

*Conclusions and  
Recommendations  
by the  
N.C. Center for  
Public Policy Research*

**I**n considering whether to raise the cap of 100 charter schools authorized for North Carolina, legislators need to ask if charter schools *are fulfilling the six purposes set out in the original statute creating the schools*. North Carolina's authorizing legislation said charter schools were intended to: (1) improve student learning; (2) increase learning opportunities for *all* students, with a special emphasis on at-risk or gifted students; (3) encourage the use of different or innovative teaching methods; (4) create new professional opportunities for teachers, including "opportunities to be responsible for the learning program at the school site;" (5) provide expanded choice for parents and students within the school system; and (6) hold charter schools accountable for student performance.

Charter schools as a group have had mixed results at: improving student learning (purpose #1); increasing learning opportunities for all students (purpose #2); and encouraging the use of innovative teaching methods (purpose #3). Charter schools have done poorly in complying with the state statutory requirement of racial balance, since 26 charter schools were 80 percent or more African American and 14 charter schools were more than 95 percent African American in the 2005–06 school year. Charter schools *have* given teachers expanded professional opportunities at the school site, the fourth purpose in the legislation. As for purpose #6 in the authorizing legislation, holding schools accountable for student learning, the picture also has been mixed. While charter schools participate in state and federal school accountability programs, the overwhelming number of school closures has been for fiscal or management issues rather than for academic performance. The only purposes in the legislation charter schools clearly have met are providing increased opportunities for teachers at the school site (purpose #4) and expanding school choice (purpose #5) for some parents and students. Charter school advocates say the legislature did not anticipate that each charter school would meet every purpose set out in the law. Would-be schools are only asked to address one or more of the six purposes in their charter applications. But on the whole, charter schools are not performing as well as the traditional public schools in meeting primary academic goals. Thus, the legislature has no basis for raising or eliminating the cap on the number of charter schools operating in North Carolina.

Many of North Carolina's charter schools have improved their performance as measured by the state's Accountability Basics and Control (ABC) end-of-grade or course testing program. Yet the Center is troubled by the number of schools that continue to lag after years of opportunity to prove that charter schools are equal to or better than traditional public schools. A total of 29.3 percent of the state's 99 charter schools participating in its end-of-grade testing program received no recognition or were rated low-performing for the 2005–06 school year. Of even greater concern is that students who turn to charter schools because they have not performed well in traditional schools may actually fall further behind, as suggested in the finding by respected researchers at Duke University that North Carolina's traditional public schools do a superior job of educating at risk or low-performing students.

If this is the case, why continue the experiment? Charter school advocates cite multiple reasons. One is that the traditional public schools have done a less than ideal job of educating students at risk of failure in the past. Thus, parental dissatisfaction

has led these students to seek an alternative, and many have found a home at charter schools.

However, choice is only one of six factors cited in the law passed by the legislature in 1996. Others were to give teachers professional opportunities, to hold themselves accountable via the state accountability testing program, to improve student performance, to serve as laboratories of innovation for the traditional public schools, and to increase learning opportunities for all students. The Center finds that charter schools do provide another avenue of choice, and at least hold themselves accountable by participating in statewide end-of-grade testing, though academic shortcomings have rarely if ever been cited as reasons for school closure. However, those same end-of-grade tests demonstrate that charter schools, though improving, fall short at improving student learning as compared to the traditional public schools. As for providing laboratories of innovation for the public schools, the role of charter schools thus far has been negligible, as indicated by examples provided by the Office of Charter Schools itself. Finally, the academic track record of charter schools thus far does not suggest that these schools increase learning opportunities for all students. Rather, it is suggestive of a “boutique-style” approach to learning that can be very successful on a limited scale, as indicated by success stories like Quest Academy in Raleigh, Gaston Preparatory Academy in Warren County, and Raleigh Charter High School.

Thus, the Center offers the following recommendations intended to put a stronger emphasis on performance while preserving choice for charter schools that can meet reasonable performance standards.

#### ***Recommendation # 1:***

**Charter schools that have failed to meet expected growth, as defined by the state ABCs school accountability plan, for five consecutive years should be placed on immediate probation and given two years to achieve expected growth or be required to give up their charters.** In year one, schools should develop a credible plan for meeting academic growth standards, and these schools should show progress toward meeting expected growth standards by the end of the first year. A total of 42.1 percent of charter schools landed in the No Recognition category for the 2003–04 school year, meaning these schools did not attain the academic progress the state thinks they should have, given the make-up of their student bodies. In 2004–05, the number of no recognition schools fell to 34.4 percent of charter schools operating that school year, but still more than a third. In 2005–06, based on a revised DPI accountability model, 23.2 percent of charter schools did not receive recognition. And, when No Recognition Schools, Priority Schools and Low Performing Schools are combined, an alarming 52 percent, or more than half, of the charter schools fell into the lowest three categories, as determined by the state ABCs testing program.

In February 2007, the N.C. Department of Public Instruction released for the first time four-year cohort graduation rates for 2006 by school. While, statewide, 68.1 percent of students graduated in four years, only 55.3 percent of charter schools’ students graduated in the same amount of time.

This recommendation merely requires charter schools to do what they say they can do—educate children, and it only requires that they do so at the “expected” level, which can be achieved at a well-functioning school. If they already have failed for five years, action needs to be taken now to weed out the low-performing schools.

#### ***Recommendation # 2:***

**Revoked charters under the 100-school cap should be awarded to proposed schools that stand a strong chance of meeting or exceeding the state’s academic expectations. Preference should be given to schools from counties currently without a charter school where founders have engaged in appropriate planning and identified revenue sources that provide a strong likelihood of success. Currently, 54 of the**

state's 100 counties do not have a charter school. Combined with Recommendation #1, this recommendation should relieve some of the pent-up demand for charters and address the credible argument that charters were too loosely awarded when the state's charter schools law initially took effect.

***Recommendation # 3:***

**The legislature should not increase the cap of 100 charter schools it authorized by statute in 1996.** With more than five years of performance data in hand, charter schools are not performing as well as the traditional public schools in improving student learning. And, a study by researchers Helen Ladd and Robert Bifulco of the Terry Sanford Institute of Public Policy at Duke University indicates that charter school students do not perform as well on end-of-grade tests as demographically similar students who remain in the traditional public schools. While advocates may argue that the state's accountability testing does not measure all the benefit students receive from attending charter schools, it is the measure the state uses to gauge classroom performance.

The study also found that students in charter schools do not do as well on end-of-grade tests as their counterparts in traditional public schools, and that some of the difference is attributable to the charter schools themselves rather than to unobservable characteristics of the students. The authors conclude that the academic gains of charter school students in both reading and math is significantly poorer than would have been the case had those same students remained in traditional public schools.

Charter schools also have not delivered innovation that can be replicated in the public schools classroom, as groups as diverse as the North Carolina Association of Educators, the N.C. School Boards Association, and even some charter schools officials themselves attest. And, too many charter schools are racially segregated or close to it, violating the spirit and perhaps the letter of the law. In 2005–06, 26 of 99 charter schools then operating were 80 percent or more non-white. Of these, 14 were more than 95 percent African American. Four of the 99 were 100 percent African American. A second study by Robert Bifulco and Helen Ladd of Duke University finds that students who move from traditional public schools to charter schools typically move to a more racially isolated environment, strengthening the argument that charter schools contribute to racial separation.

In 2004–05, the most recent financial data available, charter schools received a total of \$189,582,506—including federal (\$16,472,667), state (\$112,798,911), and local revenue (\$60,310,928). That's a lot of money, especially when more than half of the charter schools fell in the bottom three performance categories, as determined by the state's ABCs testing program. North Carolina needs to make sure that charter schools are worth the money. Charter schools are a worthy experiment only if we get a return on our investment.