

TEXAS OPEN-ENROLLMENT CHARTER SCHOOLS

Sixth-year evaluation

Executive Summary
July 2003

Prepared for
Texas Education Agency

Prepared by
Texas Center for Educational Research

TEXAS OPEN-ENROLLMENT CHARTER SCHOOLS

Sixth-year Evaluation

Executive Summary

July 2003

INTRODUCTION

Over the past eight years, Texas charter schools have emerged within the context of the growth of the charter school movement throughout the United States. Since Minnesota enacted the first charter school legislation in 1991, 39 states, the District of Columbia, and Puerto Rico have enacted charter school laws. During the 2002-03 school year, approximately 2,700 charter schools served more than 684,000 students nationwide, and Texas was one of five states with the most charter schools in operation.¹ Texas originally passed legislation in 1995 establishing charter schools. The 74th Legislature authorized the creation of 20 open-enrollment charter schools—public schools substantially released from state education regulations (Texas Education Code [TEC], §§ 12.101-12.120). In 1997, optimistic legislators raised the cap on the number of open-enrollment charters from 20 to 120 and allowed an unlimited number of charter schools serving 75 percent or more at-risk students (75 Percent Rule). As a result, the number of charters awarded by the State Board of Education (SBOE) increased significantly.

Despite hopeful expectations for charter schools, myriad problems—especially financial irregularities—accompanied rapidly increasing numbers of schools. In response to public concern with the academic and financial performance of charter schools, Texas lawmakers further revised state statutes governing charter schools in 2001. House Bill 6 (HB 6) capped the number of charter schools the SBOE may grant at 215, allowed for an unlimited number of schools sponsored by public senior colleges and universities, gave the Commissioner of Education expanded oversight, and specified other regulatory provisions. Over time and with legislative changes, the number of Texas charter schools has increased markedly from 17 charter schools operating in the 1996-97 school year to 180 charter schools and 241 campuses operating in 2001-02. This report presents findings for the sixth annual evaluation of Texas open-enrollment charter schools.

METHODOLOGY

Texas state statute (TEC, §12.118) calls for the Commissioner of Education to select an impartial organization with experience evaluating school choice programs to conduct an annual evaluation of charter schools. Acting on behalf of the commissioner, the Texas Education Agency (TEA) contracted with the Texas Center for Educational Research (TCER) to conduct the evaluation. The study encompasses a variety of data sources, including analyses of the most recently available Public Education Information Management System (PEIMS) and Academic Excellence Indicator System (AEIS) data for schools and campuses; surveys of charter school directors,

¹ Center for Education Reform (2003). *About Charter Schools*. www.edreform.com (retrieved 4/8/03).

teachers, students, and parents; analyses of *Texas Assessment of Academic Skills (TAAS)* scores and other outcome measures for charter school students and comparison groups of traditional public school students; a survey of officials in affected traditional public school districts; and data from interviews, focus groups, and classroom observations conducted during site visits to charter schools. Researchers have tried to provide accurate, unbiased, and comprehensive information on charter schools by examining multiple data sources and varied perspectives.

Data Analysis

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

Analysis by years of charter school operation. “Years of operation” refers to the number of school years that a charter school has operated. For this report, comparisons are based on operating years for the original charter school. All campuses associated with a particular charter will have the same length of operation regardless of when individual campuses were created. Analyses include three categories: (a) campuses associated with charters that began operation in 1996 or 1997 (in operation four or more years), (b) campuses associated with charters operating three years, and (c) campuses associated with charters operating one or two years.

Study Limitations

Several factors complicate the analysis of charter school data. The first issue is data integrity. With the exception of the *TAAS*, the majority of data are self-reported; thus, information often reflects respondents' perceptions. The accuracy of PEIMS data also varies. In 2001-02, charter schools had a higher average Person Identification Database (PID) error rate (11.6%) compared to the state average (1.5%). Secondly, student mobility reduces the number of charter school students included in the state accountability system. Only 60% of charter school students are included in 2001-02 compared to 85% of students statewide. Thirdly, TEA identifies charter schools both as districts and campuses, so analyses involve both categories. Some comparisons use charter school-level data (similar to traditional public school districts), whereas others rely on charter school campus-level data—as a result, reported numbers of charter schools vary. Finally, for the majority of comparisons, the school is the unit of analysis. In some instances, however, the student is the analysis unit. For school-level analyses, each school receives equal weight, whereas with the student as the unit, larger schools receive more weight in calculations. In general, the reader must consider study limitations when interpreting the reported information.

MAJOR FINDINGS

Characteristics of Texas Open-Enrollment Charter Schools

The number of Texas charter schools and students enrolled in those schools has climbed steadily since the first school opened in 1996. During the 1996-97 school year, 17 open-enrollment charter schools operated in Texas. By 2001-02, the number of charter schools in operation reached 180, an increase of 20 schools over 2000-01. Two-thirds of charter campuses are associated with charter schools operating either three years (90 campuses, 37%) or four or more years (71 campuses, 30%). Across six years, the number of students enrolled in charter schools has increased significantly, from 2,498 in 1996-97 to 46,304 in 2001-02 (Table 1). Even so, the total charter school student enrollment represents only 1% of the more than four million public school students in Texas.

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

School Year	Total Charter Schools in Operation	Number of 75% Rule Charters ^a	Number of Students Enrolled	Average Campus Enrollment
1996-97	17	--	2,498	147
1997-98	19	--	4,135	217
1998-99	89	45	17,616	198
1999-00	146	46	25,687	156
2000-01	160	51	37,696	188
2001-02	180	--	46,304	192

Source: TEA 2002 Snapshot. Open-enrollment evaluation reports, years one to five (www.tcer.org).

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

Over the past four years, charter schools have also expanded by opening new campuses associated with existing charter schools. In 2001-02, 20 new charter schools and 41 new campuses were in operation (Figure 1).

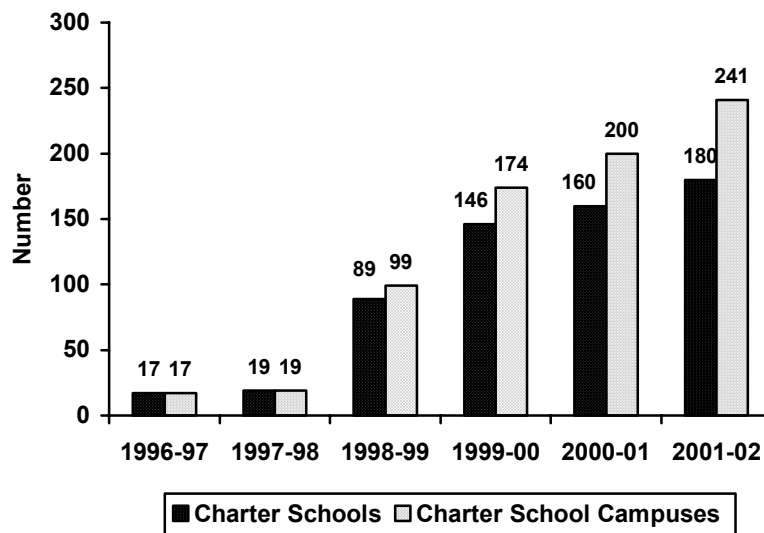


Figure 1. Number of Texas open-enrollment charter schools and campuses, 1996-2002.

Charter school campuses are small compared to traditional public schools. Charter school campuses have an average 2001-02 enrollment of 192 (about 35% of the traditional public school average enrollment of 544 students). Approximately three-fourths of charter school campuses enroll 236 students or less (Table 1).

Approximately 40% of charter schools served 70% or more at-risk students in 2001-02. Of the 241 charter school campuses (Figure 2), 100 (41%) served 70% or more at-risk students (i.e., economically disadvantaged), whereas 141 (59%) served less than 70% at-risk students.

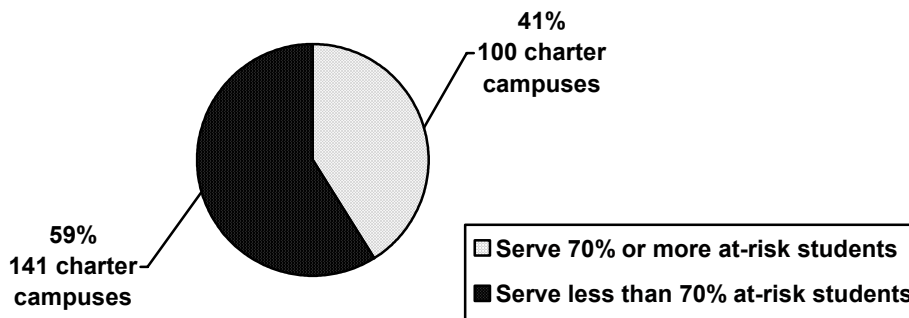


Figure 2. Charter school campuses by student population served, 2001-02.

To date, 5 charters have been revoked, 20 returned, and 1 has expired. The revoked charters involve 1 first-generation school and 2 second- and 2 third-generation schools. The returned charters include 19 third-generation schools and 1 fourth-generation school. The single expired charter involved a first-generation school.

Student Demographics

Charter schools have proportionately more kindergarten and high school students. Compared to other public schools, charter schools have proportionately more students at pre-kindergarten and kindergarten, and at grades 9 through 11. Conversely, charters have proportionately fewer students at grades 1 through 8 and 12. Charters enrolling primarily at-risk students have relatively more students at the lower grades (K-4) and fewer at the upper grades (10-12).

Charter school students are ethnically diverse. Compared to the student population in Texas traditional public schools in 2001-02, charter schools have a substantially higher percentage of African American students (40% versus 14%), a substantially lower percentage of White students (20% versus 41%), and a slightly lower percentage of Hispanic students (38% versus 42%). Charters serving 70% or less at-risk students enroll substantially more White students (27%) than schools serving primarily at-risk students (9%).

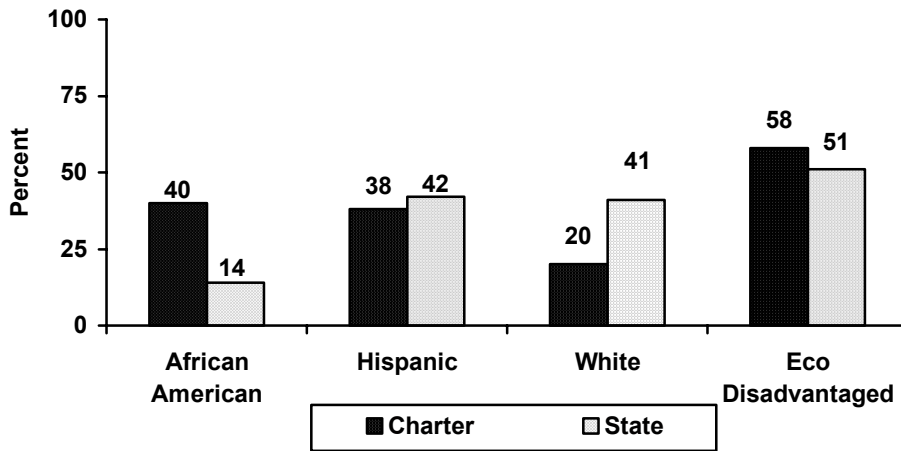


Figure 3. Charter school student demographic data, 2001-02.

Charter school students are somewhat more economically disadvantaged but less likely to be identified for special services. In 2001-02, the percentage of economically disadvantaged students in charter schools (58%) is higher than the state average (51%). However, charter schools have lower percentages of limited English proficient (7%) and special education students (9%) compared to state averages (15% and 12%, respectively).

New charter schools have different student demographics than more established schools. Percentages of White students are highest in the newest charters (in existence for one or two years). Well-established charter schools (four or more years) have the highest percentage of Hispanic students, whereas charters in operation for three years have the highest percentage of African American students. Average school size increases with years experience.

The percentages of African American, Hispanic, and White students enrolled in charter schools have remained stable over the last three years. The ethnic distribution of charter school students has more recently remained at approximately 40% African American, 38% Hispanic, and 20% White. The proportion of economically disadvantaged students has increased slightly (Figure 4).

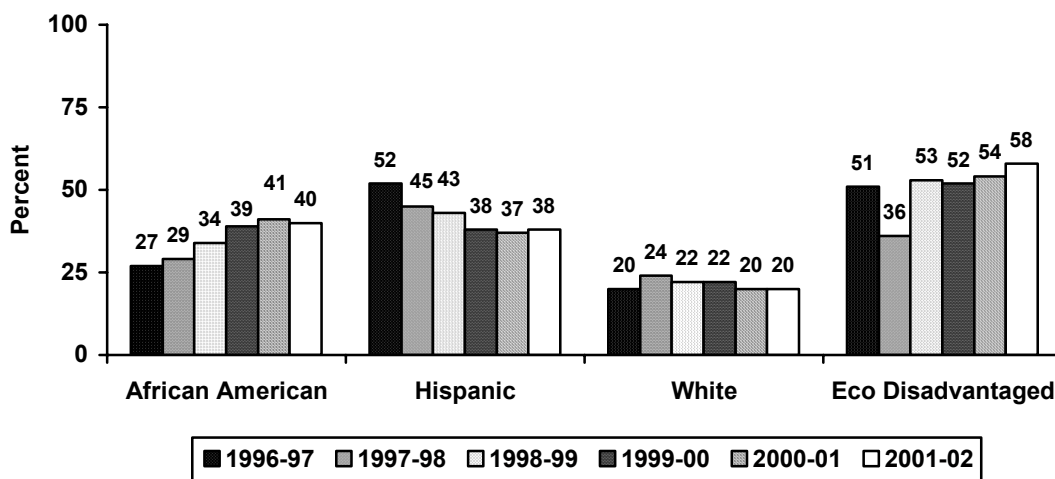


Figure 4. Charter school student demographic trends.

Teacher Characteristics

Charter schools employ more minority teachers. Charter school faculties have more minority teachers (57%) compared to the state (26%), with a greater proportion of African American teachers (34% versus 8%), slightly more Hispanic teachers (20% versus 17%), and substantially less White teachers (43% versus 74%).

Charter schools have less experienced teachers. Charter school teachers in 2001-02, on average, are less experienced (5 years) than teachers in traditional public schools (12 years). The percentage of charter school teachers with five years or less experience is considerably higher than the state average (71% versus 34%).

Charter school teachers are less likely to have degrees. In 2001-02, only 70% of charter school teachers have baccalaureate degrees compared to 81% of traditional public school teachers. Charter school teachers are also less likely to have advanced degrees (14% versus 18%).

Charter schools have lower teacher salaries and higher teacher turnover. Teachers in charter schools are paid less than those in traditional public schools. In 2001-02, the average teacher salary in charter schools (\$29,343) was about \$9,000 below that for teachers in traditional public schools (\$38,278). The salary gap has remained large across six years. The turnover rate for teachers in charter schools (53%) is much higher than the state average (17%) in 2001-02.

Charter schools have higher student-teacher ratios than traditional schools. The average student-teacher ratio in charter schools (18 to 1) is higher than the ratio in Texas' traditional public schools (14 to 1). Averages reflect school-level ratios rather than classroom ratios.

Charter school teacher characteristics have changed over time. Across the six-year span, the number of charter school teachers increased from 123 to 2,692 (Table 2). Average teacher experience remained low but relatively stable across time (4 to 5 years). Teacher salaries increased slightly from \$25,408 to \$29,343 (about \$4,000). Student-teacher ratios declined substantially (from 29:1 to 18:1). Consistent with student demographic trends, the percentage of African American teachers increased across years. Notably, the percentage of teachers with "no degree" increased from 3% to 16% over six years. Teacher turnover rates are mixed but spiked in recent years (52%, 46%, and 53%).

Table 2. Charter School Teacher Characteristics Across Years

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

Source. TEA AEIS Reports.

Administrator Characteristics

Charter schools have proportionately more administrators. About 3% of charter school staff is central administration, compared to about 2% statewide. Although 10% of charter school staff is campus administration, only 4% is campus administration statewide. Charter schools' small staff size may elevate administrative proportions.

Charter school administrators have lower salaries. Both central and campus charter school administrators are paid less than those in traditional public schools. In 2001-02, the average central administrator salary in charter schools (\$52,308) was about \$14,000 below that for central administrators in traditional public schools (\$66,100). Likewise, the average campus administrator salary in charter schools (\$40,577) was about \$18,000 below that for central administrators in traditional public schools (\$58,544).

Charter School Revenues and Expenditures

Charter schools receive the preponderance of their funding from the state. Charter schools have no taxable property and are funded mostly by the state (77%), although they also receive federal funding (15%) and funding from local sources (8%). Local funding comes primarily from grants and donations (Figure 5).

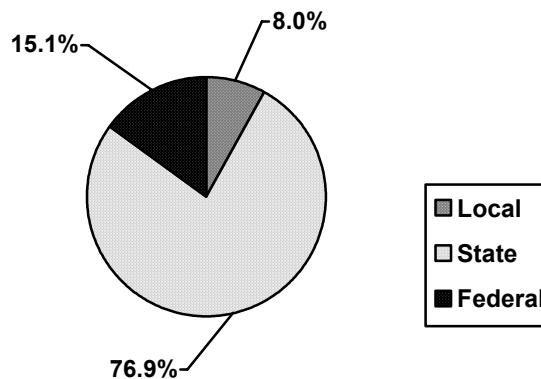


Figure 5. Charter school revenue sources, 2001-02.

Charter schools have lower per-pupil expenditures than public schools statewide. Although charter schools average \$6,783 per pupil in expenditures, public schools statewide expend \$8,649 per student on average. However, charter school serving predominantly at-risk students have substantially higher per-pupil expenditures (\$8,067) than charter schools serving less at-risk students (\$6,137).

In all program expenditure categories except basic educational services, public schools statewide expend more per pupil than charter schools. Charter school expenditures per pupil for basic educational services exceed the state average for all districts (\$3,202 compared to \$3,106). However, the per-pupil expenditures for gifted and talented (\$12 compared to \$82), career and technology (\$115 compared to \$200), special education (\$448 compared to \$786), accelerated instruction (\$400 compared to \$621), bilingual education (\$31 compared to \$205), and athletics and related activities (\$21 compared to \$124) are lower for charter schools.

Among function expenditures, instruction accounts for the largest per-pupil expenditure for charter schools. Instruction expenditures (\$3,426) represent 51% of total expenditures. Other

relatively large categories include general administration at 13%, plant maintenance and operations also at 13%, and school leadership at 8%. The most striking contrast between charter schools serving primarily at-risk students and those serving less at-risk students is that the former spend 40% more per-pupil for instruction.

Charter school per-pupil expenditures increased over the last two years. In 2000-01 and 2001-02, the state remained the greatest source of funding for charter schools (78% and 77%, respectively). Across the two school years, there was a total average per-pupil expenditure increase of \$960 (from \$5,823 to \$6,783).

Perspectives of Charter School Directors

Charter school directors, on average, are well educated and often reflect the diversity of their student population. More than half (55%) of surveyed directors hold a master's degree and 16% have doctorates. About a third of directors have been administrators in public schools and a few have prior experience as private school administrators. Overall, directors have 8.4 years experience as administrators. Charter schools with a greater proportion of at-risk students have higher percentages of Hispanics and African Americans in leadership positions.

Educational programs and assessments in charter schools vary by the characteristics of students enrolled. Directors in schools with predominantly at-risk students more often report using extended-day and extended-week schedules, block schedules, credit through flexible courses, and standardized assessments. In contrast, directors in schools with less at-risk students report using multi-age grouping and student and teacher teams with a greater share of their student populations, and more often rely on alternative assessments, such as student projects, writing samples, and student demonstrations.

Charter schools have limited access to educational technology. Although charter schools are building technology infrastructure, only three-fourths of directors (76%) indicate their schools have a computer lab, with an average of 19 computer stations available for student use. Similarly, only 76% of directors report charter school classrooms have Internet access.

Directors most often cite student tardiness and absenteeism as discipline problems. Although student discipline and behavior problems in charter schools are generally considered as only *minor problems*, directors most often identify student tardiness (91%) and absenteeism (87%) as problems. Less than half of directors consider vandalism of school property, physical conflicts among students, or student drug or alcohol abuse as problems, with most considering these only *minor problems*.

The greatest barrier faced by directors is inadequate finances for ongoing school operations. The majority of directors cite inadequate finances as a barrier (86%), with finances considered a *great barrier* for almost half of schools. Directors are also challenged by the hiring of teachers, too much paperwork and excessive reporting requirements, and inadequate facilities.

Charter school directors are seeking assistance from a variety of organizations to support school operations. Many charter school directors rely on support from education service centers (ESCs)

for professional development (82%), curricula and instructional issues (78%), and PEIMS issues (73%). Monetary support more often comes from the TEA and business or community groups.

Charter schools are being integrated into the larger state educational community. Recent efforts at the state and regional levels focused on connecting charter schools to public education support systems have succeeded. The majority of directors report networking with traditional public school educators at professional conferences (77%), ESC events (74%), and regional/state meetings (61%).

Although keenly aware of existing problems with charter schools in the state, directors are still optimistic about charter school potential. Charter school directors, foremost, believe charter schools have benefited public education by providing school choice for students and parents and by serving students who do not fit the traditional public school model. In general, directors appear eager for assistance to improve weaknesses that undermine the charter school movement.

Perspectives of Charter School Teachers

Teachers seek employment in charter schools for positive reasons. In making the decision to teach in charter schools, teachers are highly influenced by the chance to be involved in educational reform, opportunities to work with colleagues who are of like mind, high academic standards in the charter school, and other positive school conditions. Of little importance to teachers is the fear of not finding another position or the desire to be in an environment with less standardized testing.

Although few charter school teachers are certified, most report working toward certification. About a third of charter school teachers report being certified to teach either in Texas (32%) or in another state (6%)—however, most of the uncertified teachers report working to obtain Texas teaching certification.

Teachers use a variety of instructional and assessment methods, but traditional methods are the most widely implemented. Almost all teachers (99%) have students complete individual assignments and provide one-on-one instruction. Less traditional methods, such as student reports, long-term projects, computer-based activities, and multimedia presentations are used far less often. Similarly, teachers are most likely to assess students in a traditional fashion by administering teacher-made tests. Alternative assessment methods, such as student portfolios and student projects, are also widely used.

About three-fourths of charter schools have some type of formal teacher appraisal system. Of charter schools with an appraisal system, 22% use the state-developed Professional Development Appraisal System (PDAS) forms, 46% rely on a system of observations by administrators, and 16% of teachers are uncertain of the exact system that is used.

Teachers report minimal student discipline or behavior problems. Attendance, both in terms of tardiness and absenteeism, is the greatest problem in charter schools, with about 46% of teachers viewing each as a moderate to serious problem. Drug and alcohol abuse is seen as only half as serious, with only 19% of teachers reporting they believe it is a moderate to serious problem at

their school. High school teachers perceived more discipline problems in all areas, except for physical conflicts among students.

Teachers are generally satisfied with the operation of their charter schools. More than 85% of teachers either *agree* or *strongly agree* that their school has high expectations for students and the school is meeting students' learning needs. Although charter school teachers have a favorable impression of their school, nearly half believe their schools have insufficient classroom and financial resources and their salary is unsatisfactory. Teachers in charter schools serving less at-risk students are more concerned about their schools' financial resources than are teachers in charter schools serving primarily at-risk students.

Student Satisfaction with Charter Schools

Students (82%) indicate that teacher quality and their parents' opinion of the school are the most important factors in their decision to attend a charter school. Other influential factors include previous teachers not helping enough, poor grades at their previous school, and fewer student conflicts. Students attending higher performing charter schools (rated as Exemplary, Commended, or Recognized) were less likely to report that poor grades or getting into trouble at their previous school were influential factors in their choice of school, but cited the desire for more challenging classes as a more important factor in their choice.

Although most charter school students are satisfied with their school, satisfaction varies by school characteristics. Nearly three-fourths of surveyed students say their charter school is a good choice, and they learn more at their current charter school than their previous school. Students attending schools serving primarily at-risk students, however, are less satisfied with their schools. They are less likely to believe the school is a good choice, feel safe at school, believe other students help them learn, think teachers know their name, and feel that they learn more at their current charter school.

Students report improved grades at their current charter school. The proportion of students earning *mostly A's* or *mostly A's and B's* increased from 34% at their previous school to 53% at the charter school, whereas the percentage of students making *C's and D's* or *D's and F's* declined from 23% to 7%. Grade improvement was even greater for students attending charter schools serving primarily at-risk students.

About half of charter school students have aspirations for higher education. Overall, approximately 50% of surveyed students indicate they plan to attend a community college or a four-year university. Compared to high school students, a significantly higher percentage of middle school students say they plan to attend a four-year college (52% versus 29%). Conversely, high school students more often report they plan to attend a community college (19% versus 7%).

About half of charter school students say they will return to their school next year, although student intentions vary by school characteristics. Overall, 55% of surveyed students report that they plan to attend their current charter school next year. Students in schools serving primarily at-risk students, however, are less likely to say they will return to their current school (41%) compared to students in schools serving less at-risk students (63%).

Parent Participation and Satisfaction

Charter school parents use a variety of informational sources in school selection. About 70% of surveyed parents learn about a charter school from other parents having children at the charter school. Other information sources used in school selection by parents are the academic performance of students in the charter school (62%), the school's accountability rating (58%), and information from charter brochures (52%). The least frequently used source of information is the charter school's website (32% of parents).

Good teachers (98%) and the school's education program (97%) most commonly influence charter school parents' school choice decision. Other important factors in parents' selection include the school's academic reputation (90%), the teaching of moral values (90%), the approach to discipline (87%), the ability to serve specific education needs (87%), and the reputation of school staff (85%). The parents of children attending charter schools serving primarily at-risk children are more likely to cite performance at and dissatisfaction with a previous school as an influence over school choice.

Charter school parents and a comparison group of traditional public school parents in close geographic proximity to charter schools cite different reasons for decisions regarding school choices. Small school size is more important to charter school parents (77% compared to 40%), along with the teaching of moral values (90% compared to 80%), and the quality of the educational program (97% compared to 87%). On the other hand, a convenient location is more important to the parents who elect to keep their children in traditional public schools (79% compared to 61%).

Charter school parents express high levels of satisfaction with the charter schools their children currently attend. Charter school parents are more approving of their child's current school (50% assign an A grade) than the previous school their child attended (22% assign an A grade).

Overall, charter school parents are more positive about their child's school than comparison group parents. Charter parents express higher satisfaction levels than traditional public school parents with their child's current school (50% assign an A grade compared to 41% of comparison parents). In particular, charter school parents are more likely to feel that their child receives sufficient attention (91% compared to 74%), class sizes are small (88% compared to 57%), and the school emphasizes content over test preparation (86% compared to 73%). However, traditional public school parents are more likely to be satisfied with enrichment programs (87% compared to 81%), extracurricular activities (90% compared to 72%), and support services (84% compared to 72%).

Charter parents are more likely than traditional public school parents to participate in their children's schools. Specifically, charter parents had higher school participation levels than comparison parents for volunteering for school activities, visiting classrooms, attending PTO meetings, attending parent/teacher conferences, assisting with fundraising, attending school board meetings, helping to make curricular decisions, and serving as a board member. In addition, parents of children in charters serving less at-risk students are more likely to participate in activities at their child's school, particularly in the areas of fundraising and volunteering.

Campus-Level Performance of Charter Schools

Compared to the state, charter schools are more likely to be rated under the alternative education accountability system. The percentage of charter school campuses rated under the alternative education (AE) system in 2002 (54%) is much higher than the state (3%), and over the past four years, the percentage of charter schools applying for ratings under the AE system has increased significantly. Conversely, of all campuses in the state, 97% received standard ratings in 2002 compared to only 46% of charter campuses (Figure 6).

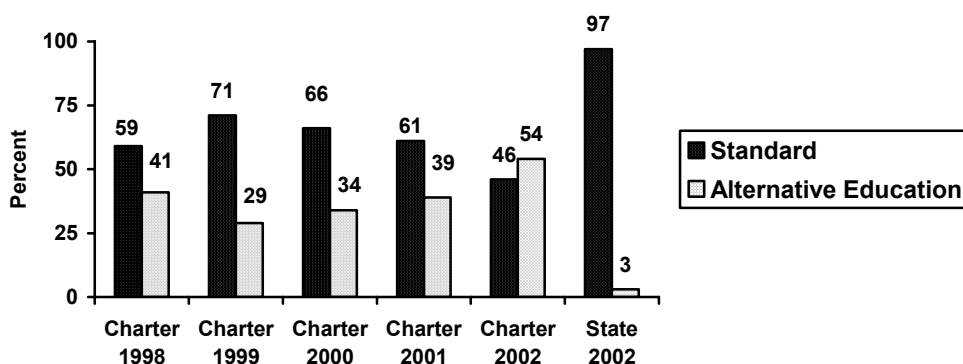


Figure 6. Charter and traditional campuses included in accountability systems.

The percentage of Low-Performing charter schools decreased slightly in 2002. The percentage of Low-Performing charter school campuses decreased from 44% to 40% between 2001 and 2002, whereas the percentage for traditional public schools remained consistently low across school years (2%). In addition, while the combined percentage of charter schools rated as either Exemplary or Recognized increased from 14% to 27% between the two years, the percentage of higher-performing traditional schools increased from 60% to 67% (Table 3).

Table 3. Campus Performance Ratings for Charter and Traditional Public Schools

Rating	Charter Schools				Traditional Public Schools			
	1999	2000	2001	2002	1999	2000	2001	2002
Standard^a								
Exemplary	13%	8%	5%	17%	18%	20%	24%	30%
Recognized	20%	11%	9%	10%	30%	32%	36%	37%
Acceptable	47%	49%	42%	34%	51%	46%	38%	32%
Low-Performing	20%	32%	44%	40%	2%	2%	2%	2%
N rated	15	63	96	91	6,206	6,363	6,616	6,444
N not rated ^b	45	81	31	34	160	140	149	659
Alternative Education								
Commended	n/a	0%	2%	6%	n/a	2%	5%	17%
Acceptable	83%	27%	38%	57%	--	88%	84%	77%
Needs Review	17%	73%	61%	37%		11%	11%	7%
N rated	6	33	62	106	--	--	--	230

Source: TEA Division of Student Performance Reporting.

Note. The Commended rating was instituted in 2000. "--" indicates unavailable data. Results for AE traditional exclude charter campuses; standard results include charter campuses. ^a Percentages based on four ratings.

^b Includes campuses not rated for data quality, grades PK-K, new charter, and insufficient data.

In 2002, there was a large decrease in the percentage of charter campuses receiving alternative education ratings of Needs Peer Review. Of all charter school campuses rated under the AE system in 2002, 37% needed peer review compared to 61% in 2001. Even so, only 11% of traditional public schools rated under the AE system needed peer review. The percentages of charter school campuses rated as Commended (6%) and Acceptable (57%) in 2002 also increased (Table 3).

Campuses affiliated with charter schools operating four or more years performed better on accountability ratings compared to charter school campuses as a whole. Combining the standard and AE rating systems, 15 experienced campuses (21%) were rated as either Exemplary, Recognized, or Commended; 41 campuses (57%) were Acceptable, and 16 campuses (22%) had either Low-Performing or Needs Peer Review ratings. Although these charter school campuses outperformed charter schools overall, they still lag behind traditional public schools in accountability ratings.

Charter schools perform well below state averages on TAAS. Student TAAS performance in charter schools is well below the state average in all areas—particularly in mathematics, writing, and social studies. Moreover, lower passing rates are constant across all student comparison groups. Consistent with state patterns, White students in charter schools outperform minority students (Table 4).

Table 4. 2002 TAAS Performance for All Charter Schools and State Average

Category	Charter Schools	State Average	Difference
Percent of Students Passing TAAS			
All tests taken	57.7	85.3	-27.6
Reading	76.9	91.3	-14.4
Mathematics	69.1	92.7	-23.6
Writing	66.1	88.7	-22.6
Social Studies	61.5	83.7	-22.2
Percent of Students Passing All Tests Taken			
African American	55.4	77.2	-21.8
Hispanic	55.0	79.7	-24.7
White	67.9	92.5	-24.6
Economically disadvantaged	55.4	78.2	-22.8

Source: 2002 TEA AEIS reports.

TAAS performance for charter schools improved from 2000 to 2002—however, the charter-traditional school achievement gap remains large. Between 2000 and 2002, charter schools had TAAS passing rate gains across all subtests (8 to 17 percentage points). Although charter schools made progress at a faster rate than traditional public schools, the achievement gap between charter and traditional schools still remains (Table 5).

Table 5. TAAS Performance for All Charter Schools, 2000 to 2002

TAAS	All Charter Schools				State Average			
	2000	2001	2002	Change	2000	2001	2002	Change
All tests taken	43.1	46.7	57.7	14.6	79.9	82.1	85.3	5.4
Reading	64.2	70.2	76.9	12.7	87.4	88.9	91.3	3.9
Writing	58.4	61.0	66.1	7.7	88.2	87.9	88.7	0.5
Mathematics	52.5	59.3	69.1	16.6	87.4	90.2	92.7	5.3

Source: 2000, 2001, and 2002 TEA AEIS reports, non-matched students.

Students in charter schools have less advanced course completions and lower end-of-course passing rates compared to traditional public schools. Compared to analogous state comparison group averages, charter school students in grades 7 to 12 complete less advanced courses and have lower passing rates on end-of-course exams. The small numbers of charter campuses in some comparison groups, however, limits the generalizability of findings (Table 6).

Table 6. Campus Advanced Course and End-of-Course Performance

Measure	CS ≥ 70% At-Risk		State Eco. Dis. Students	CS < 70% At-Risk		State All Students
	<i>n</i>	%		<i>n</i>	%	
Advanced course completion	47	7.1	12.8	75	8.0	19.3
Passing Biology EOC	15	52.4	67.5	49	62.3	79.8
Passing Algebra EOC	19	15.8	45.1	52	26.4	57.8
Passing English II EOC	15	38.5	58.3	49	47.8	69.0
Passing U.S. History EOC	14	46.5	58.8	41	47.8	73.9

Source: TEA 2002 AEIS reports.

Note. “*n*” refers to the number of campuses, “%” refers to the percentage of students. State Eco. Dis. refers to the statewide percentage of economically disadvantaged students either completing or passing.

Charter schools have lower attendance rates and higher dropout rates. Charter schools have lower attendance rates and higher dropout rates than analogous state comparison groups (Table 7). Charter schools serving less at-risk students have higher dropout rates and lower attendance rates than charter schools enrolling primarily at-risk students.

Table 7. 2001-02 Student Attendance and Dropout Rates

Measure	CS ≥ 70% At Risk	CS < 70% At-Risk	All Charters	State
Attendance	92.7	88.8	90.4	95.6
Annual dropout rate	2.0	3.5	2.9	1.0

Source: TEA 2002 AEIS Reports.

Student-Level Performance

Between the 1997-98 and 2001-02 school years, the number of students enrolled in charter schools increased dramatically from 4,135 to 46,304. The student-level analyses involved, in total, 63,785 students who enrolled in charter schools at some time during the four-year period. Analyses involved matched TAAS data for individual students (i.e., the student is the unit of analysis rather than the campus). Longitudinal analyses are informative because student TAAS

performance is tracked across time. Nevertheless, a number of issues limit the interpretation of results, including difficulties matching student identification numbers across years, student survivorship over time, small numbers of cases in comparison groups, and the limited number of students with *TAAS* scores. In addition, when the student is the unit of analysis, larger schools receive more weight in calculations. The findings to follow should be considered within limitations.

Continuing charter school students had solid TAAS reading and mathematics gains. Charter school students with matched test scores (i.e., showing continuous enrollment) had solid *TAAS* passing rate gains for both reading and mathematics (10 to 15 percentage points). In 2002, passing rates for continuing charter students (79% to 85%) approach state averages (91% to 93%). Students attending charter schools with primarily at-risk students have lower *TAAS* performance levels and gains than students in charter schools serving less at-risk students (Table 8).

Table 8. *TAAS* Percent Passing for Students Attending Charter Schools, by School Type

Percent Passing <i>TAAS</i>	Charter School \geq 70% At-Risk				Charter School $<$ 70% At-Risk			
	<i>n</i>	2001	2002	Diff.	<i>n</i>	2001	2002	Diff.
Reading	1,208	68.9	78.6	9.7	2,386	73.7	84.6	10.9
Mathematics	1,243	68.9	78.5	9.6	2,408	65.9	81.2	15.3

Source: Analysis of individual student data from PEIMS; includes students in grades 3-8 and 10.

Note. Students attended charter school in 2000-01 and 2001-02 and had *TAAS* scores for both years.

Charter school students' TAAS passing rates vary by grade level. Charter school students' *TAAS* reading passing rates are highest in grades 6 to 8 and 10, and lowest in grade 3. *TAAS* mathematics passing rates are highest in grades 5 to 8, and lowest in grades 3 and 10. State *TAAS* passing rates are also lowest in grade 3, but not necessarily grade 10.

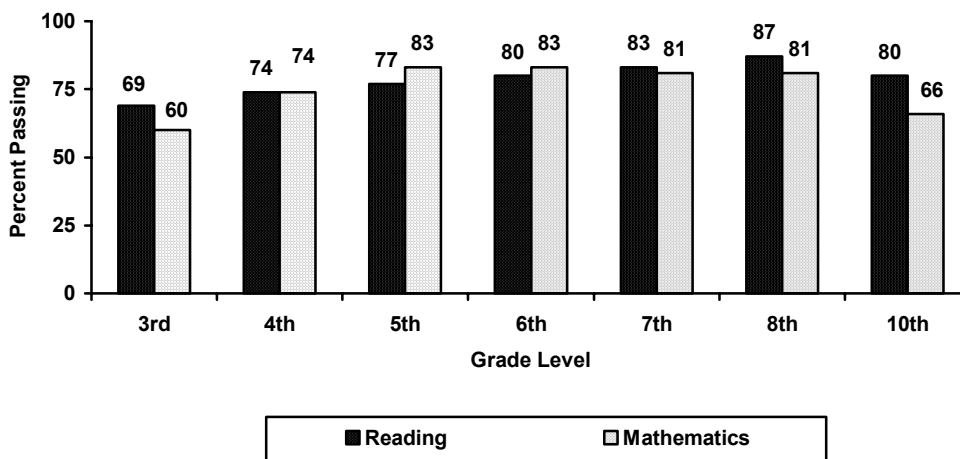


Figure 7. 2002 *TAAS* percent passing by grade level for students attending charter schools.

Performance of Continuing and Moving Students

Evaluators compared the performance of students continuously enrolled in charter schools with student cohorts who moved between the traditional public school system and charter schools. Comparisons displayed in Table 9 involve charter school students in grade 8 or lower in 2002 with *TAAS* reading and mathematics scores for three years (2000, 2001, and 2002). Traditional public school students include those enrolled in charter schools some time between 1998-99 and 2001-02. Although it is difficult to make definitive statements about findings, observations to follow seem worth reporting.

Table 9. *TAAS* Percent Passing, by School Category Over Three Years

School Category			Students N	Percent Passing			Gain/Loss	
1999-00	2000-01	2001-02		2000	2001	2002	2001	2002
Reading								
Charter	Charter	Charter	1,448	65.0	78.1	85.1	13.1	7.0
Charter	Charter	Public	1,254	72.3	74.6	82.7	2.3	8.1
Charter	Public	Public	2,121	76.4	76.9	80.5	0.5	3.6
Public	Public	Charter	1,166	62.1	82.6	87.8	20.5	5.2
Public	Charter	Charter	637	63.6	75.5	86.2	11.9	10.7
Public	Charter	Public	751	76.3	75.8	85.2	-0.5	9.4
Public	Public	Public	615	81.5	88.6	92.8	7.1	4.2
Mathematics								
Charter	Charter	Charter	1,462	54.4	76.1	84.3	21.7	8.2
Charter	Charter	Public	1,300	69.6	73.5	82.1	3.9	8.6
Charter	Public	Public	2,191	70.6	75.5	79.5	4.9	4.0
Public	Public	Charter	1,190	52.5	82.4	87.2	29.9	4.8
Public	Charter	Charter	633	52.4	71.2	85.0	18.8	13.8
Public	Charter	Public	766	70.2	74.7	85.9	4.5	11.2
Public	Public	Public	637	78.0	89.5	92.0	11.5	2.5

Source: Analysis of individual student data from PEIMS. *Note.* Public refers to traditional public schools.

Continuous student enrollment in charter schools may have a positive influence on academic performance. Students enrolled in charter schools in both 2001 and 2002 had two-year gains in both *TAAS* reading and mathematics exceeding 20 percentage points. On the other hand, first-year charter school students in 2002, who were enrolled in traditional public schools in 2000 and 2001, had much smaller reading and mathematics gains.

*Students who move to traditional public schools from charter schools may or may not have substantial *TAAS* gains upon returning.* Students who moved to traditional public schools in 2002 from charter schools generally had larger *TAAS* reading and mathematics gains upon returning to traditional public schools. Yet students who moved to traditional public schools in 2001 from charter schools had low *TAAS* gains. The unknown reasons for student mobility between charter and traditional schools makes it impossible to draw definitive conclusions about student achievement trends.

*Students who remain in traditional public schools have high *TAAS* scores.* The students who spent all three years in traditional public schools recorded positive *TAAS* gains, and they had the highest passing rates, 93% passing in reading and 92% passing in mathematics. Given the

negative relationship between passing rate gains and initial passing rates, their modest gains in 2002 were impressive.

Performance of Secondary Students in Charter Schools

Higher percentages of charter school students are enrolled in high schools. An examination of student enrollment patterns shows that, compared to traditional public schools, greater proportions of charter school students are enrolled in high schools. Differences are especially large for grades 9 (17% versus 9%) and 10 (13% versus 7%).

The performance of charter school students in grades 7 to 12 lags behind state comparison groups. Compared to analogous state averages, charter school students in grades 7 through 12 have lower course completion rates, lower performance on end-of-course examinations, lower attendance rates, and higher dropout rates. In grades 10 through 12, but not grade 9, more charter than traditional public school students fail to earn sufficient promotion credits. Based on 2002 student-level data, grade 10 exit-level *TAAS* scores (66% passing in mathematics, 80% passing in reading) are well below state averages (92% passing in mathematics, 95% passing in reading).

Effects of Open-Enrollment Charter Schools on Traditional School Districts

About half of traditional public school officials are unaware of charter schools located in or near their districts' boundaries. Although all traditional public schools surveyed were located in the geographic boundaries of one or more charter schools, only 54% of respondents are aware of charter schools in their areas. This may be due, in part, to the fact that some charter schools have identified districts far from actual charter school locations.

Interactions between traditional public schools and charter schools are increasing. More than a third of respondents (38%, 51 districts) reported contacts between district and charter school educators, most commonly through interactions at ESC-sponsored events or interactions during regional or statewide meetings or training sessions. Compared to the previous year's survey, contacts at such events increased substantially.

Nearly half of districts aware of charter schools in their area cite financial effects. Although 54% of district officials report that budget and financial operations are unaffected by charter schools, 46% cite financial effects. Charter schools affect districts financially through losses in average daily attendance (ADA) funding (84%) and federal funding (54%). Large districts and districts with declining enrollments are most likely to cite financial effects. All districts citing lost average daily attendance (ADA) funding of \$1 million or more were large districts enrolling more than 10,000 students.

Charter schools affect large and mid-size traditional public school districts more than small districts. As Figure 8 shows, more large and mid-size districts report having lost students to charter schools than small school districts. Likewise, more large and mid-size districts report students transferring into their districts from charter schools. The percentages of districts reporting students leaving for and returning from charter schools increased notably for large and mid-size districts between surveys in fall 2001 and 2002.

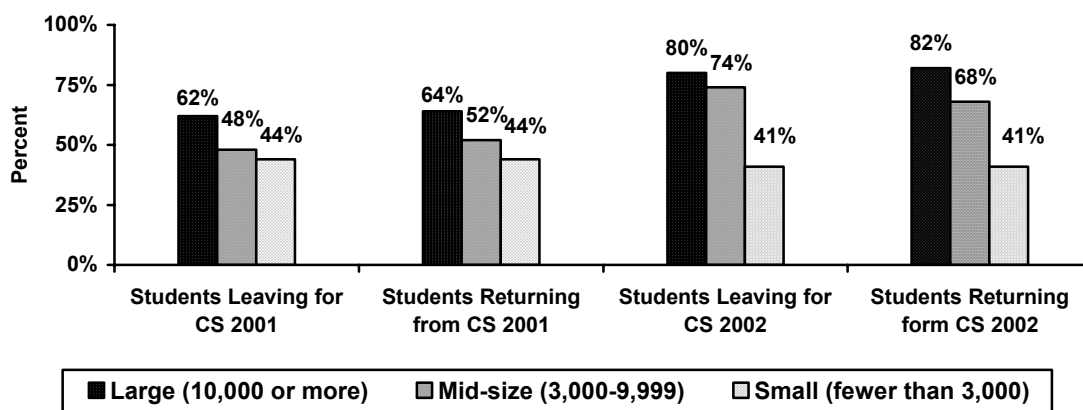


Figure 8. Districts Citing Students Leaving for or Returning from Charter Schools.

Traditional school districts with declining enrollments are more likely to report effects from charter schools than those with stable or increasing enrollments. Districts with decreasing enrollments are significantly more likely to report that charter schools have affected their budget and financial operations—these districts more often note losses in ADA funding, federal funding losses, and downsizing of both teaching and administrative staff than districts with stable or increasing enrollments.

Charter schools have had little impact on educational approaches and practices of traditional public schools. Although districts have implemented a number of changes in educational approaches, few attribute these changes to charter schools. In general, charter schools are more likely to influence district operations, such as the tracking of students, comparing student achievement in charter and district schools, or increasing marketing efforts to inform parents of district programs.

Many traditional public school officials express concerns with charter schools. More than 80% of responding district officials noted concerns about the quality of instruction in charter schools. In addition, approximately two-thirds expressed concerns with charter school grading standards (67%) and apprehensions about special needs students in charter schools receiving an appropriate education (63%). Open-ended comments supported these trends. District officials most often described concerns with educational quality and financial issues.

Characteristics of Successful and Challenged Charter Schools

Evaluators conducted case studies to provide an in-depth look at a select group of charter schools. The purpose was to explore educational conditions and the instructional practices charter schools employ to meet the specific needs of their students. Charter schools identified for site visits included 13 sites purposefully selected to represent a broad range of performance levels under the Texas standard and alternative educational accountability systems. For comparison purposes, evaluators categorized charter schools as *successful* (higher performing—Exemplary, Recognized, or Commended) and *challenged* (lower accountability ratings). Themes emerging from findings suggest attributes that may foster student academic success in charter schools.

Successful charter schools have supportive organizational structures. Successful charter schools typically have a grade span supporting a developmental educational continuum, with the foundation for learning laid in early grades leading to targeted outcomes at higher grade levels. Small school size along with continuity achieved through contact with students over multiple years are frequently viewed as contributors to individualized learning, positive student-teacher relationships, a disciplined learning environment, a vertically-aligned curriculum, and enhanced communication and collaboration. In contrast, challenged charter schools are more likely to serve secondary students who often arrive at the school lacking basic academic skills. Challenged schools have higher student-to-teacher ratios and abbreviated schedules in some schools reduce the available time for student learning.

Successful schools enrich their curriculum and instruction. Successful charter schools have high expectations for *all* students. The state's standards-based curriculum is considered a minimum, so schools typically enrich learning through the core knowledge curriculum, service learning, field trips, foreign language, fine arts, Advanced Placement and International Baccalaureate courses, or extracurricular activities. Challenged schools, on the other hand, are highly committed to student learning, but curriculum and instruction generally focus on basic skills, GED preparation, credit accrual, and remediation of student deficiencies.

In successful schools, quality teachers and instruction support students' opportunities to learn. Teachers in successful charter schools are more likely to have college degrees, and although less experienced, they are paid higher salaries than teachers in lower performing schools. Classrooms in successful charter schools are more conducive learning environments. Teachers have more available space and instructional resources; arrange their classrooms to facilitate student interactions; create learner-centered environments by combining opportunities for whole-group, independent, and small-group learning, and advance student thinking and problem solving through a greater emphasis on questioning strategies that allow students to verbalize, explain, justify ideas, and reason. In contrast, challenged charter schools are more likely to hire teachers without degrees. Classrooms have limited space and resources, instruction is primarily whole group or students working on assignments independently. Students often listen to teacher presentations or complete worksheets or short-answer exercises.

A greater proportion of financial resources supports student learning in successful schools. Successful charter schools invest resources in student learning. A greater proportion of expenditures is allocated for instruction (50% of per-pupil expenditure versus 42% for challenged schools). Additional instructional expenditures include higher salaries for teachers (approximately \$8,000 more, on average, than teachers in challenged schools). Challenged charter schools, conversely, invest a greater proportion of their funds in school leadership and general administration (25% of per-pupil expenditure versus 21% for successful schools).

In successful schools, parents are commitment to academic support. Parents of students attending successful charters almost invariable lend strong support for their children's academic achievement through actions such as assisting with homework, checking on progress, visiting the school, communicating regularly with teachers, and supporting disciplinary actions. In contrast, in challenged charter schools, parents are expected or required to at least maintain contact with the school. Although parents receive regular progress reports and are usually notified by email or

telephone regarding academic or discipline problems, they are less likely to be partners in the educational process.

Successful charter schools have strong administrative support and community connections.

Successful charter schools have highly engaged administrative leaders who assume many roles to accomplish school goals. These schools also receive strong support from governing boards that generally include a blend of professionals, community members, and parents. Boards provide guidance, financial oversight, and expertise, and assist with fund raising and resource acquisition. In contrast, chief operating officers (e.g., directors/superintendents) of challenged schools spend less time on individual charter campuses because they often supervise multiple charter schools or more than one campus. Challenged schools also have smaller governing boards, which narrows the range of viewpoints and lessens the availability of board expertise and support.

Commentary and Policy Implications

In Texas, charter school policies have strongly influenced the organizational characteristics of charter schools. The passage of laws in 1997 encouraging the formation of 75 Percent Rule charter schools altered fundamental assumptions underlying the charter concept. The policy shifted the focus from the creation of innovative forms of schooling to the creation of schools for a specifically defined population. Largely as a result of the 75 Percent Rule, distinctly different types of charter schools have emerged in Texas. Besides enrolling different proportions of at-risk students, these schools also have different organizational features. Schools serving higher and lower percentages of at-risk students vary in school characteristics, administrative leadership, revenue and expenditures, teacher quality, educational approach, parents' and students' reasons for choosing the school, student and parent satisfaction with the school, and most importantly, student academic outcomes.

A charter school's ability to attract highly qualified teachers is associated with the preponderance of at-risk students enrolled in the school and the school's academic success.

Consistent with past studies, recent statistics show that charter school teachers, on average, are less experienced (5.4 years) than teachers in traditional public schools (11.9 years), and they are less likely to have baccalaureate and advanced degrees. Teachers in charter schools are also paid considerably less than those in traditional public schools, and the annual teacher turnover rate is more than three times the statewide average (53% versus 17%). Results for the current study also reveal that teacher quality varies by charter school characteristics. Charter schools enrolling primarily at-risk students have smaller proportions of teachers with advanced degrees and teaching certificates. In addition, higher performing charter schools (rated as Exemplary, Recognized, or Commended) have a smaller share of beginning teachers, less teachers without a degree, more teachers with advanced degrees, higher teacher salaries, and lower teacher turnover rates.

Funding and financial issues pose the greatest obstacle to the establishment and success of charter schools, especially those serving smaller proportions of at-risk students. Results of yearly surveys of charter school directors have consistently identified inadequate finances and facilities as major barriers to charter school operations. Because charter schools do not have taxing authority to generate revenue, more than three-fourths of funding is derived from the state. In 2001-02, the total per-pupil funding for charter schools was \$6,762, or \$1,089 less than the

\$7,851 for public schools statewide. Charter schools serving primarily at-risk students received about \$700 more per pupil (\$7,231 versus \$6,526) than charters serving less than 70 percent at-risk students. Schools serving less at-risk students must be more proactive in seeking grants and local donations to support school operations.

The autonomy envisioned in the original charter school legislation has been diminished by additional rules and regulations. Excessive rules and regulations, especially those implemented under House Bill 6, according to a number of charter school directors, have made charter schools more like very small independent school districts. Funding limitations make it especially difficult for small organizations to cope with unfunded mandates and administrative requirements. Directors, in general, welcome assistance to address charter school problems that have diminished charter school credibility and led to tighter restrictions.

Texas charter schools continue to provide educational choices that accommodate the interests and needs of families and students. The number of students enrolled in charter schools continues to soar. Minority parents, particularly African Americans and Hispanics, are seeking different educational opportunities for their children in charter schools. As a whole, students and parents express high levels of satisfaction with charter schools. Increasingly, it appears that some students and their parents, especially those choosing schools with primarily at-risk students, are seeking charter schools to escape conditions they consider intolerable in traditional public schools.

Although charter schools are affecting some districts financially, there is little evidence that charters have promoted improvement in traditional public schools. Mid-size and large districts and districts with declining student enrollments are more likely to report students leaving for charters and to cite financial effects. In general, district officials report minimal changes in programs and practices due to charter schools. The vast majority of public school officials continue to raise concerns about the quality of instruction, grading standards, and appropriateness of educational opportunities in charter schools. Even so, there is an increasing tendency for educators in traditional public schools to refer at-risk students to charter schools.

In general, student achievement in charter schools remains a major concern. Even though charter schools are providing school choices welcomed by parents and students, the worth of options made available through many charter schools remains a problem. Across six school years, traditional public schools have outperformed charter schools. Only 14% of charter schools earned the highest Texas accountability ratings in 2001-02 (Exemplary, Recognized, Commended), while 86% received one of the lower ratings. Furthermore, an increasing percentage of charter schools have applied for ratings under the less academically rigorous alternative educational accountability system. Even when more equitable comparisons are made with peer campuses with similar enrollments, school characteristics, and student demographics, *TAAS* passing and dropout rates are higher and attendance rates are lower for charter schools. Despite uncertain prospects for charter schools overall, results reveal that a small group of charter schools are performing well. Lessons learned through case studies of these charter schools are relevant to the improvement of charter schools overall.