



**ADVANCING LIBERTY  
WITH RESPONSIBILITY  
BY PROMOTING  
MARKET SOLUTIONS  
FOR MISSOURI  
PUBLIC POLICY**

# POLICY

## BRIEFING

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# CHARTER SCHOOLS: RATIONALE & RESEARCH

Since Minnesota passed its pioneering charter school legislation in 1992, charter schools have emerged as a popular way to provide public education beyond the traditional public school model. By 2007, 40 states and the District of Columbia had authorized charter schools, and more than 4,000 charter schools were serving more than 1,200,000 students. By design, charter schools are publicly funded, but independently operated. Charter schools are thus given a degree of autonomy from the school districts in which they are located, although state boards of education usually retain a degree of oversight that permits it to monitor the schools' progress and to shut down schools that are not performing well. Additionally, charter schools usually receive less state funding than traditional public schools, meaning that as long as they can equal the performance of traditional public schools, charter schools are giving taxpayers more value for their education dollars.

Proponents of charters point to several features of the charter design as a positive step in expanding school choice.

Charters provide free, publicly funded educational alternatives to traditional public schools, using competition as an incentive to encourage innovation, efficiency, and excellence in all public schools. Charter schools encourage parental involvement by permitting them to choose among available schools, rather than being forced to send their children wherever the school district directs them. Charter schools have a double incentive to perform well, because their students' progress is monitored both by the government and by parents. Unlike traditional public schools, a charter school may be closed if it fails to attract students or if it fails to perform up to the government's standards. It may also be closed if it fails to perform up to state standards or those established by the school's sponsors.

The emergence of charter schools raises two important questions related to their impact on students' academic achievement. First, what does the evidence say about how charter schools affect the achievement of their students — are charter school students learning more or less than they would have

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in traditional public schools? Second, what does the evidence say about how competition from charter schools affects the performance of nearby traditional public schools? The answers to these two questions should provide insight as to the broader question of whether the charter school model can be considered a successful type of education reform.

## **CHARTER SCHOOL EVIDENCE NATIONWIDE**

In regard to the first question, a survey of the current research reveals that even after narrowing the field to the most thorough recent studies, the bulk of the evidence cannot be said to lean conclusively toward or against improved academic performance for students in charter schools. Given that one of the motivating ideas of charter schools is to encourage innovation and a diversity of approaches to education, it should not be surprising that charters across the country are generating a range of results. The available studies offer a genuine mixed bag, with charters slightly outperforming traditional public schools in some areas, traditional public schools slightly outperforming charters in other areas, and no apparent difference in performance in the remaining number of cases.

One of the more consistent findings among these studies is that, whether charter schools in a given area tend to improve or to inhibit their students' academic achievement, the effect is limited. Another common theme is that charter schools do tend to improve their performance with the passage of time. Thus, all in all, the jury is out as to whether

a randomly selected charter school would be likely to improve a student's academic achievement, although a more established charter school is more likely than a startup school to generate positive results.

As for the second question, several studies have evaluated the impact of charter competition on traditional public schools. These studies use standardized test scores to measure schools' ability to improve on a given student's past academic performance. The measures of charter competition vary from study to study, but each generally includes charter school enrollment or the number of charter schools within some geographic distance of a traditional public school as part of its evaluation. However, despite the similarities among these studies' methods, results differ across states. Studies focusing on charter schools in Texas and Florida report small positive impacts, while a study of North Carolina's charter schools showed small negative impacts — and studies of the situation in California and Philadelphia reported no significant difference between the performance of charter schools and traditional public schools.

A smaller body of studies using stricter "gold standard" methodology compares the performance of students who are randomly admitted to charter schools to those on a waiting list who did not get in. These studies focus on a smaller universe of schools in selected cities. However, because of their randomized design, they offer the best evidence of the causal effect that charter schools have on students who are able to enroll. These studies have consistently found positive effects, and in some cases large positive effects. However, given the limited number of schools and cities analyzed in these



studies, we cannot yet be sure that these results generalize to a larger universe of charter schools.

## CHARTER SCHOOLS IN MISSOURI

Missouri's charter school statute, adopted in 1999, permits the creation of an unlimited number of charter schools, although they may only be located in either Saint Louis or Kansas City. The charter law structure in Missouri is rated as the 10th strongest in the country on the Center for Education Reform charter law scorecard. Under the current law, at least one third of the charters issued must go to schools that actively recruit high-risk students and dropouts. The public school districts have the option of providing capital funds to charters they sponsor, or with whom they contract. Charter schools in Missouri receive state funding equivalent to that provided to traditional public schools in the surrounding school district, with the exception that charter schools are given no funding for facilities.

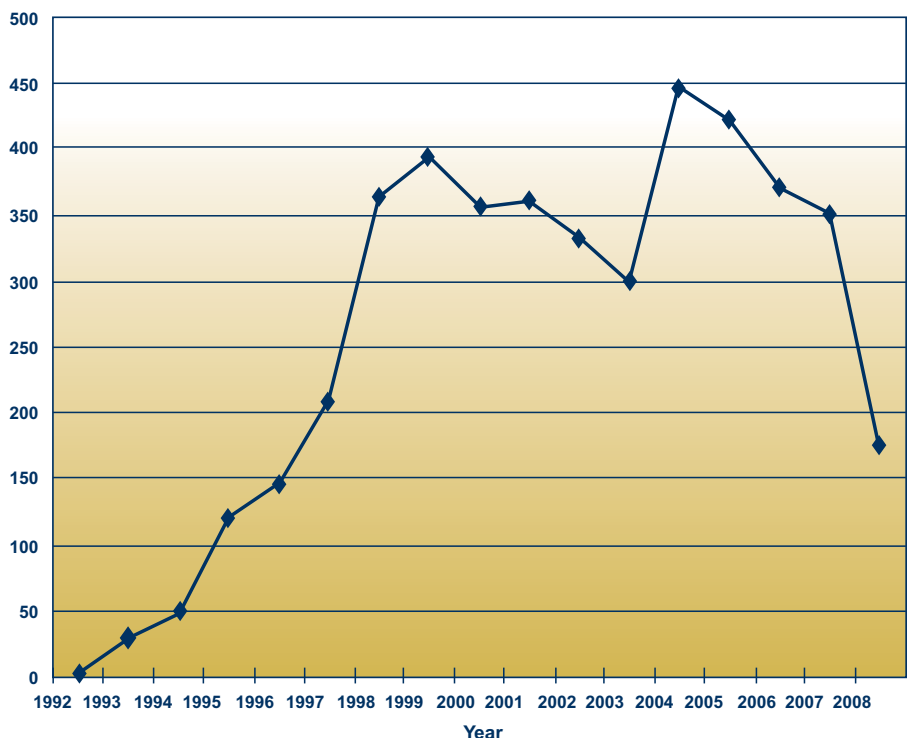
In Missouri, the Department of Elementary and Secondary Education compiles a range of statistics regarding student performance and demographics that permit for some basic comparisons between charter schools and traditional public schools in Kansas City and Saint Louis. Academic achievement is measured by student performance on the annual Missouri Assessment of Proficiency (MAP) test, which evaluates students' skills in communication arts and math; a student's performance on these exams falls into one of four categories reported by the state: below basic, basic, proficient, or advanced. According to

the results from the 2008 MAP tests, students attending grades 3–8 in Kansas City's charter schools performed better than their counterparts in traditional public schools, although the traditional schools' 11th grade students outscored the charter schools' 11th graders. In Saint Louis, however, at every grade level the average performance of students attending charter schools is worse than the average performance of students attending traditional public schools. Comparing these cities' MAP scores to each other, average performance in Saint Louis seems better than Kansas City in the lower grades, but for students at the eighth-grade level and higher, Kansas City students in both charter and traditional public schools achieve higher average performance than Saint Louis students.

None of these comparisons, however, take account of "selection bias" in making charter and non-charter comparisons. A

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**When Did Currently Operating Charters Begin Operation?**



recent study by the Center for Research on Education Outcomes (CREDO) at Stanford University examined the effectiveness of charter schools in 16 states, including Missouri.<sup>1</sup> The Stanford study took careful account of the prior test scores of charter school students, and every charter school student was paired with one or more similar students (aligned by race, sex, grade, poverty status, English language learner status, special education, and prior test score by subject) in schools that acted as feeders for the charter school. The study revealed that Missouri's charter schools attracted students who were underperforming in their traditional public schools, and that this state's charter school students were realizing larger academic gains than their counterparts in traditional public schools. The difference was small, but statistically significant.

## CONCLUSION

Overall, current evidence shows that charters have been successful at attracting students and that charter schools routinely provide an education roughly equivalent to that available in traditional public schools, while spending less money per student. Charter school achievement is not uniform; charters have been shown to generate slightly better academic outcomes in some states and slightly worse academic outcomes in others. The charter impact on student performance is sometimes estimated to be initially negative on average, but charter school students catch up over time, and even surpass the achievement level they would have attained had they stayed at a traditional public school. Additionally, competition from charter schools has been shown to have a limited effect on academic achievement in

nearby traditional public schools. Although this impact has usually been positive, it appears to have been negative in at least one state. The modest estimated impacts of charter schools are consistent with what we might expect to see correlated with the modest expansion of school choice that is generated by charter policies.

It is also important to recognize that all of the discussion to date focuses on student achievement as reflected by standardized testing. This makes sense, because academic achievement can be easily quantified and it is regarded by many as the most important consideration in the evaluation of a school's quality. One must note, however, that for many parents given a choice among schools, a number of other factors may rival — or even exceed — the importance of students' performance on standardized tests. Features of the school environment, such as safety and discipline, may rank high on a parent's school evaluation scorecard and may well be driving some parents to try charters. Other academic outcomes, such as completion rates, could also be an important part of the school quality picture. This may be of particular relevance when evaluating the performance of high school charters — particularly in states, such as Missouri, where many high school charters are targeted to deal with academically at-risk high school students.

## NOTES

- <sup>1</sup> The CREDO study was released after the full Show-Me Institute literature review was completed. Interested readers may download it here: <http://credo.stanford.edu/index.html>

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*For more details, please see Show-Me Policy Study no. 22, which is available at [www.showmeinstitute.org](http://www.showmeinstitute.org).*



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