



GETTING DOWN — TO FACTS II —

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Charter Schools in California

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About: The Getting Down to Facts project seeks to create a common evidence base for understanding the current state of California school systems and lay the foundation for substantive conversations about what education policies should be sustained and what might be improved to ensure increased opportunity and success for all students in California in the decades ahead. *Getting Down to Facts II* follows approximately a decade after the first Getting Down to Facts effort in 2007. This research brief is one of 19 that summarize 36 research studies that cover four main areas related to state education policy: student success, governance, personnel, and funding.

This brief summarizes two *Getting Down to Facts II* technical reports on charter schools in California:

Charter School Performance in California

Macke Raymond, main study completed in 2014, updated for the *Getting Down to Facts II* project in September 2018.

Charter School Authorizing in California

Kirsten Slungaard Mumma and Martin West, September 2018.

These and all GDTFII studies can be found at www.gettingdowntofacts.com.

Introduction

When California became the second state to authorize charter schools in 1992, the state's system for authorization, oversight, and renewal of charter schools was in many ways a bold experiment. The concept was new, and the impacts on both student learning and the public school system writ large were unknown.

That first law authorized the creation of 100 charter schools, a modest beginning compared to the charter school sector today. In 2017-18, California had more than 1,200 charter schools serving 620,000 students, about one out of every 10 of the state's public school students.

Charter schools in California are often a source of controversy, enjoying broad support in some instances and sharp criticism in others. In many cases, opinions about charter schools are based on localized experiences, such as the success of a specific group of students and schools or the financial impact charter schools have had on a local school district.

The *Getting Down to Facts II* project was unable to evaluate the overall effect of charter schools on the state's traditional public schools, leaving some important questions unanswered. However, this brief does summarize evidence of how well charter schools and their students perform academically. The brief also examines the state's long-standing process for charter school authorization and compares it to other states and to research regarding what works well to ensure that the authorization process supports charter school quality.

KEY FINDINGS

- In terms of academic growth over time, charter schools do significantly better than district schools in urban areas and for traditionally lower performing student groups.
- Charter school authorization in California is highly decentralized, with little accountability for the districts and county offices that act as authorizers.
- The small scale and modest funding of many California authorizers limits their ability to develop oversight capacity consistent with emerging best practices.
- California’s charter school policies do not specify a distinct renewal process and set a low bar for charter renewal.

ABOUT CALIFORNIA’S CHARTER SCHOOL SECTOR

California has more than 1,200 charter schools serving 620,000 students.

The state’s 336 charter authorizers include 294 local school districts, 41 county offices of education, and the State Board of Education.

State law envisions two broad categories of charter schools:

- Start-up charter schools are entirely new schools.
- Conversion charter schools are converted from traditional public schools with the support of the majority of the school’s teaching staff.

Among start-up charter schools in California, two-thirds are free-standing (or “single site”) charter schools. The remaining third include 60 charter schools affiliated with for-profit Education Management Organizations (EMOs) and 386 charter schools affiliated with nonprofit Charter Management Organizations (CMOs), including some that have national brand recognition for their success.

California also had 211 conversion charter schools in 2017-18, and this number is likely one reason the state has a comparatively large number of charter schools in which teachers are represented by a union—as many as 25% of all charter schools as of 2013.

In addition, the state is home to 242 nonclassroom-based schools, with 40 exclusively virtual schools. Nonclassroom-based charter schools must apply to the State Board of Education to receive funds, a process that includes additional performance and operational requirements for virtual/online charter schools.

More than 100 alternative charter schools serve high-risk student populations, such as dropouts.

Summary of Key Findings

In terms of academic growth over time, charter schools do significantly better than district schools in urban areas and for traditionally lower performing student groups

In 2014, the Center for Research on Education Outcomes (CREDO) researchers published an analysis that compared the reading and math scores of charter school students to the scores of their “matched peers” at the traditional public schools (referred to in this brief as district schools) they would have otherwise attended. The study covered five years of growth based on the students’ scores on California’s standardized STAR exams. The researchers were unable to complete a comparable examination of scores on the state’s current tests due to fewer years of test data and the California Department of Education’s limitations on the release of student-level data.

The researchers found that California students enrolled in charter schools realized more academic progress in reading than their matched district peers, amounting to about 14 additional days of learning per year (assuming a 180-day school year). In math, the results were reversed: charter school students made 14 days less progress in a year’s time than their matched district peers.

These averages represent the results that a typical student in a typical charter school would realize. Some charter school students and charter schools had gains that were significantly more positive than the average, and some had results that were significantly inferior.

For example, the 2014 study examined differences in performance for charter school students based on school location. They found that students enrolled in urban charter schools learned significantly more in both math and reading each year compared with their peers in district schools. The benefit for urban charter students was 29 additional days of learning in reading and 14 more days of learning in math. Students in sub-urban charter schools had better learning gains than their district counterparts in reading, and similar gains in math. Students in rural and town charter schools, however, learned significantly less than their district peers in both reading and math.

The distribution of results also showed notable variations for different types of students. Table 2 provides a summary of the results based on student poverty, special needs, and race/ethnicity. The data show the following:

- Students who were economically disadvantaged, especially those who were African American or Hispanic, made significantly greater progress in charter schools than their matched peers in traditional public schools.
- Black students in general were found to have improved outcomes in charter schools, and the academic progress of African American students in poverty was even more positively affected.
- Charter schools provide greater learning gains for students identified as needing special education supports.
- For students learning English, the charter school advantage is particularly large and significant, which is not typical in other states.

CHARTER SCHOOLS SERVE A DIVERSE STUDENT POPULATION THAT HAS CHANGED OVER TIME

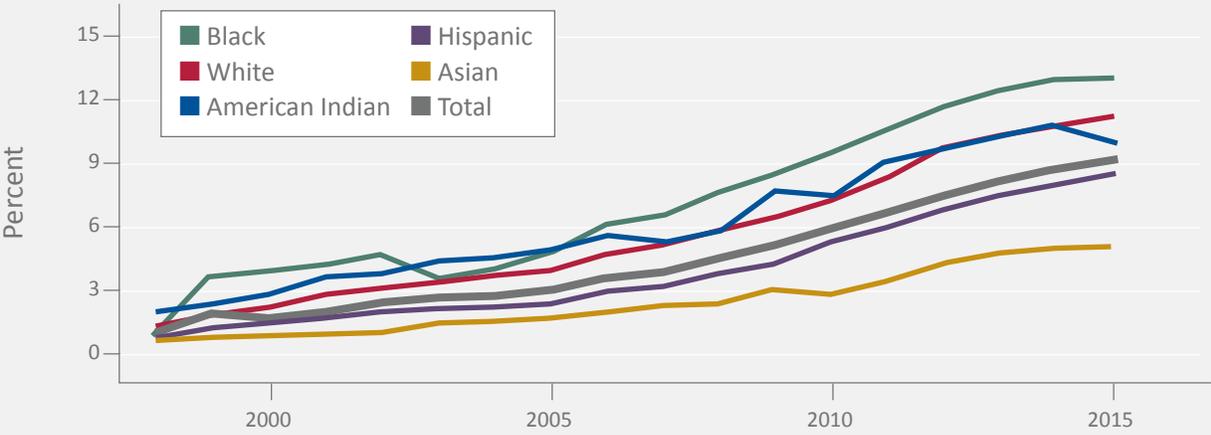
Charter schools are not evenly distributed across the state, and so do not parallel the demographics of the population in traditional public schools. As the data here show, California charter schools have more students who are economically disadvantaged, more African American and white students, and fewer Hispanic and Asian students than the state as a whole.

Table 1: Demographic Comparison of Students in Traditional Public Schools and Charter Schools

	Traditional Public Schools	Charter Schools
Average enrollment per school	633	387
Economically disadvantaged	56%	62%
English language learners	24%	17%
Special Education students	9%	6%
White students	26%	32%
Black students	6%	11%
Hispanic students	52%	44%
Asian/Pacific Islander students	11%	5%
Native American students	0.7%	1%

In California, 9% of all public school students attended a charter school in 2015, up from 1% in 1998. Black students are leading the surge in California, with the highest enrollment rate (13.1%) of any ethnic or racial group (see Figure 1 below).

Figure 1: The Ethnic Composition of California’s Charter School Population Has Changed



Data: Common Core of Data.

Two student groups did not fare better than their “matched peers” by attending charter schools: Asian students and white students. In both cases, their improvement in math performance was negatively impacted to a dramatic degree compared to the gains their matched peers made in district schools. These differences may be explained in part by the differences in location of charter schools serving significant proportions of whites and Asians; these schools are found in suburban and rural communities where the absolute achievement of the district schools is higher than is found in urban district schools. Many of these students attend charter schools that operate in solidly performing districts where the achievement levels are relatively high. The charter schools provide a distinct alternative to students and families who are interested in different kinds of educational experiences. Because the foundation of achievement is already positive, they may be willing to trade off a bit of growth to get those experiences.

Table 2: Relative Growth of Student Groups Compared to Their Matched Peers in Traditional Public Schools

Student Group	Reading Days of Learning	Math Days of Learning
Charter students in poverty		
All students in poverty	+14	+29
Black students in poverty	+36	+43
Hispanic students in poverty	+22	+29
Charter students by race/ethnicity		
Black	+22	+7
Hispanic	+7	-14
White	-7	-72
Asian	-7	-29
Charter students with special needs		
Special Education	+14	+7
English Learner	+36	+50

Data: Raymond, et al., 2018.

Note: “Days of learning” transforms the growth effect measured in standard deviation units to days gained or lost based on a 180-day school year.

Similar to urban schools, students attending charter schools affiliated with a charter management organization had better learning gains than district students in both reading and math. The results for CMO affiliates also were significantly better than for charter schools that were not part of a CMO.

Researcher Macke Raymond concludes that charters do slightly better than district schools on average, but notes that the real story is found in the distribution of results. Some charters vastly outperform state averages, particularly for some traditionally underperforming student groups, providing evidence that even in the largest or most disadvantaged communities, it is possible to allocate education dollars in a way to greatly improve outcomes of students. In addition, many CMOs have demonstrated the ability to not only produce strong results, but to replicate their approach to create networks that offer consistent and superior results. This finding, Raymond says, provides important evidence that it is possible to scale successful improvements in public education.

CHARTER AUTHORIZATION IN CALIFORNIA

With few exceptions, the charter application process emphasizes local control over authorizing decisions, effectively giving the district in which the charter school will operate the right of first refusal.

The local chartering process

Prospective charter school operators in California generally submit applications first to the school district in which the charter school will be located. Charter school applications must address 16 topics, including annual goals for student achievement. Authorizers are able to structure their applications and request additional information at their discretion.

State law stipulates that charter school applications should be approved unless one of five specific criteria for denial are met, emphasizing that “the chartering authority shall be guided by the intent of the Legislature that charter schools are and should become an integral part of the California educational system and that the establishment of charter schools should be encouraged.”

If a potential authorizer denies a charter application, the authorizer must produce written findings explaining the reasons for denial. A negative impact of charter school openings on the finances of a local school district is not an acceptable criterion for denying a charter school application.

If an application is denied by the local district, the applicant may appeal to their local county office of education (COE) or to the State Board of Education (SBE). If the COE or SBE grants the appeal, the COE or SBE becomes the charter school’s authorizer. The option to appeal charter school decisions is exercised frequently, and often changes the outcome of application decisions.

State regulations related to charter school authorization

California charter law encourages the growth of charter schools. The number of charter schools is capped at 100 more schools every year from a base of 250 in 1998-99, but the total number of charters has not neared this limit to date.

In contrast to many other states, California does not allow entities such as nonprofit organizations and higher education institutions to authorize charter schools.

California charter law is distinctive in the variety of educational and governance models for charter schools that it permits, including:

- Both nonprofit charter management organizations (CMOs) and for-profit education management organizations (EMOs). However, beginning in July 2019, for-profit EMOs will not be allowed to operate in California.
- Start-up charter schools and the conversion of traditional public schools (and entire school districts) to charter schools under certain conditions.
- A “parent trigger” law that permits dissatisfied families to convert traditional public schools to charter schools in some circumstances.
- The establishment of nonclassroom-based charter schools, which include independent study, home study, and virtual school programs.

Charter school authorization in California is highly decentralized, with little accountability for the districts and county offices that act as authorizers

Charter school authorizers play three essential roles: (1) vetting applications to open new charter schools, (2) monitoring existing charter schools, and (3) deciding to renew or close charter schools. California’s approach to charter school authorization is highly decentralized and has remained essentially unchanged since the state enacted its charter law. Every school district is designated as a charter school authorizer, regardless of its capacity or any potential conflicts of interest.

Research indicates that different kinds of agencies approach the work of charter school authorizing with different capacities, motivations, and expertise. School districts have the most direct experience overseeing schools, but may view authorizing charter schools as a distraction or an unwanted source of competition for scarce per-pupil resources, making them disinclined to approve or renew a charter school. Meanwhile, nondistrict authorizers that receive fees from the charter schools they authorize may have a greater financial incentive to keep charter schools open even if they are struggling academically.

Because of the disincentive for school districts to allow charter schools to operate within their boundaries, the National Association of Public Charter Schools considers the availability of nondistrict authorizers to be an important component of a state’s charter school law. The robust growth of the charter sector in California suggests that the potential anti-charter bias of district authorizers has not prevented the sector from achieving scale, likely because of the state’s robust application appeal process.

Unlike many other states, California does not have an independent chartering board. School districts, county offices of education (COEs), and the State Board of Education are the only agencies that can authorize charter schools. The vast majority of charter schools—87%—are authorized by districts, with county offices and the state board authorizing 11% and 2%, respectively.

About one-third of school districts, 294 in total, currently act as authorizer for one or more charter schools, along with most county offices (41 out of the 58 in the state). Among those 336 authorizers, 45% of all authorizers oversee a single charter school, and almost 90% oversee five or fewer schools. On the other side of the distribution, almost 25% of all charter school students in the state are enrolled in the schools overseen by the Los Angeles Unified School District. Table 1 shows the number of charter schools and their total student enrollment for the five largest authorizers in California, including LA Unified.

Table 3: Five Authorizers Oversee the Schools Attended by About a Third of All Charter School Students in the State

Largest Charter School Authorizers in California (2017-18 School Year)				
No.	Authorizer Name	Type	Number of Schools	Enrollment
1	Los Angeles Unified	District	277	154,407
2	San Diego Unified	District	48	21,599
3	Oakland Unified	District	35	13,135
4	Santa Clara County Office of Education	COE	22	10,171
5	Los Angeles County Office of Education	COE	18	5,325

Data: Slungaard Mumma and West, 2018.

Charter school authorizers in California operate with little oversight from the state. No mechanism exists for the state to prevent a district or county office with a poor track record from continuing to authorize schools, nor are there any public performance reports produced at the authorizer level. This is in contrast to other states. Most (28) of the 44 states with charter school laws require some kind of authorizer-level performance reporting, and 17 states have laws that allow the state to suspend authorizing rights in some circumstances.

The small scale and modest funding of many California authorizers limits their ability to develop oversight capacity consistent with emerging best practices

California law requires few specific activities from charter authorizers in terms of oversight, mandating only that authorizers:

- designate a contact person for the charter school;
- visit the charter school once a year;
- ensure compliance with all required reports;
- monitor the fiscal condition of the charter school; and
- inform the state of new charters, renewal decisions, and closures.

The few authorizers that oversee a large number of schools have large charter school offices and clearly developed oversight procedures. But in the many districts and county offices that oversee a very small number of charter schools, these responsibilities may fall on the shoulders of a single employee.

Organizations such as the National Association of Charter School Authorizers have sought to codify the practices of charter authorizers with a track record of success, and to encourage states and/or specific authorizers to adopt those practices as a matter of law or policy. Half of the states with charter school laws require that authorizers meet professional standards for authorizing practices, but California does not. Examples of those practices include establishing a contract or memorandum of understanding to clarify roles and responsibilities beyond what is contained in the charter petition, and using as a condition for renewal a set of clearly defined and measurable performance standards that must be met.

By national standards, charter school authorizers in California are also relatively poorly funded. They can claim a fee of up to 1% of the per-pupil funding allocated to a charter school, or up to 3% if the authorizer provides substantially rent-free facilities to the charter school. As of 2009, the average authorizing fee in the 14 states that use this funding mechanism was 3%, putting California at the lower end of authorizer funding for the many authorizers that do not provide facilities. These fees offer modest support to authorizers in California, especially those that oversee a small number of charter schools. A district overseeing its first charter school with an initial enrollment of 100 students, for example, might generate only \$11,000 in authorizer fees, less than a quarter of a full-time employee's salary.

California's charter school policies do not specify a distinct renewal process and set a low bar for charter renewal

Perhaps the most important decision that a charter school authorizer makes is whether to revoke, renew, or decline to renew a school's charter. At any time during a California charter school's tenure, authorizers or the state board can revoke the charter if there are serious violations of the charter contract or state law, or in cases of financial mismanagement. Charter schools can appeal a decision to revoke or not renew their charter to the local county office or the state board.

Regular renewal decisions come at the end of a charter school's term, which is typically five years. At that time, the school must apply for renewal. Renewal petitions, like the initial charter petition, must by statute emphasize the charter school's goals for future achievement and its instructional vision. As a result, renewal petitions typically emphasize future performance goals instead of reflecting on past performance. This focus is at odds with the statutory guidance regarding renewal decisions, which calls on authorizers to prioritize student performance yet gives little guidance regarding what measures to use.

In 2005, California adopted minimum performance standards for charter school renewal. Charter schools were required to meet at least one of four performance standards, but three of the four were based on the now defunct Academic Performance Index (API). The one standard that remains relevant allows the authorizer to define and use local comparisons of academic performance to determine if a charter school should be renewed. The latest guidance from the California Department of Education on renewal decisions does not specify performance targets or ways of comparing the performance of charter schools to other local options. But it permits authorizers to "consider a range of options in determining increases in pupil academic achievement for charter renewals."

Direct authorizer actions are not the primary reason for charter school closure in California. In 2014, an estimated 95% of renewal petitions in California were approved. The California Department of Education informally tracks the nature of charter school closures. In the 2016-17 school year, the department reported that 27 of the 51 closures were "voluntary," not a result of authorizer nonrenewal or revocation. Although these closures did not result from formal authorizer actions, it is possible that many of the schools that closed "voluntarily" did so in consultation with or at the recommendation of their authorizers.

In the 2018 update to the CREDO report, Raymond found that 23% of the schools CREDO had identified as low-achieving in 2010 had closed by the 2016-17 school year. While this represents a higher closure rate for low-performing charter schools than other states, it also suggests that many authorizers in California have allowed low-performing schools to remain in operation. Authorizers may be reluctant to close a low-performing school because doing so is politically difficult and resource intensive, regardless of the regulatory environment. Furthermore, authorizers in California may not feel that they have the legal standing to close a school based on academic performance given the broad range of possible performance metrics to consider and the likelihood of appeal.

Charter schools function as local education agencies for the purposes of accountability under the state's Local Control Funding Formual (LCFF). They must develop a [Local Control and Accountability Plan \(LCAP\)](#), and each school's outcomes are reported on the [California School Dashboard](#). Recent changes to the state charter law require charter petitions to include annual goals in the same areas as the charter's annual LCAP. Charter schools submit their LCAP to their authorizer, but the authorizers do not formally approve the LCAP. Tying charter school accountability to LCAP plans may provide stronger guidance for renewals in the future.

Conclusion

California's charter schools serve a growing number of students and provide a variety of schooling options. The available data provide evidence that in urban areas and for traditionally lower performing student groups, students are learning moderately more in charter schools than they would in the traditional public schools they would likely otherwise attend. But this is not the case for all students. California charter schools also appear to be improving over time, in part because less effective charter schools are more likely to close than other charters.

California charter schools are benefiting some groups of students, but our research was not able to address the charter sector's overall effects on the state's traditional public schools. While competition from charter schools may provide pressure to improve performance, the expansion of charters may also impose costs on local school districts. In addition, the minimum performance standards for charter schools have been loosely defined, giving authorizers substantial discretion over the decision to renew or close low-performing charter schools.

The main responsibilities of charter authorizers include approving initial charter school petitions, monitoring existing charter schools, and deciding to renew or close the charter schools they have authorized. Every school district and county office in California is designated as a potential charter school authorizer, regardless of its capacity or any potential conflicts of interest. Unlike many other states, California does not require any kind of authorizer-level performance reporting or have provisions allowing the state to suspend authorizing rights in some circumstances.

Authorizers in California receive fewer state funds to fulfill their oversight responsibilities than those in many other states. State law also does not outline a process for renewal that is distinct from the initial petition approval process. As a result, authorizers are directed to look only at what is in the new petition (i.e., forward-looking promises) rather than at past performance, which may limit the accountability of charter schools for their past performance. Temporary regulations establishing performance criteria for charter renewal were in place previously, but were based on California's prior assessment system and all but one are no longer in use. Charter accountability will now be tied to LCAP plans, which may provide stronger guidance for reauthorization in future years.

Author biographies

Macke Raymond is director of the Center for Research on Education Outcomes (CREDO) and leads the organization in investigating the effectiveness of policies and programs that aim to improve results for students who attend public schools in the United States.

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