

TEXAS CHARTER SCHOOLS

2006-07 Evaluation

EXECUTIVE SUMMARY

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For additional information about TCER research, please contact:

Catherine Maloney, Director
Texas Center for Educational Research
12007 Research Blvd.
P.O. Box 679002
Austin, Texas 78767-9002
Phone: 512-467-3632 or 800-580-8237
Fax: 512-467-3658

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Contributing Authors

Texas Center for Educational Research
Catherine Maloney, Ph.D.
Daniel Sheehan, Ed.D.
Veronica Brinson, Ph.D.
Fanny Caranikas-Walker, Ph.D.
Ryan Reyna, M.P. Aff.

Moak, Casey & Associates, LLP
Chang-Ross Consulting
DataSource

Prepared for

Texas Education Agency
1701 N. Congress Avenue
Austin, Texas 78701-1494
Phone: 512-463-9734

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EXECUTIVE SUMMARY

This year's evaluation of Texas charter schools differs from those of previous years in that it includes all classes of Texas charter schools—open-enrollment charter schools, campus charter schools, university charter schools, and home-rule charter schools. Past evaluations were limited to open-enrollment charter schools, which comprise the largest class of Texas charter schools, and expanding the 2006-07 evaluation to include all types of charter schools provides a valuable opportunity to examine the differences that may exist between types of charter schools as well as between charter and traditional district schools.

DATA SOURCES

As in past years, the 2006-07 evaluation relies heavily on archival data collected by the Texas Education Agency (TEA) through the state's Public Education Information Management System (PEIMS) and the Academic Excellence Indicator System (AEIS). In addition, the evaluation includes data collected through surveys of charter school directors, charter students, traditional district representatives, and parents of students enrolled in charter schools as well as parents of students enrolled in traditional district schools.

Throughout the report comparisons are made between open-enrollment and campus charter schools as well as with traditional district schools. In order to keep this year's open-enrollment findings consistent with those of previous years, analyses do not disaggregate university charter schools from the larger class of open-enrollment charter schools. Because no home-rule district charter schools operated in 2006-07, home-rule charter schools are not included in analyses. However, the report does include a discussion of the legal framework for home-rule charter schools.

In addition to analyses by school type, the evaluation also presents findings for charter schools rated under standard and alternative education accountability (AEA) procedures. Texas has established separate accountability procedures for schools serving predominantly at-risk students and registered as AEA campuses because such schools often confront different educational challenges than schools that serve proportionately fewer at-risk students. In 2006-07, 44% of Texas' open-enrollment charter schools were characterized as AEAs. In contrast, 9% of campus charter schools and only 3% of the state's traditional district schools were registered as AEAs in 2006-07.

BACKGROUND

Texas' program of charter schools began with legislation passed in 1995. Texas' charter school law initially provided for three classes of charter schools: home-rule, campus, and open-enrollment charter schools (Texas Education Code [TEC] §12.002). In 2001, Texas legislators amended the state's charter school law to provide for university charter schools, a form of open-enrollment charter granted to public senior colleges or universities. Although the regulatory provisions vary by class, each type of charter school operates relatively free of most state and local school requirements. Texas operates one of the nation's largest charter school programs. In the fall of 2007, Texas charter schools ranked fourth in terms of the number of students enrolled

and fifth in terms of the number of schools operated (Center for Education Reform [CER], 2008).

Classes of Texas Charter Schools

Home-rule charter schools (Subchapter B). A home-rule charter is established when an entire school district elects to convert to charter status. Home-rule charter proposals may be adopted if approved by majority vote in an election in which at least 25% of the district's registered voters participate (TEC §§12.021-12.022). The voter participation requirement of the home-rule charter is a substantial hurdle for districts, and as of this writing, no Texas district has sought home-rule conversion.

Campus charter schools (Subchapter C). Individual schools within a traditional school district may opt to convert to charter school status under Texas provisions for a campus or campus program charter. In order to become a campus charter school, a majority of the school's teachers and the parents of a majority of students in the school must sign a petition requesting conversion. The petition is presented to the district's governing board, which may not arbitrarily deny the request. In addition, the district's governing board may grant charters for a new district campus or a program operated by an entity that has contracted to provide educational services to the district (TEC §12.0521). Campus charter schools remain the legal responsibility of the district's school board and receive state and local funding (TEC §§12.051-12.065). Fifty-six campus charter schools operated during the 2006-07 school year. Campus charter schools were located in nine districts across the state, and 86% were located in either the Houston Independent School District or the San Antonio Independent School District.

Open-enrollment charter schools (Subchapter D). Texas open-enrollment charter schools are entirely new public schools created by "eligible entities," such as nonprofit organizations, universities, or local government groups (TEC §12.101). Open-enrollment charter schools are sponsored by the State Board of Education (SBOE) and are authorized for a period of five years. Charter schools receive state funding and are eligible for federal categorical programs, such as special education and Title 1 funding for disadvantaged students. Because open-enrollment charter schools have no taxable property, they do not receive local property tax revenues and are more reliant on state funding than traditional district schools. The charter school's governing board retains legal responsibility for the management, operation, and accountability of the school (TEC §12.121) and is permitted to contract school management and instructional services from for-profit educational vendors (TEC §12.125). With 314 campuses operating in 2006-07, open-enrollment charter schools comprise the largest proportion of Texas charter schools.

College or university charter schools (Subchapter E). In 2001, the Legislature amended Texas' charter school law to allow for an "open-enrollment charter school to operate on the campus of a public senior college or university or in the same county in which the campus of the public senior college or university is located" (TEC §12.152). University charter schools are subject to largely the same regulatory provisions as open-enrollment charter schools, but must be supervised by a faculty member with expertise in educational matters and the school's financial operations must be overseen by the university's business office (TEC §12.154). Only 17 university charter schools operated during the 2006-07 school year. As noted above, results for university charter schools are not disaggregated from the larger class of open-enrollment charter schools in the evaluation's analyses.

As shown in Figure 1, campus charter schools have grown at a much slower rate than open-enrollment charter schools. Texas' open-enrollment charter schools experienced a period of rapid expansion from 1998 through 2000. This growth was largely the result of 1997 legislation that raised the number of permissible charters to 100 and allowed for an unlimited number of "75% Rule" charters designed to serve large proportions (75% or more) of students at risk of failure or dropping out. During the 2000-01 school year, nearly a third of Texas' 160 operating charter schools (32%) were characterized as 75% Rule charters.

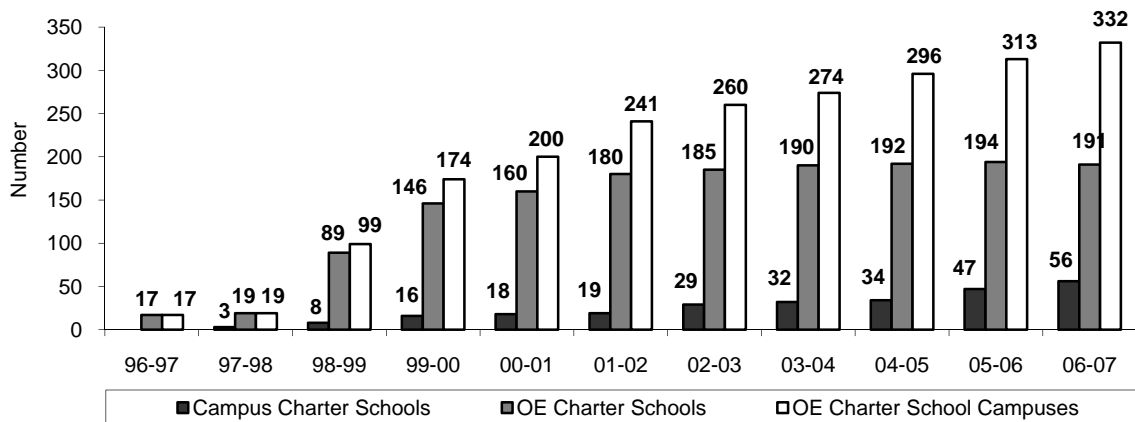


Figure 1. Number of Texas campus charter schools and open-enrollment charter schools and campuses, 1997-2006.

The rapid growth of open-enrollment charter schools coupled with concerns over the new schools' academic and fiscal accountability caused the Legislature to cap the number of permissible open-enrollment charters at 215 and to eliminate the 75% Rule designation in 2001. In addition, SBOE and the TEA revised the open-enrollment charter school application process to include more detailed information about charter school applicants and more rigorous examination of their educational plans. These changes have slowed the expansion of open-enrollment charter schools, but because Texas allows charter schools to operate multiple campuses under a single charter, the growth of open-enrollment charter campuses has remained steady as existing schools replicate their programs in multiple locations.

MAJOR FINDINGS

Characteristics of Texas Charter Schools

- Forty five percent of open-enrollment and 66% of campus charter schools operating in 2006-07 had been in operation five or fewer years.
- Open-enrollment charter schools enroll about 243 students and campus charter schools enroll about 389 students, on average, compared with enrollments of about 568 students in traditional district schools.
- Charter schools enroll larger proportions of minority and low-income students and smaller proportions of White students than traditional district schools statewide. Campus charter schools serve predominantly Hispanic and low-income student populations (see Figure 2).

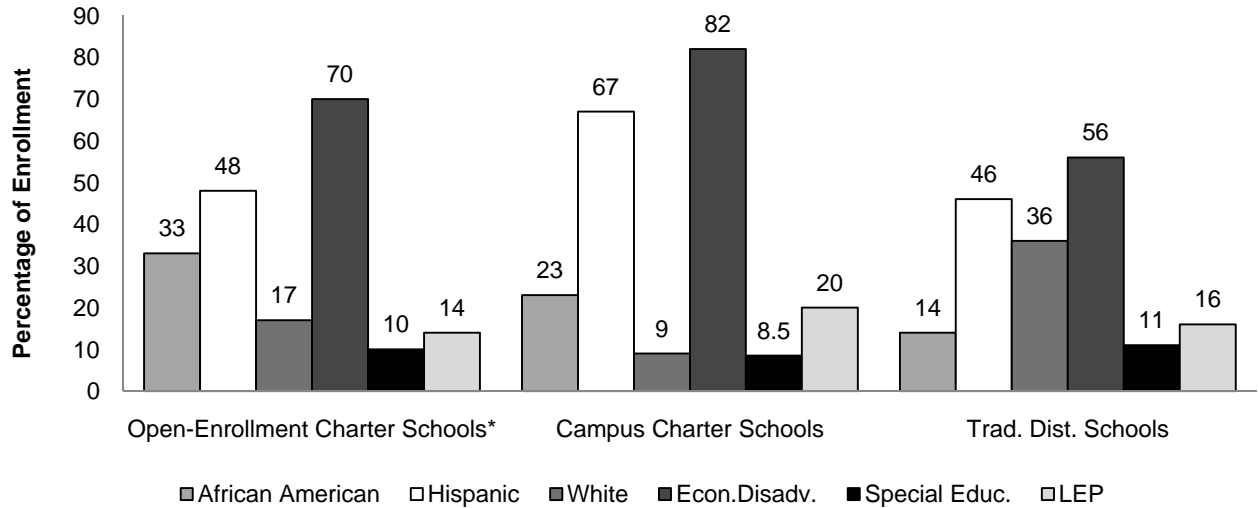


Figure 2. Demographic characteristics of open-enrollment charter schools, campus charter schools, and traditional district schools.

*Open-enrollment totals include university charters

- Administrators and teachers at open-enrollment charter schools earn substantially less than their peers in traditional district schools. Open-enrollment charter school teachers are less experienced and have higher rates of turnover than teachers statewide. Salaries for campus charter school administrators and teachers are comparable to salaries for administrators and teachers and within the sponsoring district. Campus charter teachers are similar to statewide averages in terms of experience and turnover rates.

Open-Enrollment Charter School Revenues

- As shown in Figure 3, open-enrollment charter schools received about \$752 less per student in average daily attendance (ADA) than traditional districts in 2005-06 (the most recent year for which financial data are available). Because open-enrollment charter schools are not able to levy local property taxes, they do not have the same access to local funding as traditional district schools. Texas attempts to offset differences by providing open-enrollment charter schools with proportionately more state revenue than it provides to traditional district schools.

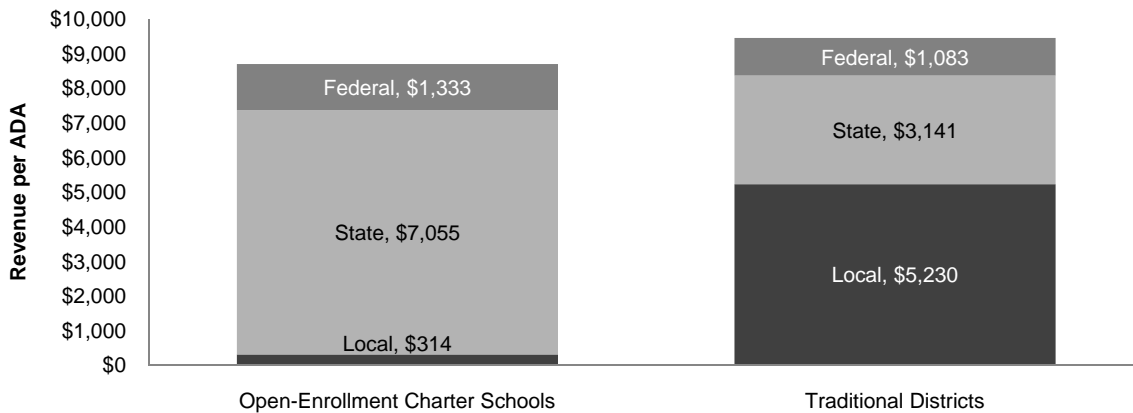


Figure 3. Charter and traditional district revenue per ADA by source: 2005-06.

- The revenue gap between open-enrollment charter schools and traditional districts nearly doubled between 2002-03 and 2003-04, growing from \$313 to \$623 per student. By 2005-06, the gap had expanded to \$752. Consistent with prior evaluations (TCER 2005, 2006, 2007), the primary source of this variation is facilities funding. Traditional districts received \$887 per student through voter-approved bonds and related state facilities support in 2005-06. Open-enrollment charter schools did not have access to a similar revenue stream and must use other resources in order to pay for facilities.

Charter School Academic Performance

Texas requires that charter schools participate in its statewide standardized testing program, and it holds charter schools to the same accountability standards as traditional district schools. Like the state's traditional district schools, charter schools and campuses receive accountability ratings based on their performance on standardized tests as well as school completion and dropout rates. Note that results for open-enrollment and campus charter schools are not directly comparable because of differences in the data available and the types of analyses conducted for each type of schooling.

Open-Enrollment Charter Schools

- In 2006-07, 33% of open-enrollment charter school students were enrolled in AEA programs compared with one-half of 1% of traditional district school students.
- Students at open-enrollment charter schools had lower Texas Assessment of Knowledge and Skills (TAKS) passing rates in all tested areas compared to traditional district schools statewide; however, open-enrollment charter middle school students (Grades 6, 7, and 8) performed nearer to statewide averages than elementary or high school students.
- Students who remained continuously enrolled in an open-enrollment charter school for three or more years had higher TAKS reading/English language arts (ELA) and math achievement, controlling for students' academic and social backgrounds.
- Better attendance rates as well as higher teacher and campus administrator salaries were associated with improved TAKS performance in open-enrollment charter schools.
- Compared to traditional public high schools, open-enrollment charter schools have lower graduation rates, lower percentages of students who complete the Recommended High School Program, and lower advanced course completion rates.

Campus Charter Schools

- Campus charter schools were more likely to be rated *exemplary* or *recognized* than traditional district comparison campuses or traditional district campuses statewide.
- Campus charter schools average TAKS performance exceeded comparison schools and statewide averages in all subjects tested except reading/ELA. Campus charter school students also achieved commended performance at higher rates than comparison schools and schools statewide in all areas tested. Grade level comparisons of TAKS scores indicate that campus charter schools generally had the highest test scores across comparison traditional district schools and district schools statewide for students in Grades 6 through 10.
- Campus charter high schools have lower graduation rates, lower percentages of students who complete the Recommended High School Program, and lower advanced course completion rates compared to comparison schools and state averages.