

TEXAS OPEN-ENROLLMENT CHARTER SCHOOLS *2003–04 Evaluation*

February 2005

Executive Summary

Prepared for Texas Education Agency

Prepared by Texas 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 2005, nearly 3,400 charter schools served close to a million students nationwide, and Texas was one of five states with the most charter schools in operation.¹ 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 190 charter schools and 274 campuses operating in 2003-04. This report presents annual evaluation findings on Texas open-enrollment charter schools for the 2003-04 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

¹ Center for Education Reform (2005). *About Charter Schools*. www.edreform.com (retrieved 2/7/2005).

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. 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 charter school type. Charter schools serving a predominantly at-risk student population are often quite different from those serving fewer students at risk. To capture the variation among the educational missions of charter schools, investigators have grouped charter schools to distinguish between those serving more advantaged students and those serving a preponderance of students who are at-risk of failure or dropout. Charter schools and campuses in this report are frequently divided into two distinct types for analysis: (a) charter schools serving 70 percent or more at-risk students and (b) charter schools serving less than 70 percent at-risk students. Students' PEIMS economically disadvantaged status (eligibility for federal free or reduced-price lunch) is used as a surrogate for at-risk. The 70 percent cut-point, in contrast to 75 percent used in previous evaluations, ensures that charter schools serving as Juvenile Justice Alternative Education Programs (JJAEPs) are included in the comparison group with predominantly at-risk students.

Analysis by years of charter school operation. "Years of operation" refers to the number of school years that a charter school has operated. For this report, comparisons are based on operating years for the original charter school. All campuses associated with a particular charter will have the same length of operation regardless of when individual campuses were created. Analyses include three categories: (a) campuses associated with charters operating six or more years, (b) campuses associated with charters operating four or five years, and (c) campuses associated with charters operating one, two, or three years.

Study Limitations

Several factors complicate the analysis of charter school data. The first issue is data integrity. With the exception of the *TAKS*, the majority of data are self-reported; thus, information often reflects respondents' perceptions. The accuracy of PEIMS data also varies. In 2003-04, charter schools had a higher average Person Identification Database (PID) error rate (4.6%) compared to the state average (0.4%). Secondly, student mobility reduces the number of charter school students included in the state accountability system. Only 58% of charter school students are included in 2003-04 accountability rating system (students enrolled for the fall PEIMS *snapshot* and tested in the same school) compared to 85% of students statewide. Thirdly, TEA identifies charter schools both as districts and campuses, so analyses involve both categories. Some comparisons use charter school-level data (similar to traditional public school districts), whereas others rely on charter school campus-level data—as a result, reported numbers of charter schools vary. Finally, for the majority of comparisons, the school is the unit of analysis. In some instances, however, the student is the analysis unit. For school-level analyses, each school receives equal weight, whereas with the student as the unit, larger schools 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 Texas charter schools and students enrolled in those schools has increased substantially since the first school opened in 1996. During the 1996-97 school year, 17 open-enrollment charter schools operated in Texas. By 2003-04, the number of charter schools in operation reached 190. Over that same time period, the number of charter campuses increased from 17 to 274 (Figure 1). Approximately half (53 percent) of campuses have been operating five years (80 campuses) or six or more years (65 campuses). Across eight years, the number of students enrolled in charter schools has increased significantly, from 2,498 in 1996-97 to 60,748 in 2003-04 (Table 1). Even so, the total charter school student enrollment represents only 1% of the more than four million public school students in Texas.

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

School Year	Total Charter Schools in Operation	Number of 75% Rule Charters ^a	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

Sources: TEA 1997-2004 AEIS data files. Open-enrollment evaluation reports, years one to six (www.tcer.org).

^aThe 75 Percent Rule charter designation was authorized in 1997 and eliminated in 2001.

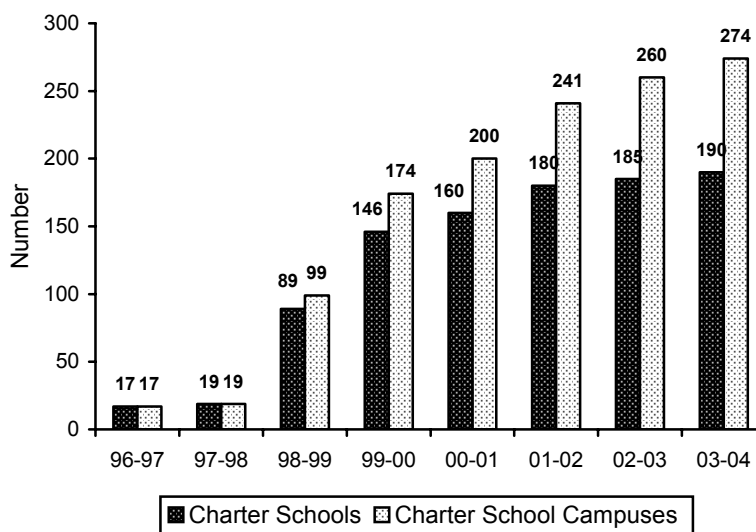


Figure 1. Number of Texas open-enrollment charter schools and campuses, 1997-2004.

Charter school campuses are small compared to traditional public schools. Charter school campuses have an average 2003-04 enrollment of 222 students (about 40% of the traditional public school average enrollment of 552 students). Approximately three-fourths of charter school campuses enroll less than 300 students.

About half of charter campuses served 70% or more at-risk students in 2003-04. Of the 274 charter school campuses, 138 (50%) served 70% or more at-risk students (i.e., economically disadvantaged), and 136 (50%) served less than 70% at-risk students (Figure 2). Note that in 2001-02, 100 campuses (41%) served 70% or more at-risk students, and 141 campuses (59%) served less than 70% at-risk students; thus, the proportion of charter campuses serving predominantly at-risk students has increased.

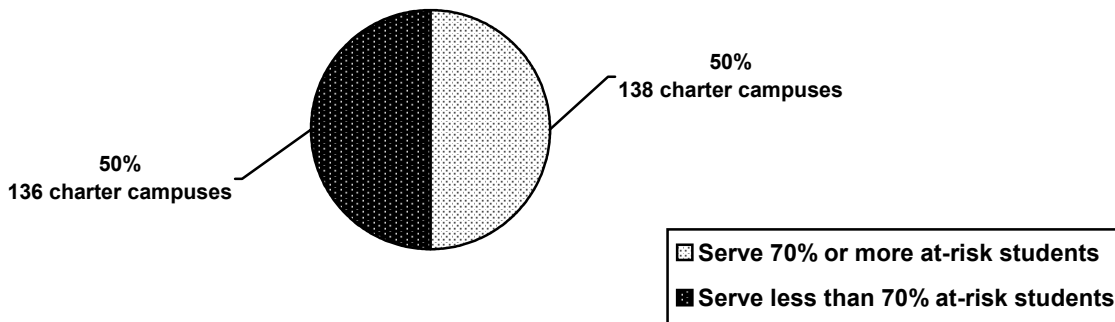


Figure 2. 2003-04 charter campuses by population served.

Through November 2004, 236 charters have been awarded, with 35 of these revoked, returned, rescinded, expired, or merged, and 11 not yet operational. To date, 5 charters have been revoked by the SBOE (a revocation rate of about 2%), 23 returned, 3 have expired, 2 have merged with another charter, and 1 has been rescinded. The revoked charters involve one first-generation school and two second- and two third-generation schools. Of the 20 first-generation schools, 18 have submitted renewal applications and have received renewals for a 10-year period (Texas Education Agency, 2004).

Student Demographics

Texas Charter schools enroll disproportionately more pre-kindergarten and high school students than traditional public schools. Compared to other public schools, charter schools have a greater share of students at pre-kindergarten and at grades 9 through 12. Conversely, charters have proportionately fewer students at kindergarten and grades 1 through 8. Charters enrolling primarily students at-risk have relatively more students at pre-kindergarten and kindergarten through grade 8 and fewer at the upper grades (9-12).

Charter schools serve disproportionately more African American students. Compared to the student population in Texas traditional public schools in 2003-04, charter schools have a substantially higher percentage of African American students (39% versus 14%), a substantially lower percentage of White students (18% versus 39%), and a slightly lower percentage of Hispanic students (41% versus 44%) (Figure 3). Charters serving 70% or less at-risk students enroll substantially more White students (28%) than schools serving primarily at-risk students (7%).

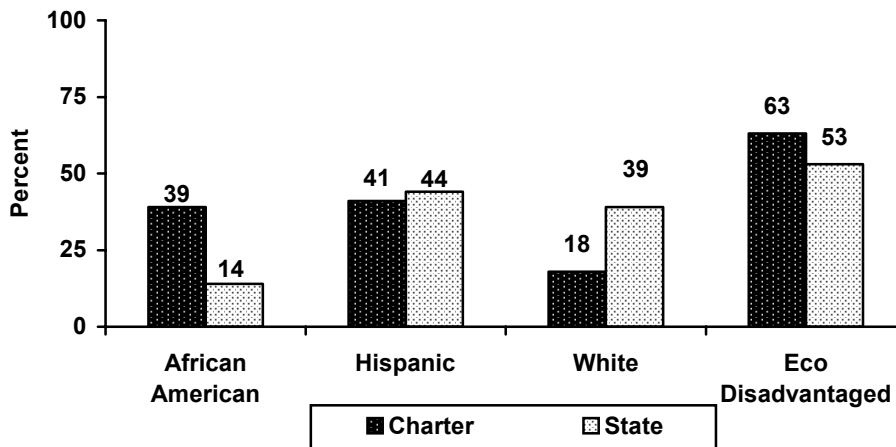


Figure 3. Charter school student demographic data, 2003-04.

Charter school students are somewhat more economically disadvantaged but less likely to be identified for special services. In 2003-04, the percentage of economically disadvantaged students in charter schools (63%) is higher than the state average (53%). However, charter schools have lower percentages of limited English proficient (9%) and special education students (11%) compared to state averages (15% and 12%, respectively).

Student demographics vary by years of charter campus operation. Percentages of White students tend to be higher in newer charter campuses. Well-established charter campuses (six or more years) have the highest percentages of African American students. The percentages of Hispanic students are similar at each level of campus operation. Average school size increases for schools with greater longevity, with new campuses (one, two, or three years) just over half the size of established schools (six or more years).

Over the last four years, the percentages of African American and White students are gradually decreasing, and the percentage of Hispanic students is gradually increasing. Since 2000-01, the percentage of African American students has decreased from 41% to 39%, the percentage of White students has decreased from 20% to 18%, and the percentage of Hispanic students has increased from 37% to 41%. The proportion of economically disadvantaged students has increased from 54% to 63% (Figure 4).

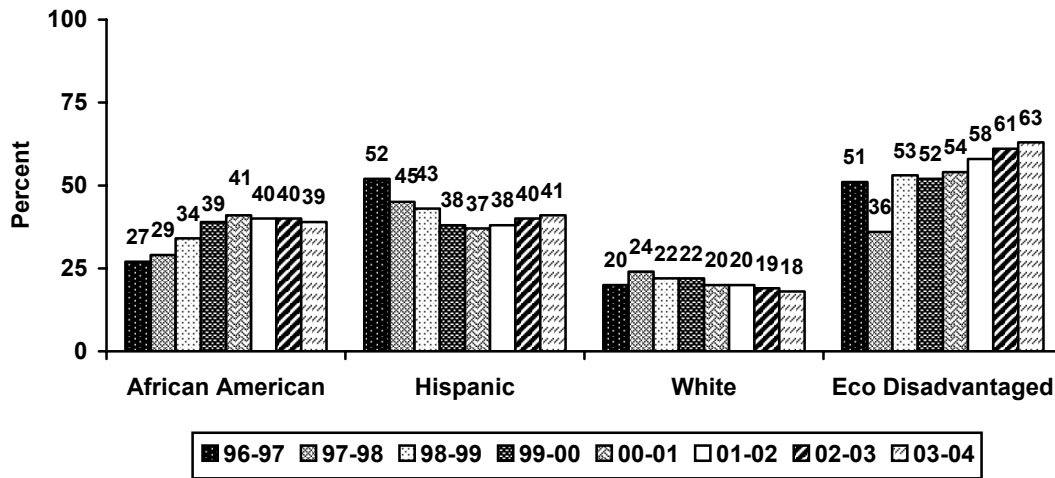


Figure 4. Charter school student demographic trends.

Teacher Characteristics

Charter schools employ disproportionately more minority teachers than traditional public schools. Charter school faculties have more minority teachers (55%) compared to the state (27%), with a greater proportion of African American teachers (32% versus 8%), slightly more Hispanic teachers (20% versus 18%), and substantially less White teachers (45% versus 73%).

Charter schools have less experienced teachers. Charter school teachers in 2003-04, on average, are less experienced (5.4 years) than teachers in traditional public schools (12.0 years). The percentage of charter school teachers with five years or less experience is two times the state average (68% versus 34%).

Charter school teachers are more likely to have no degree. In 2003-04, 9.7% of charter school teachers have no degree compared to 2.2% of traditional public school teachers. Charter school teachers also are slightly less likely to have baccalaureate degrees (75% versus 76%) and advanced degrees (15% versus 17%).

Charter schools have lower teacher salaries and higher teacher turnover. Teachers in charter schools are paid less than those in traditional public schools. In 2003-04, the average teacher salary in charter schools (\$31,758) was about \$8,000 below that for teachers in traditional public schools (\$39,750). The salary gap has remained large across eight years. The turnover rate for teachers in charter schools (44%) is more than twice the state average (20%) in 2003-04.

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). 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 high. Across the eight-year span, the number of charter school teachers increased from 123 to 3,676 (Table 2). Average teacher experience remained low but relatively stable across time (4 to 5 years). Teacher salaries increased from \$25,408 to \$31,758 (about \$6,000), yet are about \$8,000 below the salaries of public school teachers statewide. Student-teacher ratios declined substantially (from 29:1 to 17:1). In the last two years, the percentage of White teachers has increased slightly, while the percentage of African American teachers has decreased slightly. Notably, the percentage of teachers with “no degree” dropped from the 15% to 16% range in 2000-01 to 2002-03 to 10% in 2003-04. Teacher turnover rates are mixed but have decreased the last two years (from 53% to 46% and 44%).

Table 2. Charter School Teacher Characteristics Across Years

Teacher Characteristics	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
Total number (FTE)	123	284	734	1,518	2,024	2,692	3,246	3,676
Average experience	4.3	4.8	5.0	4.7	5.1	5.4	5.2	5.4
Average salary	\$25,408	\$24,222	\$26,944	\$27,460	\$27,755	\$29,343	\$30,585	\$31,758
Student-teacher ratio	28.8	21.5	17.8	16.1	18.4	17.8	16.8	16.8
% with baccalaureate degree	72.9%	70.6%	68.7%	68.7%	69.4%	70.4%	70.4%	74.6%
% with no degree	2.6%	3.8%	9.9%	14.1%	15.8%	15.7%	15.5%	9.7%
% African American	20.2%	24.2%	26.4%	34.2%	35.4%	34.4%	33.7%	32.2%
% White	47.5%	41.9%	47.2%	42.4%	41.2%	42.5%	42.8%	44.6%
% Hispanic	29.1%	25.3%	24.5%	21.8%	21.8%	20.0%	21.2%	20.2%
Teacher turnover rate	--	35.0%	15.2%	51.7%	45.8%	53.0%	46.0%	43.9%

Source. TEA AEIS staff data files.

Administrator Characteristics

Charter schools have proportionately more administrators than traditional public schools. About 3% of charter school staff is central administration, compared to about 2% statewide. Although 9% of charter school staff is campus administration, only 4% 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 2003-04, the average central administrator salary in charter schools (\$59,436) was about \$11,000 below that for central administrators in traditional public schools (\$70,403). Likewise, the average campus administrator salary in charter schools (\$45,977) was about \$15,000 below that for central administrators in traditional public schools (\$60,736).

Charter School Revenues and Expenditures

Charter schools receive most of their funding from the state. Charter schools have no taxable property and thus are funded mostly by the state (82%), although they also receive federal funding (15%) and funding from local sources (3%). Local funding comes primarily from grants and donations (Figure 5).

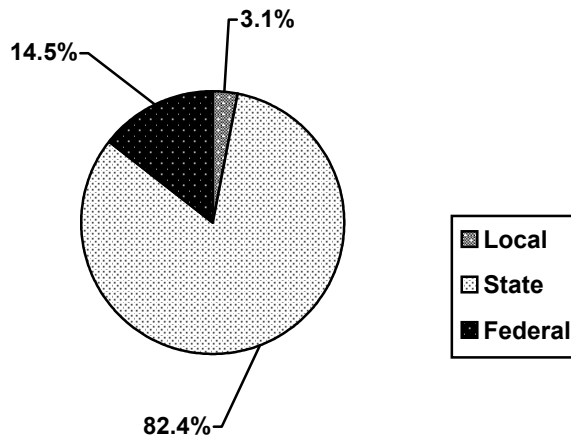


Figure 5. Charter school revenue sources, 2002-03 PEIMS financial records.

In 2002-03, charter schools had per-pupil revenues equal to revenues of public schools statewide. Charter schools averaged \$8,045 per pupil in revenues compared to \$8,029 for public schools statewide. Charter school serving predominantly at-risk students had higher per-pupil revenues (\$8,233) than charter schools serving fewer students at risk (\$7,895).

In all program expenditure categories, public schools statewide expended more per pupil than charter schools. Charter school expenditures per pupil for basic educational services were lower than the state average for all districts (\$2,488 compared to \$3,168). In addition, the per-pupil expenditures for gifted and talented (\$5 compared to \$85), career and technology (\$127 compared to \$202), special education (\$530 compared to \$845), accelerated instruction (\$444 compared to \$458), bilingual education (\$49 compared to \$222), and athletics and related activities (\$18 compared to \$123) were lower for charter schools.

Among function expenditures, instruction accounts for the largest per-pupil expenditure for charter schools. Instruction expenditures (\$3,194) represented 48% of total expenditures. Other relatively large categories included general administration at 14%, plant maintenance and operations also at 14%, and school leadership at 8%. Charter schools serving primarily at-risk students generally spend more per-pupil in most function categories than those charters serving less students at risk.

Charter school per-pupil revenues increased over the last two years. In 2001-02 and 2002-03, the state remained the greatest source of funding for charter schools (77% and 82%, respectively). Across the two school years, there was a total average per-pupil revenue increase of \$1,283 (from \$6,762 to \$8,045).

Perspectives of Charter School Directors

Charter school directors, on average, are highly educated and increasingly reflect the ethnic diversity of their student population. More than half (56%) of directors (responding to the survey) hold a master's degree and 35% have doctorates. Nearly 60% of directors report they have been administrators in public schools, and about 20% have prior experience as private school administrators. Overall, directors (responding to the survey) have 13.7 years experience as administrators. Directors of charter schools with a greater proportion of at-risk students have more years of administrative experience, but are less likely to hold Texas mid-management certification (29% versus 64%). Charter schools with a greater proportion of at-risk students have a higher percentage of Hispanics, but not African Americans, in leadership positions.

Educational programs in charter schools commonly involve multi-age grouping and extended time for learning. The majority of directors report the use of multi-age grouping and extended schedules in their schools. Directors in schools with predominantly at-risk students more often report using extended-day and extended-week schedules, block schedules, and credit through flexible courses. In contrast, directors in schools with fewer students at risk more often report using student and teacher teams.

Educational technology in charter schools is increasing. About 82% of directors indicate their schools have a computer lab (compared to 76% a year ago), with an average of 27 computers available for student use in labs (compared to 19 a year ago). Directors in schools serving predominantly at-risk students report a higher average number of computers available in labs compared to schools serving fewer students at risk (37 versus 19 computers). In contrast, classrooms in schools with fewer students at risk are more likely to have Internet access (79% versus 70%).

Directors continue to cite student tardiness and absenteeism as the greatest discipline problems. Although student discipline and behavior problems in charter schools are generally considered as only *minor problems*, directors most often identify absenteeism (89%) and student tardiness (87%) as problems. While more than half feel physical conflicts among students (66%) and vandalism of school property (62%) are problems, most consider these only *minor problems*. Less than half of responding directors consider student drug or alcohol abuse as problems.

The greatest barrier faced by directors is inadequate finances for ongoing school operations, followed by paperwork and reporting requirements. The majority of responding directors cite inadequate finances (87%) and paperwork and reporting requirements (86%) as barriers to charter school operation. Directors also are challenged by the hiring of teachers, accountability and budgeting and accounting requirements, as well as inadequate facilities.

Charter school directors are seeking assistance from a variety of organizations to support school operations. Many charter school directors rely on support from education service centers (ESCs) for professional development (84%), PEIMS issues (78%), and curricula and instructional issues (64%). Monetary support more often comes from the TEA and business or community groups. In 2003-04, directors report seeking help from the TEA less often (except for business support) and accessing charter networks or support centers more often.

Charter school educators are more likely to contact educators from other charter schools than public school educators. Charter school educators are more likely to interact with other charter schools in the surrounding area rather than with educators in traditional public schools. Altogether, about half of responding charter school directors had some contact with educators at traditional public schools, while 90% had some contact with educators at other charter schools. When contact with public school educators was made, it was most likely at a conference or an ESC event.

Despite existing problems with some charter schools, directors remain optimistic about charter school potential. Charter school directors believe charter schools have benefited public education by providing school choice for students and parents and by spurring innovative or different educational approaches. In addition, directors feel charter schools serve at-risk students and those who do not fit the traditional public school model.

Perspectives of Charter School Teachers

Charter school teachers are attracted by the educational and organizational characteristics of their schools. In making the decision to teach in charter schools, teachers are highly influenced by opportunities to work with colleagues who are of like mind, the chance to be involved in educational reform, small class and school size, and the school's academic reputation. Of lesser importance to teachers is the fear of not finding another position or the desire to be in an environment with less standardized testing.

Although less than half of responding charter school teachers are certified, most report working toward certification. Over one-third of charter school teachers who responded to the survey report being certified to teach either in Texas (37%) or in another state (5%)—however, nearly half (47%) of the uncertified teachers report working to obtain Texas teaching certification.

Teachers use a variety of instructional and assessment methods. Almost all responding teachers provide one-on-one instruction (100%), have students complete individual assignments (98%), utilize small groups (98%), and guide interactive discussions (98%). Other methods, such as multimedia presentations (51%), long-term projects (81%), computer-based activities (82%), and oral reports (84%) are used less often. Similarly, responding teachers are most likely to assess students by administering teacher-made tests (91%). Alternative assessment methods, such as student demonstrations (87%), writing samples (87%), projects (82%), and student portfolios (63%) also are widely used.

According to responding teachers, nearly 90% of charter schools have some type of formal teacher appraisal system. Of charter schools with an appraisal system, 61% use the state-developed Professional Development Appraisal System (PDAS) forms, and 27% rely on another system. The prevalence of teacher appraisal systems increased from the prior year.

Teachers, like directors, believe tardiness and absenteeism are the greatest discipline problems in charter schools. Nearly 50% of responding teachers view tardiness and absenteeism as a moderate to serious problem. Drug or alcohol abuse, physical conflicts among students, and vandalism were seen as moderate to serious problems by about 20% of responding teachers. High school teachers perceived more discipline problems in all areas, except for physical conflicts among students (Figure 6).

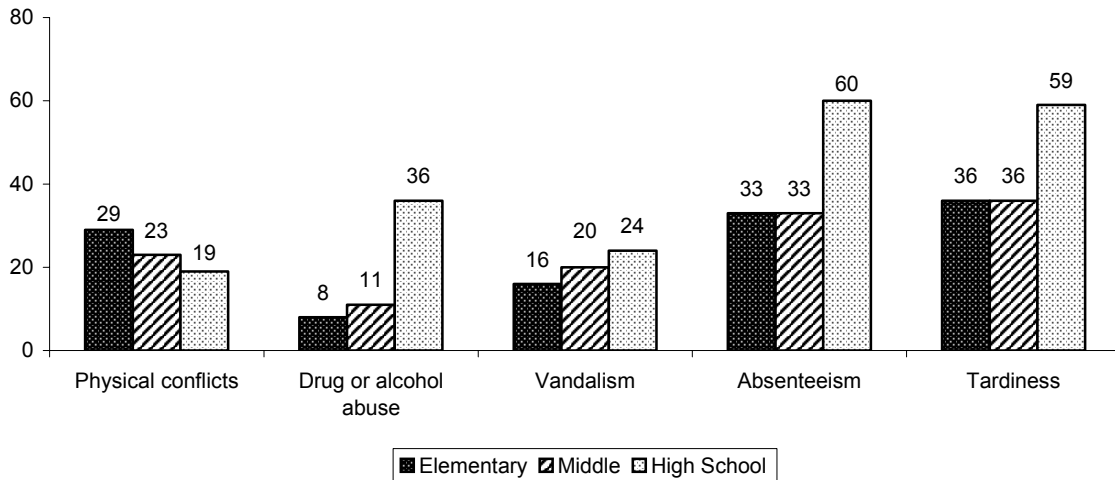


Figure 6. Percent of teachers reporting student behavior as a moderate or serious problem, by school level (N=567 teachers).

Teachers are generally satisfied with the operation of their charter schools. Eighty-five percent of responding teachers either agree or strongly agree that their school has high expectations for students and the school is meeting students’ learning needs, and 80% feel their school has effective leadership. However, many teachers also believe charter schools lack adequate resources. Approximately half of teachers believe their schools lack adequate classroom resources. Additionally, about 40% of teachers think their schools have insufficient financial resources and teacher salaries are unsatisfactory.

Student Satisfaction with Charter Schools

Responding students (81%) indicate that teacher quality and their parents’ opinion of the school are the most important factors in their decision to attend a charter school. Surveyed students (grades 6 through 12) say they and their families chose the charter school because there are “good teachers at this school” and “parents think this school is better.” Other influential factors include previous teachers not helping enough, poor grades at their previous school, and fewer student conflicts at the charter school. Students attending higher performing charter schools (rated as Exemplary, Commended, or Recognized) were less likely to report that poor grades or getting into trouble at their previous school were influential factors in their choice of school, but cited the desire for more challenging classes as a more important factor in their choice.

Most charter school students who responded to the survey are satisfied with their school. Nearly three-fourths of responding students say their charter school is a good choice, and nearly 70% say they learn more at their current charter school than their previous school, and they feel safe at school. On the other hand, nearly 70% of students wish for more courses, and only about half feel that classmates are interested in learning. Only about 30% say they have more homework at their current school.

Responding students report improved grades at their current charter school. The proportion of students earning *mostly A's* or *mostly A's and B's* increased from 31% at their previous school to 45% at the charter school, whereas the percentage of students making *C's and D's* or *D's and F's* declined from 23% to 9%. Grade improvement was even greater for responding students attending charter schools serving fewer students at risk.

About half of responding charter school students have aspirations for higher education. Overall, nearly 50% of responding students indicate they plan to attend a community college or a four-year university. Compared to high school students, a significantly higher percentage of middle school students say they plan to attend a four-year college (52% versus 25%). Conversely, high school students more often report they plan to attend a community college (19% versus 8%).

Less than half of responding charter school students say they will return to their school next year. Overall, 43% of responding students report that they plan to attend their current charter school next year. Students in schools serving primarily at-risk students, however, are less likely to say they will return to their current school (40%) compared to students in schools serving less students at risk (47%).

Females, minority students, and students with higher grades are more satisfied with charter schools. An analysis of the relationships between organizational characteristics and levels of charter school satisfaction revealed that students' gender, minority status, and grades were associated with satisfaction. In addition, levels of student satisfaction were higher when teachers were more satisfied with the charter school.

Campus-Level Performance of Charter Schools

Compared to the state, charter school districts are less likely to be rated under the 2004 accountability system. Beginning with 2003-04, charter schools (i.e., districts), as well as the campuses they operate, are rated under the state accountability system. For 2003-04, nearly half (49%) of charter districts were not rated (Table 3). Of the unrated charters, 90% were not rated because the charter district operated one or more alternative education campuses. For charter districts receiving ratings, a higher percentage of charter (6%) than traditional public school districts (1%) received Exemplary ratings. However, charter districts also were far more likely to be rated Academically Unacceptable (21% of charters versus less than 1% of traditional districts).

Table 3. Accountability Ratings of Charter and Traditional Public School Districts, 2003-04

Rating Category	Charter Schools		Traditional Public Schools	
	Number	Percent	Number	Percent
Rated				
Exemplary	6	6	13	1
Recognized	13	14	365	35
Academically Acceptable	57	59	656	63
Academically Unacceptable	20	21	3	<1
Total	96	100	1,037	99
Not Rated				
Not Rated: Alternative Education	85	90	0	0
Not Rated: Other	9	10	0	0
Total	94	100	0	--

Source: 2003-04 AEIS data files.

Likewise, compared to the state, charter campuses are less likely to be rated under the 2004 accountability system. As with charter districts, a large proportion of charter campuses (43%) were not rated in 2004, usually because the campus was an alternative education program (Table 4). Overall, 55% of charter campuses were rated Academically Acceptable, and 21% were rated Academically Unacceptable. In contrast, smaller percentages of charter campuses achieved Exemplary (6%) or Recognized (17%) status. Traditional public school campuses, compared to charter campuses, had higher percentages of Exemplary and Recognized ratings in 2004, and lower percentages of Academically Unacceptable ratings (Figure 7).

Table 4. Accountability Ratings of Charter and Traditional Public School Campuses, 2003-04

Rating Category	Charter Campuses		Traditional Public School Campuses	
	Number	Percent	Number	Percent
Rated				
Exemplary	8	6	512	8
Recognized	22	17	2,519	38
Academically Acceptable	71	55	3,508	53
Academically Unacceptable	27	21	65	1
Total	128	99	6,604	100
Not Rated				
Not Rated: Alternative Education	119	82	262	28
Not Rated: Other	27	18	673	72
Total	146	100	935	100

Source: 2003-04 AEIS data files.

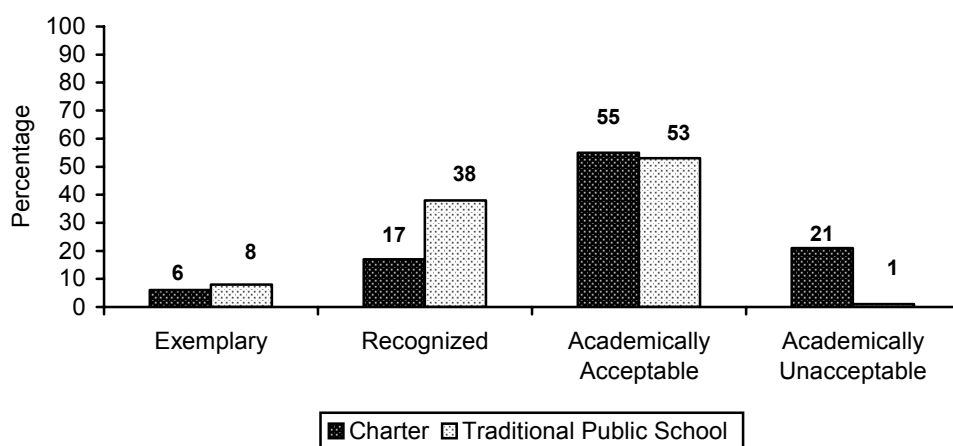


Figure 7. Percentage of charter and traditional public school campuses in each rating category (excluding not rated categories) in 2003-04.

The percentage of charter campuses receiving Academically Unacceptable ratings decreased in 2004. The number of charter campuses receiving standard accountability ratings increased from 15 to 96 campuses between 1999 and 2001, decreased slightly to 94 campuses in 2002, and increased to 129 in 2004 (Table 5). In 2004, the percentage of charter campuses receiving Recognized and Academically Acceptable ratings increased, and the percentage receiving Academically Unacceptable ratings decreased even though more campuses are being rated in the standard system.

Table 5. Accountability Ratings of Charter and Traditional Public School Campuses, 1999 through 2004

Rating	Charter Schools					Traditional Public Schools				
	1999	2000	2001	2002	2004	1999	2000	2001	2002	2004
Standard^a										
Exemplary	13%	8%	5%	16%	6%	18%	20%	24%	30%	8%
Recognized	20%	11%	9%	10%	17%	30%	32%	36%	37%	38%
Academically Acceptable	47%	49%	42%	34%	55%	51%	46%	38%	32%	53%
Academically Unacceptable ^b	20%	32%	44%	40%	21%	2%	2%	2%	2%	1%
N rated	15	63	96	94	128	6,206	6,363	6,616	6,444	6,732
N not rated ^c	45	81	31	35	146	160	140	149	659	1,081
Alternative Education^d										
Commended	n/a	0%	2%	3%	--	n/a	2%	5%	17%	--
Acceptable	83%	27%	38%	58%	--	n/a	88%	84%	77%	--
Needs Review	17%	73%	61%	39%	--	n/a	11%	11%	7%	--
N rated	6	33	62	106	--	n/a	859	692	412	--

Source: TEA Division of Student Performance Reporting.

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

^a Percentages based on four ratings. Not Rated categories were excluded.

^b Prior to 2004 called Low-Performing.

^c 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.

^d Alternative Education categories were discontinued for 2004.

Campuses affiliated with charter schools operating four or more years performed essentially the same on accountability ratings compared to charter school campuses as a whole. In 2004, charter school longevity was not associated with higher accountability ratings. Specifically, for charter schools operating four or more years, 19 campuses (22%) were rated as either Exemplary or Recognized (compared to 22% for all rated charter campuses), 50 campuses (57%) were Academically Acceptable (compared to 55% for all rated charter campuses), and 18 campuses (21%) were Academically Unacceptable (compared to 23% for all rated charter campuses).

Charter schools perform well below state averages on TAKS. Compared to public schools statewide, 2004 TAKS passing rates for charter school are 11 percentage points lower in writing, 18 points lower in social studies, 19 points lower in reading/English/language arts, 22 points lower in science, 33 points lower in mathematics, and 27 points lower in all tests taken. Commended performance rates are also lower for all tested areas. In addition, the charter school differences with statewide averages are consistent across ethnic and economic comparison groups. The TAKS achievement gap between charter schools and the state average is smallest in writing and largest in mathematics. (Figure 8).

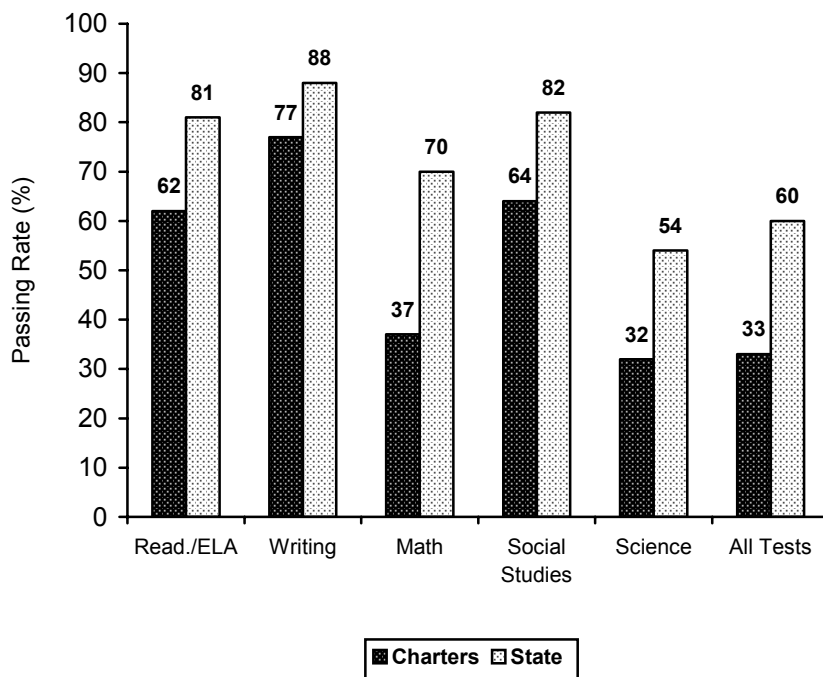


Figure 8. 2003-04 Charter school TAKS passing rates and state averages.

Charter schools perform well below TEA designated comparison campuses on TAKS. Compared to TEA-designated peer comparison campuses, 2004 TAKS passing rates for charter schools are 11 percentage points lower in writing, 15 points lower in science, 15 points lower in reading/English/language arts, 19 points lower in social studies, 26 points lower in mathematics, and 19 points lower in all tests taken . (Figure 9). In addition, TAKS passing rates for charter school students are below average rates for peer campuses for all tested areas, regardless of the percentage of economically disadvantaged students enrolled in a charter school.

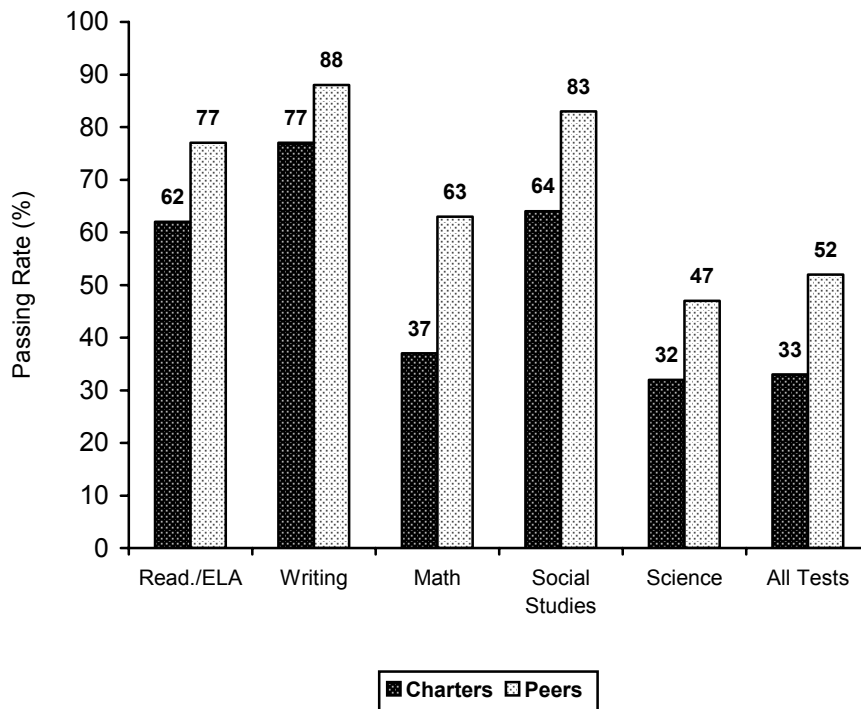


Figure 9. 2003-04 Charter school TAKS passing rates and peer campus averages.

There are subject-specific and grade-level differences in charter school TAKS performance. Charter school passing rates for mathematics were much lower than rates for reading/English language arts. Moreover, the reading-mathematics passing rate differential (favoring reading) is larger in charter schools than in peer comparison campuses (25 percentage points versus 14 percentage points). In addition, younger charter school students tend to perform better than older students. Passing rate gaps in mathematics and reading/English/language arts between charter schools and peer and state comparison groups tend to be smaller in the lower grades and larger in the higher grades.

Charter schools trail state averages and peer comparison campuses on other performance indicators. Compared to peer campuses and the state, charter schools have lower advanced course completion rates, lower graduation rates, lower RHSP completion rates, and lower percentages of students taking the SAT and ACT.

Charter schools have lower attendance rates and higher dropout rates. Charter schools have lower attendance rates and higher dropout rates than analogous state comparison groups (Table 6). Charter schools serving fewer students at risk have lower grades 9-12 dropout rates and lower attendance rates than charter schools enrolling primarily at-risk students.

Table 6. 2002-03 Student Attendance and Dropout Rates

Measure	CS ≥ 70% At Risk	CS < 70% At-Risk	All Charters	State
Attendance	92.8	90.2	91.5	95.6
Dropout rate grades 7 and 8	0.5	0.7	0.6	0.2
Dropout rate grades 9-12	14.6	12.5	13.5	4.2

Source: TEA 2003-04 AEIS Reports.

Student-Level Data Analyses

Longitudinal analyses showed that continuing charter school students had TAKS reading and mathematics gains. A longitudinal, student-level analysis for charter school students who had test scores for the 2003 and 2004 administrations of TAKS reading and TAKS mathematics shows that students enrolled in charter schools for two consecutive testing periods had higher TAKS passing rates than charter school students as a whole. TAKS passing rates in 2004 for these students were just below state averages, with 76.3% of students passing reading (compared to 80.5% statewide) and 60.5% passing mathematics (compared to 69.7%). When similar standards are applied from year to year, passing rates increased by about 6 percentage points in 2004, and commended performance rates increased by about 3 percentage points. (Table 7). Unfortunately, only a few students were enrolled in their charter schools for two years and had test scores for consecutive years.

Table 7. TAKS Percent Passing and Percent Commended Performance for Students Attending Charter Schools by School Type

TAKS Test	Charter School ≥ 70% At-Risk				Charter School < 70% At-Risk				All Charter Schools			
	n	2003 ^a	2004	Diff.	N	2003 ^a	2004	Diff.	N	2003 ^a	2004	Diff.
Passing TAKS												
Reading	2,999	68.6	74.8	6.2	4,540	70.7	77.3	6.6	7,539	69.9	76.3	6.4
Mathematics	3,322	53.0	56.0	3.0	5,321	55.5	63.3	7.8	8,643	54.5	60.5	6.0
Commended Performance TAKS^b												
Reading	2,999	7.4	10.3	2.9	4,540	11.8	14.9	3.1	7,539	10.1	13.1	3.0
Mathematics	3,322	6.0	7.6	1.6	5,321	7.1	10.2	3.1	8,643	6.7	9.2	2.5

^aFor comparison purposes, the 2003 passing status was based on 2004 passing standards.

^bThe commended performance standards did not change across years.

Source: Analysis of individual student data from PEIMS; includes students in grades 3-11.

Note. Students attended charter school in 2002-03 and 2003-04 and had TAKS scores for both years.

Likewise, students enrolled in charter schools over several years had positive TAKS gains. An additional analysis involving students who were enrolled in charter schools continuously over four school years (2001 through 2004), showed that these more stable charter school students had higher TAKS reading and mathematics scores in both 2003 and 2004 than comparison groups of students who were enrolled in a combination of traditional public schools and charter schools during the same time period (Table 8). Although it is difficult to draw definitive conclusions, it appears that continuous enrollment in charter schools over time may positively influence academic performance.

Table 8. TAKS Percent Passing, by School Category Over Two Years

School Category				Number of Students	TAKS Percent Passing		
2000-01	2001-02	2002-03	2003-04		2002-03 ^a	2003-04	Gain/Loss
Reading/Language Arts							
Charter	Charter	Charter	Charter	2,559	75.2	79.6	4.4
Regular	Charter	Charter	Charter	1,266	67.3	76.7	9.4
Regular	Regular	Charter	Charter	2,113	64.9	71.5	6.6
Mathematics							
Charter	Charter	Charter	Charter	3,097	62.3	67.3	5.0
Regular	Charter	Charter	Charter	1,404	52.6	59.3	6.7
Regular	Regular	Charter	Charter	2,299	44.7	50.7	6.0

^aFor comparison purposes, the 2003 passing status was based on 2004 passing standards.

Source: Analysis of individual student data from PEIMS.

Commentary and Policy Implications

Characteristics of Texas Charter Schools

Charter schools in Texas differ from other Texas public schools in a number of areas. First, charter schools serve disproportionately more minority and low-income students compared to other Texas public schools. Second, charter schools enroll disproportionately more pre-kindergarten and high school students than traditional public schools. Third, although the average size of a charter campus has been increasing, average charter campus enrollment is less than half of average student enrollment in traditional public schools. Small campus size also means smaller faculty to deliver instruction. The average number of teacher full-time equivalents (FTEs) in charter schools is about 14 compared to about 39 in other Texas public schools. While small school size is a positive feature, small faculties may have difficulty meeting the diverse subject and course requirements for the growing number of high school students in charter schools.

While the growth of charter schools has slowed in Texas over the past three years, charters have continued to expand by opening new campuses and enrolling more students. Since 1996-97, the number of charter schools operating in Texas has risen sharply from 17 to 190. However, over the past three years, the number has remained relatively stable, increasing from 180 to 190. This stability corresponds with legislative provisions capping the number of charters at 215 and transferring oversight for charter schools from the SBOE to the Commissioner of Education. Despite restrictions on the number of charters awarded, charter schools have expanded by

opening new campuses. Over the past three years, the number of campuses has increased from 241 to 274. Student enrollment has also increased by 31%, from 46,304 students in 2001-02 to 60,748 students in 2003-04. Increasing numbers of students has led to larger charter schools. Average school size has increased from 192 students in 2001-02 to 222 students in 2003-04.

The majority of charter schools have existed for five or more years—thus, school procedures should be stabilized and inferences about performance more valid. Statistics for the 2003-04 school year indicate that approximately 52 percent of charter campuses are affiliated with charter schools that have been operating either five years (80 campuses) or six or more years (65 campuses). Only 11 percent of campuses (30) are affiliated with charter schools in their first year of operation. The maturation and stabilization of charter schools has enhanced the quality of available data and allowed more valid inferences about school performance.

Characteristics of Charter Schools Serving Mainly Students at Risk

Charter schools serving 70% or more at-risk students differ from those serving fewer students at risk on a number of important features. In 2003-04, 50% of charter campuses served more than 70% at-risk students (economically disadvantaged as defined by eligibility for federal free or reduced-price lunch). These charter schools, in comparison to other charter schools and traditional public schools, serve a disproportionately greater share of Hispanic students (52%) and less White students (7%).

Compared to other charter schools, charters serving primarily at-risk students received \$338 more per pupil. They also expended more per-pupil for instruction and had higher per-pupil expenditures than other charter schools. Differences in expenditures may reflect the additional dollars required to educate special student populations, such as special education students, compensatory education students, or students in residential care and treatment.

In general, teachers in schools enrolling mainly students at risk are less qualified. Charter schools serving primarily at-risk students have higher percentages of teachers with no degree, more beginning teachers, fewer teachers with advanced degrees, and a higher teacher turnover rate than charter schools serving fewer students at risk.

Evidence suggests that schools serving mainly at-risk students use different approaches to educating children. Surveyed directors, similar to the prior year, more often report using extended-day and extended-week schedules, block schedules, and credit through flexible courses. Directors also report a higher average number of computers in labs, with labs often the setting for the delivery of self-paced, computer-assisted instruction. These charter schools also have lower student-to-teacher ratios than charters with fewer at-risk students.

Students do not perform as well academically in schools with large proportions of at-risk students. In comparison to other charter school students and students enrolled in TEA-created peer-group campuses with comparable percentages of economically disadvantaged and minority students, students in charter schools with 70% or more at-risk students have lower TAKS passing rates and higher dropout rates. In addition, there are differences in career goals. Students in schools serving primarily at-risk students are more likely to report that they plan to get a job, join the military, or go to a technical school compared to students in schools serving fewer at-risk students who more often say they plan to attend a community college or four-year college.

Administrative Leadership in Charter Schools

Directors seek help for school operations from a variety of sources. To support school operations, directors are seeking assistance from a variety of sources. Directors rely heavily on support from Education Service Centers for professional development and technical assistance on PEIMS. Monetary support more often comes from the TEA and business or community groups. Notably, charter directors sought help from the TEA less often in 2003-04 (except for business support), and they accessed charter networks or support centers more often for every type of assistance.

Consistent with surveys in previous years, some directors believe the autonomy envisioned in the original charter school legislation has been diminished over time by excessive rules and regulations. The state accountability system was increasingly important to directors in 2004. Some believe that charter schools should be held accountable, but under an alternate system. Directors believe accountability criteria should be relaxed for charter schools due to high rates of student mobility and the large numbers of at-risk students and non-traditional students in schools.

Qualifications of Charter School Teachers

On average, charter schools have inexperienced teachers, low salaries, and high teacher turnover. Consistent with past studies, recent statistics show that charter school teachers, on average, are less experienced than teachers in traditional public schools. Teachers in charter schools are also paid considerably less than other public school teachers. In 2003-04, the average teacher salary in charter schools was nearly \$8,000 below that for teachers in traditional public schools. The lower overall average salary in charter schools to some extent reflects the relative lack of classroom experience of charter school teachers. Charter schools have about half as much experience as teachers statewide, with a much higher percentage of beginning teachers.

Teacher turnover in charter schools remains a major concern. Although turnover rates in charter schools have improved, the annual teacher turnover rate is still more than double the rate for traditional public schools. Teacher turnover may be partially explained by survey responses. Although teachers are attracted to charter schools by factors such as an individual school's reputation, greater autonomy, working with specific populations, and a high level of parental involvement, many teachers also believe their schools have insufficient financial and classrooms resources and inadequate salaries.

Charter school teachers say they are working to improve their credentials. According to teachers surveyed in 2004, about 42 percent of charter school teachers are certified either in Texas or another state, and almost all non-certified teachers report that they are working to obtain certification. Of those certified teachers, about two-thirds entered teaching through a college or university undergraduate certification program (45 percent) or post-bachelor program (18 percent), while a third (37 percent) participated in an alternative certification program.

Some charter school teachers will have difficulty meeting NCLB requirements for being highly qualified. AEIS statistics for 2003-04 show that nearly 10% of charter school teachers have no degree compared to about 2% in traditional public schools. Additionally about half of surveyed charter school teachers currently have multiple core-subject area assignments. Approximately 23% of surveyed teachers taught two core subjects, 4% taught three subjects, and 17% of teachers taught four subjects. It is highly unlikely that secondary teachers in charter schools will be able to meet No Child Left Behind (NCLB) Act of 2001 degree and competency standards for multiple core-subject areas.

Student Satisfaction with Charter Schools

Students are highly satisfied with personal relationships at charter schools but less content with educational conditions and resources. Nearly 90% of surveyed charter school students say they work hard at the charter school to earn the grades they receive, and about 80% cite aspects of the teacher-to-student relationship that enhance their overall learning experience. In particular, students say that charter school teachers know them by name, help them understand things, and encourage them to think about their futures. On the other hand, students are less approving of other aspects of charter schools. The percentages of students who say that they feel safe at school, learn more at the charter school, and feel that the charter school is a good choice for them declined slightly in 2004. In addition, students continue to be less positive about available coursework, access to computers in the classroom, and the adequacy of extracurricular activities. Despite high levels of satisfaction, less than half of charter school students who are eligible to return to the same charter school (43%) report that they will return to the school next year (a decrease from 55% in 2003).

Charter School Revenue

Per-pupil revenue has increased more rapidly for charter schools and in 2002-03, average per-pupil revenue for charters surpassed traditional public schools. A two year comparison of per-pupil revenue for charter schools and traditional public schools shows that per-pupil revenue has increased for both types of schools. However, per-pupil revenue has increased more rapidly for charter schools. In 2002-03, the average per-pupil revenue for charter schools surpassed the revenue generated by traditional public schools (\$8,045 compared to \$8,029). Yet despite increasing levels of revenue, charter school directors feel financial issues remain the greatest obstacle to the success of charter schools. Results of yearly surveys of charter school directors have consistently identified inadequate finances for ongoing operations and inadequate facilities as challenges in running their schools. Similarly, more than 70% of charter school directors responding to the 2004 survey identify inadequate finances and facilities as major obstacles to charter school operations, with a fourth of responding directors citing inadequate finances for operation as a “great barrier.”

Academic Performance of Charter Schools and Students

Large proportions of charter districts and campuses did not receive accountability ratings in 2004. Ratings varied for the charter districts and campuses that were rated. For 2004, nearly half of 190 charter districts (49%) were not rated. Of the non-rated charters, 90% were not rated because the charter district operated one or more alternative education campuses. For the 96 charter districts receiving ratings, a higher percentage of charter than traditional public school districts received Exemplary ratings. However, charter districts were significantly more likely to be rated Academically Unacceptable. A much higher percentage of traditional public school than charter districts were rated Recognized, whereas approximately equal percentages of charter and traditional public school districts were rated Academically Acceptable.

As with charter districts, a large proportion of charter campuses (43%) were not rated in 2004, usually because the campus was an alternative education program. Overall, about three-fourths of charter campuses received one of the two lower accountability ratings. In contrast, smaller percentages of charter campuses achieved Exemplary or Recognized status. Traditional public school campuses, in contrast to charter campuses, had higher percentages of Exemplary and Recognized ratings in 2004, and lower percentages of Academically Unacceptable ratings. About equal percentages of charter and traditional campuses were rated Academically Acceptable.

Students' performance on the TAKS in charter schools is well below state averages, even when comparisons are made with other public school campuses that serve similar students. Compared to public schools statewide, 2004 TAKS passing rates for charter schools are 11 percentage points lower in writing, 18 points lower in social studies, 19 points lower in reading/English/language arts, 22 points lower in science, 33 points lower in mathematics, and 27 points lower in all tests taken. Commended performance rates are also lower for all tested areas. In addition, the charter school differences with statewide averages are consistent across ethnic and economic comparison groups.

TEA-created peer groups allow more equitable comparisons of student performance. Still, compared to TEA-designated peer comparison campuses, 2004 TAKS passing rates for charter schools are 11 points lower in writing, 15 points lower in science, 16 percentage points lower in reading/English/language arts, 19 points lower in social studies, and 26 points lower in mathematics. In addition, TAKS passing rates for charter school students are below average rates for peer campuses for all tested areas, regardless of the percentage of economically disadvantaged students enrolled in a charter school.

Many charter schools are failing to adequately prepare students to master mathematics standards, especially at the upper grade levels. The reading-mathematics passing rate differential (favoring reading) is larger in charter schools than in peer comparison campuses. In addition, passing rate gaps in mathematics and reading/English/language arts between charter schools and peer and state comparison groups tend to be smaller in the lower grades and larger in the higher grades. Overall, many students in charter schools are failing to meet state academic standards as measured by the TAKS, especially in mathematics. Moreover, substantial proportions of students in the upper grade levels in charter schools are not meeting standards required for advancement toward graduation.

Charter schools trail state averages and peer comparison campuses on other performance indicators. Compared to peer campuses and/or state averages, charters have lower attendance rates, higher dropout rates, lower advanced course completion rates, lower graduation rates, lower RHSP completion rates, and lower percentages taking the SAT and ACT.

The academic performance of charter school students remains a concern. Taken as a whole, instances of improving student academic performance for charter schools in 2003-04 were rare. Overall outcomes completely favor traditional public schools. However, there are a few charter school districts and campuses that have achieved *Exemplary* and *Recognized* status as measured by the state's new accountability system. Unfortunately, the positive accomplishments of this small group of schools are overshadowed by a substantial proportion of charter schools whose student performance is unacceptable.