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Charter Schools at an Impasse:
Evaluating America's Charter School System

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ABSTRACT: Through an analysis of resources from the State Departments of Education and state education codes, I argue that levels of state regulation of charter schools differ in California, Arizona, Texas, Florida, and New York. Specifically, I demonstrate that this regulation can be classified as low, moderate, or high, depending on the language of the state's educational legislation. I also analyze the racial diversity of each state's charter school and public school sectors, using race as a proxy for income levels. This data is used to assess the educational outcomes of the different sectors. It is evident that charter schools are becoming an increasingly important aspect of the educational sector and will continue to be a prominent topic of political discussion.

The charter school system in the United States faces widespread political polarization. Some argue that charter schools provide improved methods of educating children especially in low-income areas with lower high school graduation rates. These advocates also argue that charter schools provide more innovation and choice to parents. Critics contend that public funds in support of charter schools might be misrepresented on financial statements, resulting in inappropriate use of public finances and taxpayer dollars. Fraud is a concern facing numerous charter schools due to a lack of accurate accounting. Florida is an example of a state currently experiencing many charges of charter school fraud. Recently, Marcus May, the former manager overseeing charter school development in Florida, was charged with racketeering as well as fraud.¹ Support for or opposition to charter school implementation is increasingly a partisan issue. However, academic performance and cost-effectiveness are two factors that should be used in the evaluation of both traditional public schools (TPS) and charter school systems. What is missing from the charter school debate is concrete data on the effectiveness of these schools as well as outcomes of students who have transitioned from a public school to a charter school system. Furthermore, most academic research involving charter schools has been limited to analyzing the effect of charter schools within a single state rather than a comparison of outcomes

¹ The Associated Press, "Florida Charter School Operator Gets 20 Years for Fraud" *The New York Times*, November 14, 2018, <https://www.nytimes.com/aponline/2018/11/14/us/ap-us-charter-school-indictments.html>.

across more than one state. One difficulty in assessing outcomes is that each state has different regulations, specifically those involving financial disclosures. Furthermore, it is not clear if these state-regulated laws impact different types of charter schools similarly, and if not, what effect they might have on academic achievement.

1. Charter Schools: Introducing the System

Charter schools resemble TPS in that they receive funding from the state to educate students; however, charter schools often have greater autonomy and fewer restrictions on how they allocate that funding. According to the National Conference of State Legislatures, charter schools can utilize their autonomy but are still held accountable by the state: “[T]hey have more freedom over their budgets, staffing, curricula and other operations. In exchange for this freedom, they must deliver academic results and there must be enough community demand for them to remain open.”² A clear distinction between charter schools and TPS is the language charter schools use to express their objectives. When representatives and educational board members define what a charter school education is, they often discuss how charter schools will solve various educational problems—implying that the root of the problem lies within TPS education and that the solution is charter school implementation. For example, the United States Department of Education’s Office of Innovation and Improvement stated that charter schools are given large amounts of autonomy in exchange for being held to high standards of excellence by each state’s department of education.³ Presently, there are forty-four states that allow charter schools and the federal government has invested roughly four billion into fostering those

² National Conference of State Legislatures, “Charter Schools in the States: Charter School Finance,” accessed March 1, 2019, <http://www.ncsl.org/research/education/charter-schools-in-the-states-charter-school-fina.aspx>.

³ Jack Buckley and Mark Schneider, “Introduction,” In *Charter Schools Hope or Hype?* (Princeton: Princeton Univ. Press, 2018).

schools.⁴ Despite this large investment, charter schools face widespread opposition. Much of the concern and discontent emerges from the fear that children and their parents cannot make informed decisions on choosing a school: “In spite of its civil rights rhetoric, the charter movement in fact undercuts legal protections of the rights of parents and students, protections that were secured not through the choices of individual educational consumers but through collective action.”⁵ Charter schools differ from TPS because they are schools of choice, which means that parents can select which school the child attends even if it is outside of their district:

Simply put, a charter school is a non-religious public school operating under a contract, or ‘charter,’ that governs its operation. All details of school operation—its name, organization, management, and curriculum—are set by the charter, which also outlines how the school will measure student performance. Since charter schools are publically funded, they must have open enrollment policies, may not charge tuition, and must still participate in state testing and federal accountability programs.⁶

To critically examine those who support or oppose charter schools, one must first understand each component of charter school systems.

Parent-choice in what school a child will attend is a critical aspect of charter schools. However, one problem with parent-choice is that parents might not always make the most informed decision for the student. Another concern surrounding parent-choice in the charter school system is that parents might choose schools for reasons other than academics. Some parents believe that choosing a school based on athletics provides the best opportunity to receive

⁴ National Charter School Resource Center, “What is the History of Charter Schools?” accessed November 2, 2018, <https://charterschoolcenter.ed.gov/faqs>.

⁵ Nicholas Eastman, Morgan Anderson, and Deron Boyles, “Choices or Rights? Charter Schools and the Politics of Choice-Base Education Policy Reform,” *Studies in Philosophy and Education* 36, 1. (2017): 64, accessed October 24, 2018, <http://web.a.ebscohost.com.lib.pepperdine.edu/ehost/detail/detail?vid=4&sid=6acafc0f-5e94-4a71-a1e9-076dcf680035%40sdc-vsessmgr04&bdata=JnNpdGU9ZWwhvc3QtbGl2ZSZzY29wZT1zaXRl#AN=120784329&db=a9h>.

⁶ Center for Public Education, “Charter Schools: Finding the Facts,” March 2010, <http://www.centerforpubliceducation.org/research/charter-schools-finding-out-facts-0>.

a scholarship for college.⁷ However, according to the National Collegiate Athletic Association, the likelihood of a student competing in athletics during their college career is very slim with only 3.4 percent playing basketball in college, 6.9 percent playing football, and 5.5 percent playing soccer.⁸ Not only is the probability extremely low for students hoping to participate in collegiate sports, but the likelihood of receiving an athletic scholarship is significantly lower. According to the Brookings Institution, parental choice can facilitate racial segregation because of the potential for parents to select areas with high levels of racial homogeneity: “Such racial imbalance can happen when the student body of any particular school is based on a lottery among applicants to that school. This allows for self-sorting on racial, ethnic, and other dimensions.”⁹ The Brookings Institution studied racial diversity in over 100 of the largest public school districts within the country and found that there is a positive correlation between school choice and the level of racial segregation between blacks and whites within that school district.¹⁰ Racial segregation within charter schools creates the concern that charters will enroll students with significantly lower socioeconomic backgrounds compared to TPS. The concern is that socioeconomic inequality within charter schools could facilitate an economic imbalance among charters, and between charter schools and their TPS counterparts.

The economics of charter schools—specifically regarding financial disclosures—have resulted in much political debate. Although charter schools are non-profit organizations, some states allow for-profit management companies to oversee the implementation and development

⁷ Cassady Rosenblum, “Take it from a New Orleans Charter School Teacher: Parents Don’t Always Get School Choice right,” *The Los Angeles Times*, July 10, 2017, <https://www.latimes.com/opinion/opinion-la/la-ol-sorry-parents-20170710-story.html>.

⁸ National Collegiate Athletic Association, “Estimated Probability of Competing in College Athletics,” accessed February 2, 2019, <http://www.ncaa.org/about/resources/research/estimated-probability-competing-college-athletics>.

⁹ Grover J. Whitehurst, “New Evidence on School Choice and Racially Segregated Schools,” *Brookings Institute*, December 14, 2017, <https://www.brookings.edu/research/new-evidence-on-school-choice-and-racially-segregated-schools/>.

¹⁰ *Ibid.*

of those charters. Management companies that are responsible for charter schools can profit from these tax-supported school systems.¹¹ Charter schools that operate using a for-profit overseer are characterized as TPS alternatives that are privately operated enterprises running on state-funding. One way to profit from what should be a non-profit organization is through charter school real estate investments. A financier for real estate loans told the *Wall Street Journal* that significant amounts of finances are currently being invested into the charter school system. The Community Tax Relief Act of 2000, initiated under former President Bill Clinton, allows taxpayer money to go toward charter school systems: “[t]he taxpayers can end up paying for the building twice—and the building still ends up belonging to the charter company.”¹² While charter schools receive public funding, people can make money through charter systems by hiring themselves as the management of the charter system: “Over the last decade, there have been numerous examples of this arrangement, sometimes called a ‘sweeps contract,’ where the charter company hands as much as 95% of its revenue off to a for-profit management organization.”¹³ Like real estate ventures, the school’s liquid assets such as technology, furniture, and appliances are under the title of the management organization; therefore, if the charter school fails, the management company maintains all of the property.¹⁴ Often, there is a lack of financial transparency in the management of these schools, resulting in individuals pocketing money that should be used to increase academic standards.

Conversion charter schools and virtual charter schools are two other forms of charter schools. Conversion charter schools are public schools that have been approved to assume

¹¹ Peter Greene, “How to Profit from Your Nonprofit Charter School,” *Forbes*, August 13, 2018, <https://www.forbes.com/sites/petergreene/2018/08/13/how-to-profit-from-your-non-profit-charter-school/#4a9849393354>.

¹² *Ibid.*

¹³ *Ibid.*

¹⁴ *Ibid.*

charter status, which is usually to improve the quality of academics. An example of a conversion charter school that has been operating for more than a decade is the Granada Hills Charter High School located in Granada Hills, California, which was converted to a charter school in 2003.¹⁵ In 2013, a decade after conversion, Granada Hills Charter High School had an enrollment of over 4,200 students with 72% being minorities. Conversions of TPS to charter schools are often encouraged and led by members within the school district as well as parents and faculty members at the school.¹⁶ Conversion charter schools offer TPS the opportunity to improve academic standards when failing, as opposed to shutting the school down and forcing students to find new accommodations.

In comparison to conversion charter schools, virtual charter schools offer online education. One primary difference between TPS and virtual charter schools is that the latter is usually overseen by a company that makes a profit from the charter system. In 2018, Democratic Senators Pat Murray of Washington and Sherrod Brown of Ohio called for the Government of Accountability Office (GAO) to investigate the effectiveness of virtual charter school systems. Similarly, the Center for American Progress published research demonstrating the academic declines of these virtual charter schools. As Murray and Brown noted in a letter to the GAO: “There is almost no research on whether virtual charter schools meet student needs, especially for students who require specific accommodations, including English learners and students with disabilities.”¹⁷ Currently, K12 Inc. is the largest virtual charter school in the country whose executives profit tremendously while the charter school’s academics continue to decline. K12

¹⁵ National Charter School Resource Center, “Conversion Charter Schools: When Teachers and Parents Lead the Charge,” April 17, 2014, <https://charterschoolcenter.ed.gov/newsletter/april-2014-conversion-charter-schools-when-teachers-and-parents-lead-charge>.

¹⁶ *Ibid.*

¹⁷ Rebecca Klein, “Democratic Senators Call for Investigation into Virtual Charter Schools,” *The Huffington Post*, October 10, 2018, https://www.huffingtonpost.com/entry/virtual-charter-schools-report-investigation_us_5bb54ec2e4b028e1fe3a5985.

Inc. spends more than \$30 million per year in advertisements to attract students to their charter school, and executives of the school can expect a million-dollar salary.¹⁸

1.1 History of Charter School Development

Supporters and opponents of charter schools debate the cost-effectiveness of charter schools, as well as their academic performance. American political scientist Harold Lasswell famously defined politics as the competition for resources within the political sphere.¹⁹ The discussion of the charter school debate mirrors Lasswell's definition of politics as a rivalry for assets within the education system. During the 2016-2017 academic year, there were over 6,900 charter schools within the United States, totaling over 3.1 million students enrolled in charter school systems.²⁰

Each type of charter school offers unique features that could provide a more beneficial education to students in low-income areas where TPS systems are failing to meet state educational standards. The purpose of this research is to examine the academic performance of students within these charter school systems. According to a study produced by the University of Arkansas' Department of Education Reform, charter schools are nationally receiving on average less per-pupil funding compared with TPS.²¹ The study found that TPS received between \$552 to \$571 more per student than charter schools. The difference between a charter school and TPS funding has only worsened, with the gap increasing by over 54 percent within the last 8 years.²² Theoretically, if charter schools receive less funding on average, then money should be managed

¹⁸ *Ibid.*

¹⁹ Harold D. Lasswell, *Politics: Who Gets What, When, How*, (New York: Whittlesey House, McGraw-Hill Book Company, 1936).

²⁰ National Alliance for Public Charter Schools, "Estimated Charter Public School Enrollment, 2016-17," accessed November 13, 2018, http://www.publiccharters.org/sites/default/files/migrated/wp-content/uploads/2017/01/EER_Report_V5.pdf. 1-5.

²¹ Meagan Batdorff, Larry Maloney, Jay F. May, Sheree T. Speakman, Patrick J. Wolf, and Albert Cheng, *Charter School Funding: Inequality Expands*, April 9, 2014, <http://www.uaedreform.org/wp-content/uploads/charter-funding-inequity-expands.pdf>.

²² *Ibid.*

more soundly to improve the academic achievement of students. However, mismanagement of funds, a lack of financial transparency, and poor academic standards can result in academically inadequate charter schools. State regulations are intertwined with financial transparency because charter school financing differs depending on each state's laws; for example, some states are required to utilize grants for the development of new charter schools, while others are not.²³

While politics is an integral aspect of charter school systems, it raises the question: how do state laws—specifically those involving public-funding and regulations for charter schools—impact the academic performance of students in charter school systems compared to their TPS counterparts? Furthermore, do these laws impact different charter schools similarly across states? Through this research, I hypothesize that charter schools will maintain higher levels of racial minorities than TPS' within the state, and will have lower levels of academic achievement. I use racial diversity as a proxy for socioeconomic status, which means in the context of this research, higher ethnic minorities are situated in lower-income areas. I anticipate that higher state regulation will result in better academic achievement on the principle assumption that more state oversight could facilitate a classroom education that produces quality curricula versus “teaching to the test.”

1.3 Research Design

This paper will examine charter schools in five states: California, Arizona, Texas, Florida, and New York. It will provide a comparative analysis of charter school systems with that of their TPS counterparts in each of these states. These states were selected for various reasons. First, each state has a robust charter school system; charter schools account for four percent or more of students enrolled within each of the states and each state has a wide array of

²³Micah A. Wixom, “50-State Comparison: Charter School Policies,” *Education Commission of the States*, January 23, 2018, <https://www.ecs.org/charter-school-policies/>.

charter schools. Second, the five states collectively represent different geographical regions of the country (Far West, Mountain West, Deep South, and the Northeast). Finally, I also chose the states because they represent various state regulatory models and represent diverse student populations regarding race. The goal of this research is to determine if charter schools improve or hinder educational outcomes. The two independent variables for this research are state regulation and racial diversity used to represent the socioeconomic status of the school system. The dependent variable that will be researched is the academic achievement of students in charter school systems. I will also consider state laws to decide if levels of regulation for charter school systems impact the academic performance of students and provide a noticeable difference compared with students in TPS. The level of state regulation will be measured on a scale ranging from low regulation, moderate regulation, and high regulation states. I will define low regulation states as those with minimal legislation and laws enforced by the state government, allowing charter schools to exercise more freedoms with less state intervention. States with moderate regulation are those with clearly defined regulations through the state's education code but also provide some flexibility for the charter school's administration to make curriculum decisions. Finally, high regulation states will be defined as those with rigid and consistently enforced laws within the state that provide a clear outline for what charter schools can and cannot legally do. States currently differ on their levels of charter school regulation, which results in varying laws about whether conversion charter schools are permitted, how many charter schools are allowed, and what organizations can approve new charter schools. Furthermore, some states differ in how they allocate their funding for charter schools. Charter school regulations could also include procedures for determining public funding allocation to specific charter schools, how many charter schools can be built within the state, what curriculum outlines the school is required to

follow, and educational requirements for teachers. Financial disclosures will also be factored into state regulation with low regulation states requiring charter schools to disclose little to no financial records of their fiscal year spending. States with high levels of regulation will have more stringent financial disclosure regulations that must be met to maintain the charter school. The two critical aspects of state regulation for this research are the rhetoric in the state's education code and the financial transparency of the charter school systems.

Table 1: Level of State Regulation (California, Arizona, Florida, Texas, New York)

State	California	Arizona	Florida	Texas	New York
Low Regulation		+			
Moderate Regulation	+		+		+
High Regulation				+	

*The + sign denotes the category each state was placed into resulting from the research of this paper.

I will also examine the racial composition of each sector in each state. This research assesses the academic performance of charter school systems using performance measures, primarily using scores on standardized state examinations. I will use the racial diversity of the schools as a proxy for economic background. The research will presume that high racial diversity is a measure for lower income levels among students. I will also consider if the racial demographics of students enrolled in charter schools within a specific state match those of the TPS system. While income levels of charter school students compared to TPS counterparts would have been a preferable measure of economic background, the data could not be attained for this research but will be utilized in future research. What makes charter school segregation a concern for academic achievement is that charter schools are often more segregated with regards to race and therefore

more likely to also be segregated economically.²⁴ The academic performance of the charter school systems in each state will be defined as an increase in test scores assessed on a yearly basis, known as the “average one-year growth” compared to TPS.²⁵

Table 2: Charter School Demographics Per State (2017-2018)

State	California	Arizona	Texas	Florida	New York
# of Charter Schools	1,275	556	774	661	281
# Enrolled in Charter Schools	630,000	188,000	337,100	302,000	141,000
Charter School % Gain (2017-2018)	2%	1%	3%	1%	5%
# of Charter Closures (as of Spring 2017)	46	16	22	31	2
# New Charter Schools (as of fall 2017)	65	20	47	36	16
% Enrolled in Charter Schools	9%	16%	5%	10%	4%

Source: Rebecca David and Kevin Hesla, “Estimated Public Charter School Enrollment, 2017-2018.” *National Alliance for Public Charter Schools*, March 2018, <https://www.publiccharters.org/sites/default/files/documents/2018-03/FINAL%20Estimated%20Public%20Charter%20School%20Enrollment%2C%202017-18.pdf>.

1.4 Charter School Effectiveness: Case Studies

As Table 1 indicates, California has 1,275 charter schools with approximately 630,000 students enrolled in those schools, which represents 9 percent of the state’s student population.²⁶

California currently has the largest number of students enrolled in charter schools across the

²⁴ Grover J. Whitehurst, Richard R. Reeves, and Edward Rodrigue, “Segregation, Race, and Charter Schools: What Do We Know?”, *The Brookings Institution*, October 2016, https://www.brookings.edu/wp-content/uploads/2016/10/ccf_20161021segregation_version-10_211.pdf, 6.

²⁵ Center for Research on Education Outcomes, “Charter School Performance in New York City,” October 2017, https://credo.stanford.edu/pdfs/nyc_report%202017%2010%2002%20FINAL.pdf, 1-56.

²⁶ National Center for Education Statistics, “Fast Facts,” accessed February 20, 2019, <https://nces.ed.gov/fastfacts/display.asp?id=30>.

country.²⁷ The state also has both conversion charter schools as well as virtual charter schools. Currently, each of those two models can be led by a management organization that operates on a for-profit basis. However, California Governor Jerry Brown signed Assembly Bill 406 that bans future for-profit management companies overseeing charter school systems. Prior to Assembly Bill 406, California law allowed charter schools to operate under the management of for-profit companies. Currently, there are 35 for-profit charter schools within California that enroll 25,000 students and are managed by five for-profit management organizations.²⁸ Arizona has fewer students re-enrolled in charter schools than in California, but a much higher overall percentage. There are approximately 188,000 students enrolled in charter schools statewide,²⁹ which represents sixteen percent of all students.³⁰ Arizona also has both conversion charter schools as well as virtual charter schools; however, there is no legislation banning management companies from operating on a for-profit basis. Texas also has a robust charter school sector, with 337,100 students attending 774 charter school facilities during the 2017-2018 academic year. Furthermore, there are over 140,000 students in Texas on a waitlist to attend a charter school within the state.³¹ Charter school enrollment in Texas accounts for 5 percent of the total public school enrollment within the state.³² Charter schools are often implemented in highly urbanized areas of Texas—such as Houston, Dallas-Fort Worth, and Austin. Charter schools within Texas are found in 41 of the state’s 254 counties. Texas maintains the two versions of charter schools

²⁷ California Charter Schools Association, “Growth and Enrollment.”

²⁸ Valerie Strauss, “California Gov. Brown Signs Bill Banning For-Profit Charter Schools. But Will It Really do That?” *The Washington Post*, September 18, 2018, https://www.washingtonpost.com/education/2018/09/18/california-gov-brown-signs-bill-banning-for-profit-charter-schools-will-it-really-do-that/?utm_term=.353555a573f2.

²⁹ Rebecca David and Kevin Hesla, “Estimated Public Charter School Enrollment, 2017-2018.” *National Alliance for Public Charter Schools*, March 2018, <https://www.publiccharters.org/sites/default/files/documents/2018-03/FINAL%20Estimated%20Public%20Charter%20School%20Enrollment%2C%202017-18.pdf>.

³⁰ National Center for Education Statistics.

³¹ Texas Charter Schools Association, “Charters in Texas,” accessed November 3, 2018, <https://www.txcharterschools.org/what-is-a-charter-school/charters-in-texas/>.

³² National Center for Education Statistics.

that both California and Arizona possess. Like its counterparts, Florida maintains a high charter school enrollment throughout the state. During the 2017-2018 academic year, roughly 302,000 students were enrolled in 661 charter schools across the state.³³ In Florida, 10 percent of public school students are enrolled in charter school systems.³⁴ Virtual charter schools are offered in Florida as full-time alternatives to a classroom education in a TPS environment. Virtual charter schools are offered in Florida as full-time alternatives to a classroom education in a TPS environment.³⁵ Finally, there are roughly 141,000 students enrolled in 661 charter schools in New York State.³⁶ There are also 52,700 students waiting to be removed from the waitlist to attend a charter school in New York. In New York, roughly 4 percent of public school students choose to enroll in charter school systems versus TPS.³⁷

1.5 California Results: State Regulation

California has *moderate state regulation* of charter schools because while its charter legislation is clear, enforceable, and backed by an Advisory Commission on Charter Schools, the state does not currently have an evaluation method to ensure charter quality. California's charter school law states that each charter school must petition for renewal to the state government every five years.³⁸ The state has clear standards regarding who can apply to start a charter school system. Not only must individuals or organizations petition to create a charter school and have that petition signed by parents of students who would attend the potential school, but the number of signees must total at least half the number of enrolled students the individual or organization

³³ David and Hesla.

³⁴ National Center for Education Statistics.

³⁵ Florida Department of Education, "General Information on Virtual Charter Schools," accessed December 2, 2018, <http://www.fldoe.org/schools/school-choice/virtual-edu/virtual-charter-school/vcs-info.stml>.

³⁶ David and Helsa.

³⁷ National Center for Education Statistics.

³⁸ Wixom.

would expect for the charter school.³⁹ California law also requires teachers to possess a teaching certification.⁴⁰ The state's initial limit on charter school implementation was 250 charter schools during the 1998 to 1999 academic year. However, California has allowed the charter school maximum to increase by a total of 100 schools each year.⁴¹ According to California's Education Code, the state allows failing TPS to be converted into charter schools, and the education code clearly states that virtual charter schools are allowed by law. The requirements for transitioning to a conversion charter school are that 50 percent of the current TPS' teachers support the decision and that the request to convert to a charter school is approved by the California Board of Education as well as the superintendent in charge of the school district.⁴² In terms of virtual charter schools, the California Education Code classifies the charter as a virtual alternative when at least 80 percent of student-to-teacher interactions occur online.⁴³ California currently allows for student enrollment priority if the student is already attending the school, the student lives within the district, or if the student lives in an area where at least 50 percent of students meet the requirements for a state-sponsored free lunch program.⁴⁴ The state also has an Advisory Commission on Charter Schools, which is a governing body responsible for approving petitions from charter schools as well as implementing new regulations on charter school systems.⁴⁵

California has the potential to strengthen its *moderate state regulation* if its department of education sets parameters for quality control as well as financial evaluation of charter schools. California currently does not possess "established standards for quality school authorizing that authorizers must meet," which means that California does not have any evaluation on whether

³⁹ *Ibid.*

⁴⁰ *Ibid.*

⁴¹ *Ibid.*

⁴² *Ibid.*

⁴³ *Ibid.*

⁴⁴ *Ibid.*

⁴⁵ California State Board of Education, 2018, "Advisory Commission on Charter Schools, accessed March 2, 2010, <https://www.cde.ca.gov/be/cc/cs/index.asp>.

the state is fulfilling its annual reports.⁴⁶ In addition to the lack of clear standards for its authorizing bodies, California's consistent financial discrepancies of charter schools have earned the state's "Wild West" nickname for charter school regulation.⁴⁷ California's charter schools receive funding based on the Local Control Funding Formula, which provides the amount of state as well as tax money that will be allocated to charter schools. In California, charter schools receive less funding per student than TPS systems: "Historically, the gap has exceeded \$600 per pupil in base state operating funds...Charter schools also rarely have access to local school bonds or parcel taxes that benefit traditional schools."⁴⁸ In terms of financial disclosure, a 2015 report released by the nonprofit organization Center for Popular Democracy, uncovered over \$80 million in fraudulent statements from charter schools in California alone.⁴⁹ Despite the financial discrepancies of California charter schools, the state is making progress toward strengthening and increasing state regulation of charter school finances. Governor Newsom of California signed Senate Bill 126 on March 5, 2019, resulting in increased financial transparency among charter schools: "requiring all schools that receive taxpayer funding to follow the same standards for accountability and transparency."⁵⁰ California possesses *moderate state regulation* because while the state demonstrates clear legislation, there are numerous financial discrepancies and a lack of quality-control of charter school systems.

⁴⁶ Wixom.

⁴⁷ Valerie Strauss, 2018.

⁴⁸ California Charter Schools Association, "Frequently Asked Questions," accessed December 3, 2018, <http://www.ccsa.org/understanding/faqs/>.

⁴⁹ Emma Brown, "California Charter Schools Vulnerable to Fraud, Report Says," *The Washington Post*, March 24, 2015, <https://www.washingtonpost.com/news/local/wp/2015/03/24/california-charter-schools-vulnerable-to-fraud-report-says/>.

⁵⁰ Office of Governor Gavin Newsom, "Governor Newsom Signs Long-Discussed Charter School Transparency Legislation," accessed March 5, 2019, <https://www.gov.ca.gov/2019/03/05/charter-school-transparency-legislation/>.

1.6 California Results: Racial Diversity

The racial makeup of California’s charter schools is nearly identical to that of its TPS counterparts. As Table 2 notes, just over half of charter school attendees are Latinos (51%), compared to 55 percent at TPS. Black students make up 8 percent of charter school students compared to 5 percent in TPS; Whites comprise 28 percent of charter attendees compared to 23 percent in TPS. Finally, Asian students comprised 5 percent of charter school students and 9 percent of TPS enrollment.⁵¹ Overall, California’s charter schools appear to be roughly congruent with the racial demographics of TPS.

Table 3: California Racial Diversity in Charter vs. Traditional Public Schools (2017-2018)

Ethnic Background	Percent of State-Wide Charter School Enrollment	Percent of State-Wide Traditional Public School Enrollment
Latino	50%	55%
Black	8%	5%
White	28%	23%
Asian	5%	9%

Source: California Charter Schools Association, 2017, “2016-2017 California Charter Public Schools Fact Sheet,” August, https://www.charterconference.org/2018/exhibitors/pdfs/CCSA_fact_sheet.pdf, accessed March 5, 2019.

1.7 California Results: Academic Achievement

California charter schools assess the academic achievement of their students using an end of course examination and then comparing that data to TPS systems, as well as a National Assessment of Educational Progress score. Research conducted in 2013 demonstrates that the state experienced an average starting score for reading abilities of 0.01, as measured in standard

⁵¹ *Ibid.*

deviations, and an average math starting score of 0.03.⁵² The starting scores were derived based on standard deviations from the national public school starting score average, with zero being the 50th percentile of academic performance.⁵³

To determine the progress of California's conversion charter schools, the California Charter School Association conducted research to assess whether changing from a TPS to a conversion public school resulted in differences among students' academic performance. The study concluded that most conversion charter schools performed higher on academic achievement after transitioning from a TPS: "On average, conversion charters outperformed TPS in the 2011-2012 school year across several academic performance metrics, including California's Academic Performance Index (API), proficiency rates in English Language and proficiency rates in math."⁵⁴ Conversion charter schools also experienced higher levels of academic growth after transitioning from TPS.⁵⁵ Research also suggests that black students perform better in charter school systems compared with TPS. According to a 2014 study conducted by the Center for Research on Education Outcomes (CREDO), black students within California charter schools performed far better in both reading as well as mathematics compared with counterparts in TPS systems.⁵⁶ Furthermore, black students within California charter schools received 22 additional days of reading within the classroom environment and 7 additional days of mathematics compared with TPS.⁵⁷ However, the same study found that in California charter schools, Latino students receive roughly 14 fewer classroom days centered on

⁵² Center for Research on Education Outcomes, "National Charter School Study," accessed March 1, 2019, <http://credo.stanford.edu/documents/NCSS%202013%20Final%20Draft.pdf>, 21.

⁵³ *Ibid.*

⁵⁴ California Charter Schools Association, "Conversion Charter Schools: A Closer Look," accessed December 1, 2018, <http://www.ccsa.org/2012/04/conversion-charter-schools-a-closer-look.html>.

⁵⁵ *Ibid.*

⁵⁶ Center for Research on Education Outcomes, "Charter School Performance in California," February 27, 2014, https://credo.stanford.edu/pdfs/ca_report_FINAL.pdf, 23.

⁵⁷ *Ibid.*

mathematics than TPS.⁵⁸ One of the most striking concerns about race in California charter schools is that black students, in both TPS and charter schools, experience lower learning levels in reading and mathematics compared with white students in TPS.⁵⁹ Finally, virtual charter schools have a graduation rate of only forty percent.⁶⁰

1.8 Arizona Results: State Regulation

Arizona has a *low level of state regulation* of its charter school systems because of its underdeveloped, and at times vague, laws regarding charter school policy. In Arizona, charter schools can be operated and run for 15 years before filing a request to be renewed for a longer duration of 20 years.⁶¹ While California requires renewal every five years, Arizona's duration of time is substantially longer than that of California's. Arizona does not have any laws regarding a limit on the number of charter schools allowed, which contrasts to California's clear and enforceable regulations on charter school caps.⁶² In Arizona, anyone may petition to open a charter school, including organizations and private entities, pending approval by the state's Department of Education.⁶³ California's Education Code provides more stringent provisions regarding the process of applying for a charter school than Arizona, which could explain a large amount of embezzlement and fraud charges against Arizona charter schools. Arizona also has different laws than California regarding conversion and virtual charter schools. Arizona does not allow for TPS systems to transition to conversion charter schools as stated by Title 15 of the Arizona Revised Statutes.⁶⁴ However, Arizona does allow virtual charter schools⁶⁵ Arizona's

⁵⁸ *Ibid.*, 24.

⁵⁹ *Ibid.*, 30.

⁶⁰ Valerie Strauss, 2018.

⁶¹ Wixom.

⁶² *Ibid.*

⁶³ *Ibid.*

⁶⁴ Arizona State Legislature, "Title 15 – Education," *Arizona Revised Statutes*, accessed March 4, 2019, <https://www.azleg.gov/arsDetail/?title=15>.

Department of Education requires virtual charter schools to be placed on probation with the state until there is concrete data on the effectiveness of the program, demonstrated by students' academic achievements, at which point the school can petition for probation removal.⁶⁶ Arizona charter schools can be approved by a myriad of organizations: "The state board of education. The state board for charter schools. A university under the jurisdiction of the Arizona board of regents. A community college district or a group of community college districts."⁶⁷ Arizona also lacks numerous regulations regarding teacher accreditation for charter schools. While California requires teachers to receive certification before teaching at a charter school, Arizona does not require such certification.⁶⁸ Arizona's Board of Education is not allowed to implement rules and restrictions on charter school teachers apart from those which are federal law.⁶⁹

Arizona's regulations regarding financial disclosures and transparency also explain why I label it as a state with *low state regulation*. Unlike the TPS in Arizona, charter school systems are not given educational funds from property taxes, but the state provides additional funding to charter schools known as "additional assistance" to balance its lack of revenue from property taxes. In addition to a base support level from the state, charter schools are also given equal access to all applicable federal and state funding.⁷⁰ Charter schools in Arizona are not required by the federal government to submit completed expenditure information; therefore, there is little record of where funds are going within the charter school systems.⁷¹ When analyzing the 2016 to 2017 academic year, the non-profit organization Arizonans for Charter School Accountability

⁶⁵ Arizona Virtual Academy, "Imagine What Your Child Could do with the Right Education," accessed December 1, 2018, <https://azva.k12.com>.

⁶⁶ Wixom.

⁶⁷ *Ibid.*

⁶⁸ *Ibid.*

⁶⁹ *Ibid.*

⁷⁰ *Ibid.*

⁷¹ Jim Hall, "The Mess in Arizona's Charter School Sector," *The Washington Post*, January 16, 2018, https://www.washingtonpost.com/news/answer-sheet/wp/2018/01/16/the-mess-in-arizonas-charter-school-sector/?utm_term=.2cca9247c572.

found that every charter school financial report contained large amounts of falsification.⁷² The concern with incomplete and inaccurate expenditure information is that Arizona receives roughly 1.5 billion dollars from the state per year for charter school systems and does not have appropriate records of how the money is being used.⁷³ In terms of Arizona's per-pupil funding, the state receives between \$250 and \$400 per student depending on the socioeconomic implications:

Schools may receive funds at a rate of \$250/student for schools with less than 60% of students eligible for free or reduced price lunches, or \$400/students in schools where over 60% of enrolled students qualify for free or reduced price lunches provided the schools scored in the top 10% of all schools on statewide assessment.⁷⁴

Arizona's charter school funding is administered by the public school district if the charter school was approved by the school board; however, if it was approved by any other governing body, the state administers the charter school's funding.⁷⁵ Arizona received *low state legislation* because many of its laws are underdeveloped and lack stringent regulations when compared with the other states in this study.

1.9 Arizona Results: Racial Diversity

Charter schools in Arizona enrolled 48% White students compared with 42.2% in TPS, 7% Black students in comparison to 5% in TPS, as well as 35% Latino students compared with 43% in TPS, and lastly, 3% Asian students with 3% enrolled in TPS (see Table 3).⁷⁶ One of the most contentious charter schools in Arizona are the BASIS Charter Schools: "A close look at BASIS provides insight into how charter schools can cherry-pick students, despite open

⁷² *Ibid.*

⁷³ *Ibid.*

⁷⁴ *Ibid.*

⁷⁵ Wixom.

⁷⁶ National Alliance for Public Charter Schools, "Details from the Dashboard: Charter School Race/ Ethnicity Demographics," accessed March 6, 2019, http://www.publiccharters.org/sites/default/files/migrated/wp-content/uploads/2014/01/NAPCS-2010-2011-Race_Ethnicity-Details-from-the-Dashboard_20120516T152831.pdf, 4.

enrollment laws.”⁷⁷ BASIS Charter Schools located in Tucson and Scottsdale, Arizona are ranked as two of the most academically rigorous high schools in the United States. Currently, there are now 18 BASIS Charter Schools in Arizona, all of which are operated by for-profit management companies. 32 percent in BASIS charter schools are Asian, compared with 3 percent in TPS systems. White students are also overrepresented in BASIS Charter Schools at 51 percent enrolled, compared with 39 percent for TPS in Arizona. The recently elected president of the Arizona School Boards Association, Linda Lyon, stated that BASIS strategically attracts students from backgrounds that will further their academic achievement: “BASIS and other for-profit charters are really good at penetrating affluent markets where they can recruit already high performing students from district schools.”⁷⁸ The high percentage of Asian enrollment in certain Arizona charter schools furthers the concern that charter schools might hand-select students to improve academic achievement.

Table 4: Arizona Racial Diversity in Charter vs. Traditional Public Schools (2010-2011)

Ethnic Background	Percent of State-Wide Charter School Enrollment	Percent of State-Wide Traditional Public School Enrollment
Latino	35.5%	43.1%
Black	7%	5.4%
White	48.5%	42.2%
Asian	3.4%	2.7%

Source: National Alliance for Public Charter Schools, “Details from the Dashboard: Charter School Race/Ethnicity Demographics,” 2011, p.4, http://www.publiccharters.org/sites/default/files/migrated/wp-content/uploads/2014/01/NAPCS-2010-2011-Race_Ethnicity-Details-from-the-Dashboard_20120516T152831.pdf, accessed March 6, 2019

⁷⁷ Valerie Strauss, “What the Public isn’t Told About High-Performing Charter Schools in Arizona,” *The Washington Post*, March 30, 2017, https://www.washingtonpost.com/news/answer-sheet/wp/2017/03/30/what-the-public-doesnt-know-about-high-performing-charter-schools-in-arizona/?utm_term=.ea29d2c4102b.

⁷⁸ *Ibid.*

2.0 Arizona Results: Academic Achievement

When assessing data on charter schools' academic achievement in Arizona, there are stark discrepancies between data from charter-affiliated research organizations and non-charter school organizations. The charter-affiliated data suggests that students enrolled in Arizona charter schools are performing better on standardized achievement tests than their TPS counterparts. Charter school students are also performing higher than both private and TPS systems on almost every subject area assessed for each grade level.⁷⁹ Furthermore, through assessing charter school performance on Arizona's AzMERIT, an academic aptitude test in Arizona, 48 percent of charter school students passed the English portion of the AzMERIT, compared with 39 percent of TPS systems.⁸⁰ However, data from a non-charter school-affiliated organization, CREDO, found that Arizona was -0.04 standard deviations below the mean when discussing charter school growth in mathematics and -0.01 standard deviations below the mean for reading comprehension growth.⁸¹ Therefore, the research concluded that Arizona charter schools performed on average worse in both mathematics and reading comprehension than their TPS counterparts. Researchers Chingos and West analyzed charter school performance and concluded:

To our knowledge, the CREDO (2009-2013) reports are the only examples of external research using information from the state's current longitudinal data system. The state's apparent reluctance to work with external researchers also created some challenges for our own analysis. For example, when it became clear that the data extract was missing data on key demographic variables in some

⁷⁹ Arizona Charter Schools Association, "Arizona Charter School Students Continue to Set the Pace for Academic Improvement, Achievement," April 10, 2018, <https://azcharters.org/charter-students-top-national-results/>.

⁸⁰ Arizona Charter Schools Association, "Public Charter School Performance: Analysis of 2017 AzMERIT Data," accessed March 7, 2019, https://azcharters.org/wp-content/uploads/2017/09/2017-Accountability-Fact-Sheet_final_onlineonly.pdf.

⁸¹ Center for Research on Education Outcomes, "Multiple Choice: Charter School Performance in 16 States," 2009, https://azcharters.org/wp-content/uploads/2017/09/2017-Accountability-Fact-Sheet_final_onlineonly.pdf, 36.

years, AZDOE (Arizona Department of Education) staff were unwilling to provide updated files.⁸²

A policy report produced by the Goldwater Institute also reported a lack of existing literature on the comparison of the academic performance of charter school students in comparison to their TPS, not sponsored by a charter-school affiliated organization. This research looked at over 158,000 test scores from roughly 60,000 students attending Arizona charter school systems, specifically using the SAT-9 examination.⁸³ The findings suggested that Arizona students have lower test scores after the initial switch from a TPS to a charter school; however, they demonstrate growth each year. Specifically, charter school students who successfully graduated from the charter school performed better on the SAT-9 reading sections than their TPS counterparts.⁸⁴ When assessing data on Arizona's charter school effectiveness, every third-party, non-affiliated charter organization concluded with similar results. It appears that charter school advocates are reaching different conclusions from similar data regarding academic achievement. Current literature regarding Arizona's charter school performance appears to be lacking in its comparison of its TPS, which contributed to Arizona's characterization as a state with *low regulation* because of its lack of quality control measures on academic achievement.

2.1 Texas Results: State Regulation

Texas has the highest level of state regulation of its charter school system of the states in this study. Like the other four states throughout this study, Texas allows charter schools.

⁸² Matthew M. Chingos and Martin R. West, "The Uneven Performance of Arizona's Charter schools," *Educational Evaluation and Policy Analysis* 37, no. 1S (May 2015): 122S <https://journals.sagepub.com/doi/pdf/10.3102/0162373715576077>.

⁸³ Lewis Solomon and Pete Goldschmidt, "Comparison of Traditional Public Schools and Charter schools on Retention, School Switching, and Achievement Growth," *Goldwater Institute*, March 15, 2014, <https://www.wacharterschools.org/learn/studies/GoldwaterInst2004.pdf>, 1.

⁸⁴ *Ibid.*

Moreover, the state specifies the various types of charter schools allowed within the state: “Home-rule district charters, open enrollment charters, campus or campus program charters, university or college charters.”⁸⁵ Through specifically identifying which types of charter schools are allowed in the state, there is no gray area for types of charters outside of those parameters to emerge. According to Texas law, charter schools receive an initial contract for five years and can renew its contract for a longer, 10-year period.⁸⁶ Presently, Texas limits the number of new charter schools per year to 305.⁸⁷ Like the other four states in this study, Texas regulates who can apply to start a new charter school and state law goes beyond the other four states to explain the parameters for each specific type of charter school:

Campus charter schools: parents and teachers. Open-enrollment charter schools: public or private institutions of higher education, non-profit organizations or governmental entities. Home-rule district charter: adopted and run by the school district. University or junior college charter schools: a public university or junior college to operate a charter school on its campus.⁸⁸

There are specific guidelines in Texas’ Educational Code for who can authorize a charter school within the state. Like the applicants for charter schools, Texas legislation has separate authorizers for each type of charter school. For example, secondary charter schools can be authorized only by the Texas Office of the Commissioner.⁸⁹ Charter schools within Texas must meet academic and operating standards set forth by the Texas Commissioner of Education.⁹⁰ Of the five states analyzed in this study, Texas’ charter school legislation is the clearest and most precise in terms of what is required of charter schools.

⁸⁵ Wixom.

⁸⁶ *Ibid.*

⁸⁷ Wixom.

⁸⁸ *Ibid.*

⁸⁹ *Ibid.*

⁹⁰ *Ibid.*

Warranting its placement in the high regulation category, Texas also has strict accounting expectations for charter schools, which could explain why Texas has fewer stories of financial discrepancies and embezzlement from charter school programs in some of the other states in this study. There are specific rules stated in Texas' Educational Code regarding what warrants the closing of a charter school system. Specifically, charter schools can be removed if they violate any local, state, or federal laws that the charters are not exempt from. Most notably, Texas' Educational Code states that financial misrepresentation as one of the reasons for forcing a charter school to close: “[The charter school] failed to satisfy generally accepted accounting standards...Failed to satisfy the reporting and performance standards policies established by the commissioner.”⁹¹ Charter schools in Texas receive their funding using the same formula of TPS.⁹² Furthermore, Texas provides stringent accountability measures for its charter school systems.

2.2 Texas Results: Racial Diversity

The racial composition of Texas' charter schools largely mirrors that of the TPS. During the 2014-2015 academic year, Texas charters maintained a majority of Latino students (60%) compared with 51 percent in TPS. Texas' charter schools enrolled more black students (20%) than its TPS counterparts (12%). Like Latino and black students, Texas enrolled more Asian students (6%) in its charter school systems compared with 4 percent in its TPS. The only racial demographic that was more enrolled in TPS (30%) than charter schools (17%) was white students (see table 4).⁹³ A report conducted by CREDO in 2013 found that 72 percent of charter school students in Texas meet the requirements for the state's school lunch program, known as

⁹¹ *Ibid.*

⁹² *Ibid.*

⁹³ Center for Research and Education Outcomes, “Charter school Performance in Texas,” accessed March 1, 2019, <https://credo.stanford.edu/pdfs/Texas%202017.pdf>, 8.

the Free and Reduced Price Lunch, as well as for low-income housing, in comparison to 60 percent in TPS.⁹⁴

Table 5: Texas Racial Diversity in Charter vs. Traditional Public Schools (2014-2015)

Ethnic Background	Percent of State-Wide Charter School Enrollment	Percent of State-Wide Traditional Public School Enrollment
Latino	60%	51%
Black	20%	12%
White	30%	17%
Asian	6%	4%

Source: Center for Research and Education Outcomes, 2017, “Charter school Performance in Texas,” August 2, p.8, <https://credo.stanford.edu/pdfs/Texas%202017.pdf>, accessed March 1, 2019

2.2 Texas Results: Academic Achievement

A study conducted in 2017 by CREDO assessed the academic performance of students enrolled in charter schools in Texas versus TPS. The research found that charter school students performed on average better on reading and worse on math examinations. Specifically, the charter school average for reading achievement examinations was 0.10, as measured in standard deviations, compared with 0.00 for TPS.⁹⁵ When assessing mathematics examinations, charter schools performed on average better than TPS’ with an average score of 0.07, in standard deviations, compared with -0.01 for TPS.⁹⁶ Through discussing academic achievements in terms of racial demographics, black students in Texas performed roughly the same in both charter schools as well as TPS. In comparison to black students, Latino students in Texas’ charter schools are experiencing less academic improvements in both reading and mathematics abilities

⁹⁴ *Ibid.*, 23.

⁹⁵ *Ibid.*, 17.

⁹⁶ *Ibid.*

in comparison to TPS.⁹⁷ The data suggests that Texas' charter schools are maintaining a higher level of academic achievement than their TPS counterparts.

2.3 Florida Results: State Regulation

Florida has a *moderate* level of *state regulation* of its charter school system. The state allows charter schools to operate under a four to a five-year contract. Charter schools that have been demonstrating academic achievement and progress for at least three years can apply for a 15-year contract with the state.⁹⁸ Florida does not limit the number of charter schools in the state, which contrasts starkly to both California and Arizona.⁹⁹ However, the state has clear legislation regarding who can apply to open a charter school system. Florida's Education Code specifically outlines the procedures involved for applicants requesting to start a charter school. First, the applicants must complete an application and can do so with a Florida college if the organizing entities want to provide secondary education in the charter school.¹⁰⁰ In Florida, there are only a few organizations allowed to serve as authorizers of charter school systems. The public school district board can authorize a charter school that resides in that specific district and a Florida university can authorize a charter school if the school is originally a "lab school."¹⁰¹ In Florida, the authorizer of the charter school development is required by state law to complete a report annually to describe the progress of the charter school.¹⁰² Florida also allows for both conversion and virtual charter schools. State law allows for conversion charter schools on the basis that the TPS has been operating for a minimum of two years and receives the support of at least a majority of the teachers as well as parents of enrolled students.¹⁰³ Virtual charter schools are

⁹⁷ *Ibid.*, 22.

⁹⁸ Wixom.

⁹⁹ *Ibid.*

¹⁰⁰ *Ibid.*

¹⁰¹ *Ibid.*

¹⁰² *Ibid.*

¹⁰³ *Ibid.*

offered in Florida as full-time alternatives to a classroom education in a TPS environment. For charter schools to become an approved virtual charter school, the charter must submit an application to an organization that will serve as a sponsor for the school system. Unlike Arizona, virtual charter schools within Florida are only authorized to complete full-time educational requirements and therefore cannot include a variety of in-person and online instruction. The virtual charter schools within Florida receive public funding using the Florida Education Finance Program which allocates finances per student who completes the course, versus merely the students that attend online lectures.¹⁰⁴ Florida's label as a state with a moderate level of regulation because of its lack of financial transparency and numerous accounts of charter fraud.

Through assessing Florida's legislation regarding charter school finances, the state also demonstrates a *moderate level of regulation*. According to Florida statutes, charter schools receive funding using the same formula as TPS students.¹⁰⁵ Furthermore, those funds are allocated by the local public school district to Florida's charter school systems.¹⁰⁶ Presently, Florida charter schools have implemented an annual accountability report that must be completed each year to assess quality standards as well as financial disclosures.¹⁰⁷ According to the Florida Department of Education, charter schools are allocated between 68 and 71 percent of what TPS systems receive based on their FTE (Full-Time Equivalent).¹⁰⁸ Florida charter school systems receive their financial allocations from the Florida Education Finance Program, "which uses a formula to determine the level of funding on a full-time equivalent (FTE) student basis. The

¹⁰⁴ Florida Department of Education, "General Information on Virtual Charter Schools."

¹⁰⁵ Wixom.

¹⁰⁶ *Ibid.*

¹⁰⁷ Florida Department of Education, "2017-2018 Charter School Annual Accountability Report Instructions Charter School Administrators," accessed March 10, 2019, <http://www.fldoe.org/core/fileparse.php/7778/urlt/Memo-1718-CSAAR-Charter.pdf>.

¹⁰⁸ Florida Tax Watch Center for Educational Performance and Accountability, "How Charter School Funding Compares," accessed February 28, 2019, <http://www.fldoe.org/core/fileparse.php/7568/urlt/0073611-tax.pdf>, 2.

formula weights several criteria to determine the allocation of funds.”¹⁰⁹ Despite the regulations and laws in place for financial reports and allocation formulas, Florida continues to face large levels of financial fraud in charters schools. Recently, Marcus May, the former manager overseeing charter school development in Florida, was charged with both racketeerings as well as fraud. May misrepresented millions of dollars by spending lavishly on computers and furniture instead of the money being utilized within the charter school system.¹¹⁰ Presently, the chief concern regarding Florida’s state regulation of charter schools is its level of financial accountability.

2.4 Florida Results: Racial Diversity

Florida charters maintained 32.1% white students enrolled in charter school systems, compared with 39.1% in TPS. Black students maintained similar percentages in charter schools (20.5%) compared with TPS (22.5%). Latino students possessed the largest disparity between charter schools (41.5%) and TPS (31.7%) enrollment percentages (see table 5).¹¹¹

Table 6: Florida Racial Diversity in Charter vs. Traditional Public Schools (2016-2017)

Ethnic Background	Percent of State-Wide Charter School Enrollment	Percent of State-Wide Traditional Public School Enrollment
Latino	41.5%	31.7%
Black	20.5%	22.5%
White	32.1%	39.1%

Source: Florida Department of Education, 2018, “Student Achievement in Florida’s Charter Schools,” p. 4, <http://www.fldoe.org/core/fileparse.php/7778/urlt/SAR1718.pdf>, accessed March 1, 2019.

¹⁰⁹ *Ibid.*, 3.

¹¹⁰ The Associated Press.

¹¹¹ Florida Department of Education, “Student Achievement in Florida’s Charter Schools,” accessed March 1, 2019, <http://www.fldoe.org/core/fileparse.php/7778/urlt/SAR1718.pdf>, 4.

2.5 Florida Results: Academic Achievement

The Florida Department of Education is required to provide a report every year comparing charter school performance with their TPS counterparts.¹¹² The report uses 4.3 million test scores measuring academic achievement on the following tests: “Florida Standards Assessments (FSA) for English Language Arts and Mathematics (Mathematics data include Algebra I, Algebra II, and Geometry end-of-course exams) as well as the statewide assessments for Science (NGSS Science and Biology) and Social Studies (Civics and U.S. History).”¹¹³ The academic report uses data from the 2016-2017 academic year to gauge “absolute achievement, learning gains, and achievement gaps” with regards to charter school systems compared with TPS.¹¹⁴ Overall, in 62 of the 77 total comparisons the test measured, students enrolled in charter school systems in Florida performed higher than their TPS counterparts. The achievement gap section of the report provides analysis of racial diversity as it relates to academic performance; the report found that when assessing the gap between white students and minority students such as blacks and Latinos, the academic gap was much smaller in charter school systems in 20 of the 22 comparisons used.¹¹⁵ Therefore, Florida as a state with moderate regulation also maintains a higher level of charter school achievement compared with its TPS counterparts.

2.6 New York Results: State Regulation

New York has a moderate level of state regulation of its charter schools. Like the other four states, New York has legislation written into its state Education Law allowing for the implementation of charter school systems for five years.¹¹⁶ New York also restricts the number of new charter schools annually to 460. However, conversion charter schools are not included in

¹¹² *Ibid.*, iii.

¹¹³ *Ibid.*, v.

¹¹⁴ *Ibid.*

¹¹⁵ *Ibid.*

¹¹⁶ Wixom.

the 460-charter school limitation.¹¹⁷ A variety of public entities can apply to open a charter school system, including “teachers, parents, school administrators, community residents, or any combination thereof.”¹¹⁸ Applicants who seek to open a charter school must attain a sponsor in the form of an educational body, museum, or non-profit management company. New York allows for-profit management organizations to request a petition for a charter school development: “For-profit entities may apply to open a charter school in most cases, but for-profit entities may not operate or manage charters or charter schools issued under a request for proposal from the State University of New York.”¹¹⁹ The state’s educational law also provides a clear outline for who can serve as a charter school sponsor. Presently, charter schools can appoint any organizing body to serve as their sponsor; however, that sponsor must be approved by the Florida Board of Regents.¹²⁰ New York law allows for both virtual and conversion charter schools. A TPS may transition toward a conversion charter school if at least 50 percent of students at the current TPS support the change to a conversion charter school.¹²¹ In terms of virtual charter schools, New York does not allow full-time virtual charter schools; however, charter schools can assume partial online-status throughout the academic year.¹²² With regards to state regulation, New York allows conversion charter schools if most students in the TPS that is being converted support the motion to convert the school to a charter system.¹²³

Overall, New York’s law regarding charter schools provides a clear outline of its policies; however, the state lacks concrete policies regarding charter school authorizers and reporting

¹¹⁷ *Ibid.*

¹¹⁸ *Ibid.*

¹¹⁹ *Ibid.*

¹²⁰ *Ibid.*

¹²¹ *Ibid.*

¹²² National Alliance for Public Charter Schools, “Charter School FAQ,” accessed December 2, 2018, <https://www.publiccharters.org/about-charter-schools/charter-school-faq>.

¹²³ Education Commission of the States, “Charter Schools: Does the State Allow Existing Public Schools to Convert to Charter Schools?,” January 2018, <http://ecs.force.com/mbdata/mbquestNB2C?rep=CS1702>.

organizations. The state currently determines funding based on the number of students enrolled in the charter school.¹²⁴ More specifically, New York's charter school systems receive per-pupil financial allocations from the state.¹²⁵ The state also utilizes the Federal Charter Schools Program (CSP) to provide funding to increase the number of charter schools within the state. In addition to the CSP, New York's Charter Schools Stimulus Fund also provides charter school funding for the remodeling of existing charter school buildings.¹²⁶ In total, charter schools in New York receive 4.8 million in funding from the state and 9.8 million in allocations from the federal government.¹²⁷

2.6 New York Results: Racial Diversity

The racial demographics of New York charter schools differ drastically from that of their TPS counterparts. Data taken from the 2015-2016 academic year found that New York charter schools currently enroll 56 percent black students, compared with 25 percent in TPS. Charter schools in New York maintain a lower percentage of Latino students (36%) compared with 41 percent in the TPS. Furthermore, charter school enrollment is comprised of 4 percent white students compared with 15 percent in TPS. Lastly, Asian students make up a much smaller portion of charter school enrollment (2%) compared with 17 percent in TPS (see table 6).¹²⁸

¹²⁴ Wixom.

¹²⁵ *Ibid.*

¹²⁶ New York State Education Department, "Program description Handbook 2018-2019," accessed March 1, 2019, <http://www.nysed.gov/budget-coordination/charter-schools>.

¹²⁷ *Ibid.*

¹²⁸ *Ibid.*

Table 7: New York Racial Diversity in Charter vs. Traditional Public Schools (2015-2016)

Ethnic Background	Percent of State-Wide Charter School Enrollment	Percent of State-Wide Traditional Public School Enrollment
Latino	36%	41%
Black	56%	25%
White	4%	15%
Asian	2%	17%

Source: Center for Research and Education Outcomes, 2017, “Charter school Performance in New York City,” p.13, October, https://credo.stanford.edu/pdfs/nyc_report%202017%2010%2002%20FINAL.pdf, accessed March 1, 2019

2.7 New York Results: Academic Achievement

In terms of academic performance, 59 percent of students enrolled in charter schools for grades third through eighth achieved at or above the state standards for academic excellence in math, compared with 44.5 percent for the entire state.¹²⁹ Research conducted by CREDO in 2017, found that New York charter school students maintained on average a 0.11 (measured in standard deviations) growth in math abilities as compared with .04 in reading comprehension abilities.¹³⁰ In comparison to data released in 2013, charter school students dropped from a 0.14 average growth in mathematical abilities to a 0.11 in 2017.¹³¹ When assessing academic achievement based on racial demographics, African American students in charter school systems throughout the state maintained an average growth of -0.14 (as measured in standard deviations) in mathematics and -0.16 in reading abilities. Despite these numbers being below the mean,

¹²⁹ New York City Charter School Center, “NYC Charter School Facts,” accessed December 4, 2018, <http://www.nyccharterschools.org/sites/default/files/resources/NYC-Charter-Facts.pdf>.

¹³⁰ Center for Research and Education Outcomes, “Charter school Performance in New York City.”

¹³¹ *Ibid.*, 17.

African American students in TPS performed substantially worse with a -0.20 growth in reading compared with -0.24 in mathematics.¹³² However, African Americans receive more days of instruction per year in reading comprehension as well as mathematics: “The difference translates to 23 additional days of learning in reading and 57 days in math.”¹³³ When looking at the academic growth of Latinos in comparison to TPS, they receive a higher growth in charter schools (-0.09 in mathematics and -0.13 in reading abilities) compared with TPS (-.20 in mathematics and -0.18 in reading abilities).¹³⁴ The academic achievement of New York charter schools might also be affected by the proportion of enrolled students living in poverty. Charter schools within New York enroll 76 percent of students who are eligible for school-sponsored free lunches, compared with 72 percent in TPS.¹³⁵ Despite this obstacle, charter school students living in impoverished conditions perform on average better in mathematics and reading comprehension than their TPS counterparts.¹³⁶

2.8 Conclusion

Through assessing the level of state regulation in the five states researched throughout this paper (California, Arizona, Texas, Florida, and New York) there appears to be a positive correlation between the level of state regulation of charter schools and the academic achievement of those charter systems. Charter schools are an increasingly important aspect of kindergarten through twelve grade education. California received a *moderate state regulation* label and data on the academic achievement of its charter schools’ mirrors that regulation. The research found that minority students in California’s charter school systems performed on average worse than their TPS counterparts and experienced fewer days learning both mathematics and reading

¹³² *Ibid.*, 23.

¹³³ *Ibid.*, 24.

¹³⁴ *Ibid.*, 25.

¹³⁵ *Ibid.*, 27.

¹³⁶ *Ibid.*, 28.

comprehension.¹³⁷ Florida was another state that received *moderate state regulation* of charter schools and in contrast to California and Arizona, the academic achievement of its charter school systems was higher than its TPS alternative. New York was the last state to receive *moderate state regulation* of charter schools and, like Florida, charter school systems received a higher academic achievement than TPS. However, the academic achievement of New York charter schools appears to be incongruent among minority groups, with African Americans performing better and Latinos performing worse in a charter school environment. All three states that received moderate state legislature had historically experienced widespread charter school fraud. Therefore, the most crucial component for the success of charter school systems appears to be clear and enforceable laws.

Arizona maintained the lowest regulation of any of the five states, while Texas maintained the highest. Arizona was the only state throughout this research to receive low state regulation, primarily for its extensive charter school fraud as well as a lack of clear legislation about charter school development. While charter schools are not systematically different in terms of racial demographics, there are specific charter schools that appear to be hand-selecting students based on racial groups that are stereotyped to be high academic achievers. The case of Arizona demonstrates that charter schools are a highly complex issue and there are instances of individual charter schools over-enrolling Asian students. Texas was the only state throughout this assessment that received the label of *high state regulation* because of its clear and effective charter school laws, as well as stringent financial regulations. The *high state regulation* of Texas mirrors its academic achievement, as charter schools performed on average better in mathematics and reading than their TPS counterparts.

¹³⁷ Center for Research on Education Outcomes, “Charter School Performance in California.”

The research demonstrates that states with higher levels of regulation appear to have better-performing charter schools, with regards to academic achievement. These findings signal the importance of providing an amount of cohesiveness among states so that their academic regulations and standards may be held accountable by a set of clear and enforceable laws. Texas, the only state through my research that was classified as having *high state regulation*, not only demonstrated strong academic achievement but also lower counts of charter school fraud. High state regulation does not mean that charter school operators and teachers cannot present curricula in an engaging and innovative way; instead, it appears to provide safeguards for healthy academic environments in charter schools. I recognize that there is currently a healthy debate surrounding using standardized tests scores as the best measure of academic achievement because of the concern that teachers could be “teaching to the test.” However, there is still value in knowing where students stand on both math and reading abilities. While racial diversity was used through this research to represent economic background, a preferable method would have been to use income data; however, access to that data was limited. Future research could include correlating income levels to zip codes, to assess the levels of socioeconomic status of charter schools versus TPS. Despite the presumption that charters schools often select white and Asian students for enrollment, this research suggests that in some situations charter schools might develop around minority communities. Through assessing state-based data, the charter school sector might be doing better than TPS in certain states because of the students those schools are attracting. While no causal data can be derived from this research, there appears to be a positive correlation between state intervention and regulation of charter schools and the success of those charter schools.

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