%
% African American	20.2%	24.2%	26.4%	34.2%	35.4%	34.4%	33.7%	32.2%	32.7%
% White	47.5%	41.9%	47.2%	42.4%	41.2%	42.5%	42.8%	44.6%	44.5%
% Hispanic	29.1%	25.3%	24.5%	21.8%	21.8%	20.0%	21.2%	20.2%	19.8%
Teacher turnover rate	--	35.0%	15.2%	51.7%	45.8%	53.0%	46.0%	43.9%	43.3%

Source. TEA AEIS data files.

Table 2 also shows that student-teacher ratios in charter schools have declined substantially (from about 29:1 to 17:1). Since 2002-03, the percentages of Hispanic and African American teachers have dropped slightly, while the percentage of White teachers has increased slightly. Notably, the percentage of teachers with “no degree” dropped from the 15 to 16 percent range in 2000-01 to 9 percent in 2004-05. Although teacher turnover rates have decreased in each of the last three years (from 53 percent to 43 percent), charter schools continue to struggle with teacher turnover.

### **Administrator Characteristics**

*Charter schools have proportionately more administrators than traditional public schools.* About 3 percent of charter school staff is central administration, compared to about 2 percent statewide. Although 9 percent of charter school staff is campus administration, only 4 percent is campus administration statewide. Charter schools’ small staff size may elevate administrative proportions.

*Charter school administrators have lower salaries.* Both central and campus charter school administrators are paid less than those in traditional public schools. In 2004-05, the average central administrator salary in charter schools (\$61,345) was about \$11,000 below that for central administrators in traditional public schools (\$72,590). Likewise, the average campus administrator salary in charter schools (\$46,210) was about \$15,000 below that for central administrators in traditional public schools (\$61,615). Over the past four years, the percentage increase in salary for charter campus administrators has been similar to the increase in traditional public schools. However, the percentage increase for charter central administrators has been almost double the increase for central administrators in traditional public schools.

## Charter School Academic Performance

### Accountability Ratings

In 2005, nearly half of charter districts (46 percent), but no traditional public school districts, were rated under the alternative education accountability procedures. Of those charters, 83 percent received Academically Acceptable ratings (Table 3). For the standard accountability procedures, approximately equal percentages of charter (2 percent) and traditional public school districts (1 percent) were rated Exemplary. However, lower percentages of charter districts than traditional public school districts were rated Recognized (10 versus 16 percent) and Academically Acceptable (62 versus 82 percent), and higher percentages of charter than traditional public school districts were rated Academically Unacceptable (22 compared to 1 percent) in 2005.

**Table 3. District Accountability Ratings for 2005**

Rating Category	Charter Schools		Traditional Public Schools	
	Number	Percent	Number	Percent
<b>Standard Accountability Procedure</b>				
Exemplary	2	2	9	1
Recognized	10	10	162	16
Academically Acceptable	64	62	851	82
Academically Unacceptable	23	22	14	1
Not Rated: Data Integrity Issues	4	4	1	< 1
Total	103	100	1,037	100
<b>Alternative Education Accountability Procedure</b>				
Academically Acceptable	74	83	0	0
Academically Unacceptable	15	17	0	0
Not Rated: Other	0	0	0	0
Total	89	100	0	--

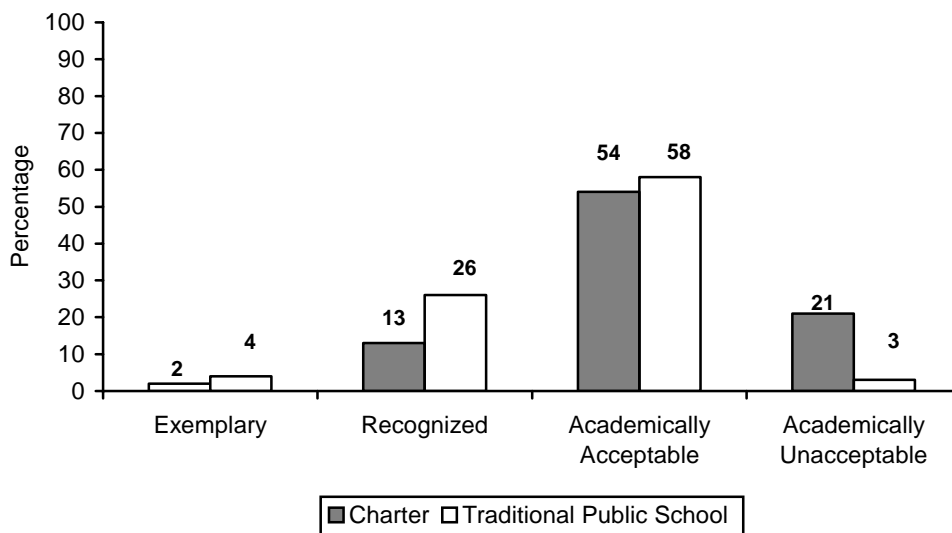
Source: 2004-05 AEIS data files.

Similar to districts, about half of charter campuses (53 percent) in 2005 were rated under alternative education accountability procedures. Of those charter campuses, 89 percent received Academically Acceptable ratings compared to 95 percent of traditional alternative education campuses (Table 4). For campuses rated under standard procedures, small percentages of charter campuses achieved Exemplary (2 percent) or Recognized (13 percent) status. Traditional public school campuses, in contrast, had higher percentages of Exemplary and Recognized ratings (a combined 30 percent). About equal percentages of charter (54 percent) and traditional campuses (58 percent) were rated Academically Acceptable. In contrast, proportionally more charter campuses earned Academically Unacceptable ratings (21 percent versus 3 percent for traditional campuses). Overall results illustrated in Figure 5 reveal that about 75 percent of charter campuses received one of the two lower accountability ratings.

**Table 4. Campus Accountability Ratings for 2005: Charter and Traditional Public Schools**

Rating Category	Charter Schools		Traditional Public Schools	
	Number	Percent	Number	Percent
<b>Standard Accountability Procedure</b>				
Exemplary	3	2	301	4
Recognized	18	13	1,891	26
Academically Acceptable	74	54	4,282	58
Academically Unacceptable	29	21	204	3
Not Rated: data Integrity Issues	14	10	668	9
Total	138	100	7,346	100
<b>Alternative Education Accountability Procedure</b>				
Academically Acceptable	140	89	252	95
Academically Unacceptable	18	11	13	5
Not Rated: Other	0	0	1	0
Total	158	100	266	100

Source: 2004-05 AEIS data files.



**Figure 5. Percentage of charter and traditional public school campuses, by 2005 standard rating category (excluding “not rated” categories)**

Accountability ratings for standard charter campuses were similar in 2004 and 2005. The percentage of charter campuses receiving Exemplary or Recognized ratings decreased slightly in 2005, while the percentage receiving Academically Acceptable ratings increased slightly, and the percentage receiving Academically Unacceptable ratings was the same both years (Table 5). These trends generally mirror those for traditional public schools and reflect the effect of increasingly rigorous accountability standards in the current year. For alternative education campuses, ratings were discontinued for 2004 to facilitate the redesign of accountability procedures.

**Table 5. Accountability Ratings of Charter and Traditional Public School Campuses, 1999 to 2005**

Rating	1999	2000	2001	2002	2004	2005
<b>Charter Schools</b>						
<b>Standard<sup>a</sup></b>						
Exemplary	13%	8%	5%	16%	6%	2%
Recognized	20%	11%	9%	10%	16%	15%
Academically Acceptable	47%	49%	42%	34%	55%	60%
Academically Unacceptable <sup>b</sup>	20%	32%	44%	40%	23%	23%
<i>N</i> rated	15	63	96	94	129	124
<i>N</i> not rated <sup>c</sup>	45	81	31	35	145	14
<b>Alternative Education<sup>d</sup></b>						
Commended	n/a	0%	2%	3%	--	--
Acceptable	83%	27%	38%	58%	--	89%
Needs Review	17%	73%	61%	39%	--	11%
<i>N</i> rated	6	33	62	106	--	158
<b>Traditional Public Schools</b>						
<b>Standard<sup>a</sup></b>						
Exemplary	18%	20%	24%	30%	8%	5%
Recognized	30%	32%	36%	37%	38%	28%
Academically Acceptable	51%	46%	38%	32%	53%	64%
Academically Unacceptable <sup>b</sup>	2%	2%	2%	2%	2%	3%
<i>N</i> rated	6,206	6,363	6,616	6,444	6,735	6,678
<i>N</i> not rated <sup>c</sup>	160	140	149	659	1,078	668
<b>Alternative Education<sup>d</sup></b>						
Commended	n/a	2%	5%	17%	--	--
Acceptable	n/a	88%	84%	77%	--	95%
Academically Unacceptable	n/a	11%	11%	7%	--	5%
<i>N</i> rated	n/a	859	692	412	--	266

Source: TEA Division of Student Performance Reporting.

Notes. The Commended rating was instituted in 2000. "--" indicates unavailable data. Results for the Alternative Education procedures with traditional public schools exclude charter campuses; standard results include charter campuses.

<sup>a</sup> Percentages based on four ratings. Not Rated categories were excluded.

<sup>b</sup> Prior to 2004 called Low-Performing.

<sup>c</sup> Includes campuses not rated for data quality, grades PK-K, new charter, and insufficient data. In 2004, includes alternative education campuses and campuses with insufficient data, for new campuses that would otherwise be Academically Unacceptable, or for Juvenile Justice Alternative Education or Disciplinary Alternative Education campuses.

<sup>d</sup> Alternative Education categories were discontinued for 2004.

### **Statewide TAKS Performance**

*Compared to statewide averages, students in charter schools have lower TAKS passing rates.*

Compared to public schools statewide, charter school TAKS passing rates for 2005 are 8 percentage points lower in writing, 11 points lower in reading/English language arts, 14 points lower in social studies, 19 points lower in mathematics, 25 points lower in science, and 18 points lower in all tests taken (Table 6). Commended performance rates are also lower for all tested areas. In addition, the charter school differences with statewide averages persist across ethnic and economic comparison groups. The achievement gap between charters and traditional public schools is smallest for African American students (6 percentage points) and largest for White students (20 points).

**Table 6. 2005 TAKS Passing Rates by Comparison Group**

Passing TAKS	Standard Campuses		Alternative Education Campuses		All Charters	State Average
	Charters	State	Charters	State		
Reading/English language arts	82	83	59	55	72	83
Mathematics	68	72	30	22	53	72
Science	53	64	24	24	38	63
Social Studies	85	87	63	60	73	87
Writing	87	90	71	79	82	90
All Tests Taken	58	62	26	20	44	62

*Source:* 2005 TEA AEIS reports; sum of all grades tested, panel recommendation.

*Notes.* Data are averages across students. Alternative Education refers to the 158 charter campuses and 266 traditional campuses rated under alternative education accountability procedures. Standard refers to the 138 charter campuses and the 7,346 traditional campuses rated under standard accountability procedures. Charter school students are removed from the state average.

### **Comparisons for Charter Schools and Similar Traditional Schools**

*Charter school students are very different than students in other Texas public schools.* Charter students are more ethnically diverse and economically disadvantaged than students in traditional public schools. Thus, in Table 6, TAKS results for standard charter campuses are compared with traditional public schools evaluated under standard procedures to allow for more equitable comparisons of student performance. Additionally, for alternative education charters, comparisons are made with alternative education campuses in traditional districts.

*TAKS passing rate comparisons for standard charter campuses and traditional public schools favor traditional public schools.* Differences are 1 percentage point in reading/English language arts (82 versus 83 percent), 2 percentage points in social studies (85 versus 87 percent), 3 percentage points in writing (87 versus 90 percent), 4 percentage points in math (68 versus 72 percent) and all tests taken (58 versus 62 percent), and 11 percentage points in science (53 versus 64 percent).

*TAKS passing rate comparisons for alternative education charter campuses and traditional alternative education campuses favor charters in most subjects.* Passing rate differences favoring alternative education charters include 3 percentage points in social studies (63 versus 60 percent), 4 percentage points in reading/English language arts (59 versus 55 percent), 6 percentage points in all tests taken (26 versus 20 percent), and 8 percentage points in math (30 versus 22 percent). In science, passing rates are identical for charters and traditional campuses (24 percent). Traditional alternative education campuses report passing rates in writing that are 8 percentage points higher than rates for alternative education charters (79 versus 71 percent).

*There are subject-specific, grade-level, and charter school type differences in TAKS performance.* In reading/English language arts and mathematics, younger charter school students tend to perform better than older charter school students (grades 9, 10 and 11). In these two content areas, the passing rate gaps between charter schools and traditional public schools tend to be smaller in the lower grades and larger in the higher grades. In addition, the passing rate gaps tend to be larger in mathematics than in reading/English language arts. Also, the TAKS passing rates were consistently lower for alternative education charter schools.



## **Other Performance Measures**

*Compared to traditional public schools, students in charter schools have lower graduation rates but results are mixed for other advanced academic indicators.* Charter high school graduation rates are much lower than the state average (40 versus 85 percent), with charter graduation rates lower compared to traditional standard campuses (49 versus 86 percent), and traditional alternative education campuses (36 versus 42 percent). Students in charter schools also have lower percentages of advanced course completions (about 13 percentage points lower). Students in standard charters trail students at traditional standard campuses by about 9 percentage points in advanced course completions whereas differences for alternative education campuses are small.

Compared to traditional standard campuses and state averages, much lower percentages of charter school students completed the Recommended High School Program (RHSP) in 2004. For example, 54 percent of standard charter school students completed the RHSP compared to 70 percent for traditional standard campuses. On the other hand, for alternative education campuses, 28 percent of students in charters completed the RHSP in 2004 compared to 23 percent for students in traditional alternative programs. Differences between charter and traditional public school students' performance on college entrance examinations (SAT and ACT) are difficult to interpret because of the vastly different percentages of students taking exams. Only 6 to 9 percent of charter students took college entrance exams between 2001 and 2004 compared to 63 to 64 percent for the state as a whole.

## **Factors Associated with Student Performance**

*Longitudinal results show that student academic performance in both standard and alternative education charters improved between 2004 and 2005.* Alternative education charters had slightly larger passing rate gains than standard charters. Moreover, students enrolled in charter schools for two consecutive testing periods had higher TAKS passing rates than charter school students as a whole. In fact, in 2005 students enrolled in *standard* charters for two years performed at state levels in both reading/English language arts and math. Students enrolled in *alternative education* charters for two years performed well below state levels (about 20 percentage points lower in reading/English language arts and more than 30 percentage points lower in math).

*Continuous enrollment in charter schools has a positive effect on achievement.* Statistical analyses show that continuous enrollment in charter schools positively influences academic performance. These analyses, which controlled for students' prior academic and social backgrounds, found that consecutive years spent in a charter school was a positive predictor of 2005 TAKS reading/English language arts and math scores. Spending four, as opposed to two, consecutive years in charter schools would result in a student gain of about 11 scale score points in both subjects. Comparisons with the overall charter school student population show that the students in these analyses were fairly representative of charter school students across the state.

*Student attendance was an important predictor of charter school achievement.* After controlling for students' social and academic backgrounds, as well as charter school type, campus-level student attendance was an important predictor of charter school achievement in both reading/ELA and math. It is clear that if charter schools improved student attendance, school achievement would improve. In addition, alternative education charters have much more room for improvement, having many more campuses with low attendance rates.

*Alternative education charters did not perform as well as standard charters.* Even after controlling for students' academic and social backgrounds and consecutive years in a charter school, alternative education charters did not perform as well as standard charters. The alternative education charter school deficit was roughly 17 TAKS scale score points in reading/English language arts. This is an appreciable deficit at the school level.

*The length of the school day and time spent on homework predicted charter school achievement.* The length of the school day and time spent on homework were significant positive predictors of charter school 2005 TAKS reading/ELA and math scores, after controlling for students' academic and social backgrounds. A one hour increase in schooling time could result in a 4.9 percent increase in mean charter school TAKS reading/ELA scores and a 4.3 percent increase in mean charter school TAKS math scores. In addition, net of students' academic and social backgrounds, homework time had a positive effect on average charter school TAKS reading/ELA and math scores.

### **Charter School Revenues and Expenditures**

*Texas open-enrollment charter schools continue to receive the overwhelming majority of their funding from state and federal sources.* Absent the authority to impose local taxes, charter schools receive no local tax funding. In 2003-04, the percentage of charter school revenue from the state declined very slightly, from 82.4 to 82.2 percent. Federal funds also declined slightly (from 14.5 to 14.2 percent), while the percentage of other local and intermediate funding increased (3.1 to 3.6 percent).

*On average, charter school per-pupil revenues were lower than those of traditional public schools.* Charter schools received \$8,098 per student in ADA revenue in 2003-04 compared to \$8,712 for traditional public schools (see Table 7). Between 2002-03 and 2003-04, the average per student revenue for charter schools has decreased, and the revenue gap between charters and traditional districts has increased by \$301, from \$313 to \$614.

**Table 7. Average Revenue per-ADA for Charter Schools and Public Schools Statewide for 2003-04**

Revenue Source	Standard AP (N=93)	Alternative Education AP (N=70)	All Charter Schools (N=163)	Traditional Public Schools <sup>a</sup>
State	\$6,330	\$7,054	\$6,655	\$3,022
Federal	893	1,474	1,154	889
Local tax	0	0	0	4,398
Other local <sup>b</sup>	296	282	290	403
Total revenue	\$7,519	\$8,810	\$8,098	\$8,712

*Source:* Actual financial records provided by PEIMS for 2003-04 (the most recent available).

*Note.* Amounts are rounded to the nearest dollar. AP means accountability procedures.

<sup>a</sup>Statewide data do not include charter schools, so figures may differ from other state reports. State revenue data excludes recapture.

<sup>b</sup>Charter school funding from other local sources comes primarily from grants and donations.

*In 2003-04, alternative education charters received more total revenue per pupil (\$8,810) than charter schools evaluated under standard procedures (\$7,519).* Alternative education charter schools receive more revenue from federal sources. The largest contrast between alternative education charters and standard charters is that the former spend \$729 or 17 percent more per pupil for instruction. Alternative education charters schools also have higher per-ADA expenditures than

standard charters. This probably reflects the additional expenditures required to educate special student populations, such as special education and compensatory education students, or students in residential care and treatment.

*Instruction accounts for the greatest per-student expenditure for charter schools.* Instruction (\$3,823) is followed by expenditures for plant maintenance and operations (\$1,143), general administration (\$918), and school leadership (\$586).

*Charter schools have higher general and school administrative costs than traditional public schools.* Charter schools' small size, coupled with the absence of central administrative infrastructure and an inability to take advantage of economies of scale, may be factors that contribute to their relatively high general administrative and school leadership costs.

## **Perspectives of Charter School Directors, Teachers, and Students**

The 2005 director, teacher, and student survey results presented in this report mark the final phase in a three year cycle (2003-2005) in which surveys were mailed to approximately one-third of the charter schools operating during the previous school year. In the spring of 2003, surveys were mailed to a randomly selected sample of charter schools comprised of 34 percent of the 180 charter schools that operated the majority of the 2001-02 school year. In 2004, surveys were mailed to a randomly selected sample comprised of 34 percent of the 185 charter school operating during the 2002-03 school year, omitting charters surveyed in 2003. And in 2005, surveys were mailed to a randomly selected sample comprised of 33 percent of the 190 charter schools operating during the 2003-04 school year, omitting charters surveyed in 2003 and 2004. This sampling strategy ensured that survey results were unique from year to year and that most of Texas's charter schools had an opportunity to participate in the evaluation.

The sections that follow summarize the results of the 2005 charter director, teacher, and student surveys and make connections to the results of previous years' surveys, identifying trends and changes in response patterns that may reflect shifts in the conditions affecting charter schools, their staffs, and students.

### ***Charter School Directors***

*As a whole, charter school directors continue to be relatively experienced and their professional credentials have improved over time.* Consistent with previous years' survey results, 2005's sample of directors has had, on average, 13 years experience working as school administrators and more than 11 years teaching experience. In terms of educational backgrounds, charter directors have improved their standing across survey years. In 2005, more than 30 percent of directors said they held a doctorate, compared to only 16 percent of directors in 2003. In addition, the number of charter directors holding mid-management certification has increased dramatically over the three survey years. In 2003, only 18 percent of directors indicated they held mid-management certification, but in 2005, more than half (51 percent) of directors were certified.

*Directors continue to report that inadequate finances and facilities, burdensome paperwork and reporting requirements, and difficulty recruiting teachers are barriers to operating charter schools.* Directors indicate that the barriers to operating charter schools have remained about the same across survey years. Directors consistently report that inadequate finances and facilities, burdensome

paperwork and reporting requirements, as well as difficulty recruiting qualified teachers are central obstacles to operating charter schools. Directors say that they tend to rely on educational service centers (ESCs) for assistance with most operational concerns but turn to TEA for help with financial matters and to business and community groups for help with fundraising issues.

*Directors identify student absenteeism and tardiness as the most prevalent behavior problems in charter schools.* Directors consistently respond that the most prevalent behavior problems in charter schools are absenteeism and tardiness. 2004's survey results were somewhat unique because the proportion of directors responding that physical conflicts and vandalism were problems was notably larger than either the 2003 or 2005 survey. Sixty-six percent of 2004's directors said that physical conflicts were a problem (compared with 50 percent in 2005 and 18 percent in 2003), and 62 percent said that vandalism was a problem (compared with 35 percent in 2005 and 48 percent in 2003).

*Directors consider the provision of choice for parents and students to be a primary benefit of charter schools.* In each survey year, directors respond that providing choice to parents and students is the primary benefit of charter schools. Directors also feel charters are valuable because they serve students who are struggling academically or have trouble in fitting into the traditional district model. In addition, directors say that charter schools' flexibility in designing unique programs spurs educational innovation. In terms of policy recommendations, across all survey years, charter directors indicate that charter school funding formulas need to be adjusted to provide increased revenues for charter school operations, emphasizing a particular need for facilities funding. Directors stress that Texas's public school accountability provisions must recognize that charters enroll large proportions of at-risk students and that standardized test scores may be inappropriate measures of charter school effectiveness.

### **Charter School Teachers**

*Nearly all charter school teachers report holding at least a bachelor's degree, and the proportion of teachers with graduate degrees and either with certification or working toward certification has increased across time.* Teachers' responses about their educational backgrounds have remained relatively constant across the three survey years. Each year, more than 90 percent of teachers indicate that they hold a bachelor's degree; however, the proportion of teachers holding graduate degrees has increased across time. In 2005, 23 percent of teachers said they hold a master's or doctorate degree compared with 18 percent of 2003's teachers. In addition, 90 percent of 2005's charter teachers indicate they either have or are working toward Texas teacher certification, compared with 84 percent of teachers in 2004 and 79 percent in 2003.

*Teachers seek employment at charter schools in order to be involved in educational reform, work with like-minded colleagues, work in smaller environments, and have greater autonomy.* Charter school teachers consistently say they enjoy being involved in an educational reform effort, appreciate working with like-minded educators, and prefer the autonomy and small school environments offered by charters.

*Charter teachers have a generally positive perception of their work environments.* Across survey years, teachers indicate that their charter schools have high expectations for students and meet students' needs, and teachers say they are satisfied with the curriculum, leadership, and level of support for teacher autonomy they experience in charters. On the less positive side, more than 60

percent of teachers responding to each year's survey indicate that they work in buildings in need of improvement.

*Teacher turnover in charter schools is more than twice that of traditional public schools.* In 2005, charter schools had an average teacher turnover rate of about 43 percent compared with 18 percent in traditional district schools. Teachers' survey responses indicate that frustration with lack of administrative support, low salaries, and plans to relocate are frequent causes of turnover in charter schools.

### **Student Satisfaction with Charter Schools**

*The decision to attend a charter school is strongly influenced by the students' and parents' perceptions of teacher and school quality.* Many students also reported that they chose to attend a charter school because their previous teachers did not help them enough, and their grades at their previous schools were poor. Students at standard charters were more likely than students at alternative education charters to choose a charter school because it offered more challenging classes than those available at their previous schools. The overwhelming majority (85 percent) of survey respondents attended a public school before enrolling at their current charter school.

*Student satisfaction with charter schools increased slightly in the current survey year.* Comparisons between 2004 and 2005 surveys revealed higher ratings for 10 out of 14 statements used to gauge student satisfaction. Most charter students agreed that they work hard at their school, and have teachers who know them by name, help them understand concepts, and encourage them to think about their future. Students were less likely to say that other students help them learn, or that students at the school are interested in learning. Less than a third of survey respondents agreed that they had more homework at their current school. Students attending alternative education campuses had slightly lower mean satisfaction ratings than standard charter students.

*Students consistently report that their grades improve in charter schools.* As in prior survey years, students reported that their grades improved after moving to a charter school. Students at alternative education charters reported larger grade improvements than students at standard campuses.

*Asked about their future, students in alternative education charter schools more often plan to get a job, whereas more students in standard charters intend to pursue higher education.* When asked about their future plans, just over half of charter students reported that they planned to attend a four-year or community college. Students attending alternative education charters were more likely to report planning to get a job than standard charter students, and less likely to say that they would pursue higher education.

*Students in alternative education charters appreciate their schools' shorter school days, working at their own pace, and individual attention—students in standard charters praise teachers' helpfulness and high expectations and appreciate small classes and safety.* Many students from alternative education charters attend charters using a self-paced educational program with an abbreviated daily schedule. Thus, when asked about the most positive aspects of their schools, these students said they enjoyed working at their own pace and only attending school for half a day. They also appreciated the one-on-one attention received from teachers. In contrast, students at standard charters praised their attentive and helpful teachers, who many students said had high

expectations for student behavior and performance. These students also appreciated the small class size and sense of safety at their schools.

*The percentage of students saying they will return to their charter for the next school year has declined across years.* About 39 percent of students surveyed in 2005 reported that they would attend their current charter school in the following year. Alternative education charter students were slightly more likely than standard charter students to say that they planned to return (36 percent versus 41 percent). In contrast, the percentage students reporting that they intend to return to their charter school was 55 percent in 2003 and 43 percent in 2004.

## **Policy Implications for Texas Charter Schools**

Since the Texas state legislature passed the first charter school law in 1996, the Texas charter school system has grown dramatically. While the initial law allowed for only 20 open-enrollment charter schools, the cap was gradually raised by the state legislature, reaching in 2001, its current level of 215 open-enrollment charters. There is no cap on the number of schools sponsored by public senior colleges and universities. While charter advocates have urged lawmakers to raise the charter cap during recent legislative sessions, no changes to the charter law have been made.

Attention has also fallen on the Texas charter school finance system, especially the revenue gap between charter schools and traditional districts. A recent report by the Fordham Institute found that Texas charter schools received 13.7 percent less funding than traditional districts, a gap of \$1,155 (Finn, Hassel, & Speakman, 2005). In contrast, a 2006 study by TCER found that Texas charter schools received roughly 96 percent as much revenue per ADA as traditional districts in 2003-04, a gap of \$614. The revenue gap is largely attributable to differences in facilities funding for charters and traditional districts (TCER, 2006). Charters school advocates have grown more vocal in their calls for greater state funding for charter schools, including facilities funding. However, the charter school finance system is in the midst of a transition from a system linking per-pupil funding to the characteristics of the student's resident district to a system based on statewide averages. It remains to be seen whether the current funding gap between charters and traditional school districts will change once the transition to the new system is completed in 2012.

When Senate President David Dewhurst issued his interim charges to the Senate Finance committee in February 2006, he included a charge to "Evaluate the impact of successful school choice programs on students, parents, and teachers." He also charged the committee to study the state's facility infrastructure needs for public schools and make recommendations about how to "create effective models for state funding as well as efficient methods to ensure responsible use of public tax dollars" (Texas Senate, 2006). It is likely that the Texas legislature will soon debate raising the charter school cap and establishing facilities funding for charter schools, among other issues related to school choice. Lawmakers may consider these issues during the 80<sup>th</sup> Legislative Session, beginning in January 2007.

## References

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