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## Enhancing the Role of Choice and Charters

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**Since their introduction** into public education in 1991, charter schools have proven to be an effective component of state school improvement strategies. Operating independent of traditional school system rules and regulations, yet accountable like all other public schools for student achievement, charter schools can accelerate education innovation, provide alternatives for students who need them, and stimulate healthy competition among all public schools anxious to maintain or attract enrollment. Charter schools have proven very popular among states and students, with forty-one states enacting laws to authorize them, and over 3600 schools enrolling a million-plus students nationwide.

Research indicates that charter schools may already be making a positive difference: students attending charter schools are scoring higher on national tests than students in neighboring schools they would otherwise have attended, and traditional public schools are improving faster in areas where competition from charter schools is most intense. It is still way too early to declare charters an unambiguous success, and not all of the initial evi-

dence is positive. States and districts with reputations for education leadership, however, have recognized the potential of charter schools and other forms of school choice, and given them a prominent place in their reform strategies. Minnesota and Massachusetts, for example, whose test scores are already high, have long offered their families options, from inter-district choice to post-secondary dual enrollment to charter schools. Arkansas, in sharp contrast, makes little use of schools of choice. Roughly 7 percent of the state's students attend magnet, alternative, charter, or private schools while another 3 percent are home-schooled. This is only half the national average of attendance at non-traditional public schools. Meanwhile, student achievement in Arkansas remains well below the national average, trailing two-thirds of all states by significant margins on NAEP reading and math—states that by and large make far more use of charters and choice.

Charter schools could easily make a bigger contribution to school improvement in Arkansas. But for that to happen, one important change must take place: Arkansas needs more schools to offer meaningful choices for families and competition for traditional schools. In 2005, only seventeen charter schools were in operation in Arkansas statewide. This is up from twelve schools in 2004, but no schools beyond the existing seventeen have been approved for opening in the near future. These numbers are low by national standards—and are within the control of policymakers to change.

The number of charter schools in a state depends on several factors. Enrollment is perhaps the most obvious: you need students to run a charter school, and states with lots of students are likely to have good numbers of charter schools. California, the state with the highest enrollment in the nation, has 533 charter schools, also the highest in the nation. Florida has the fourth most students and the third most charter schools with 310. Density also matters. Charter schools have a tougher time operating in rural

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areas (unless they are “virtual schools” providing courses on the Internet—which are also in short supply in Arkansas) because the critical mass to open a new school does not exist. Delaware, for example, has a quarter of the enrollment of Arkansas, but is the seventh most densely populated state in the nation, and has fifteen charter schools—nearly the same number as Arkansas, which is the thirty-fourth most densely populated state. Washington, D.C. has one-sixth as many students as Arkansas, but as the most densely populated “state” in the nation, it has forty-eight charter schools. With seventeen charter schools Arkansas has a number that is actually typical of states with its demographics—twenty-seventh in enrollment and below average in density among the forty-one charter states, Arkansas also ranks twenty-seventh in charter schools.

But demographics are not destiny. Arkansas has far fewer charter schools than many states with similar densities and enrollments. Colorado has about 50 percent more students than Arkansas, but virtually the same population density. With 113 charter schools, however, it has eight times more charters than Arkansas. Arizona has double Arkansas’ enrollment, but exactly the same population density—and 509 charter schools, or thirty times the number in Arkansas! New Mexico has 125,000 fewer students than Arkansas, much lower density, and yet forty-two charter schools.

What do the states with more charters than their demographics would predict have in common? It is not, as some would guess, low achievement and dissatisfied parents. It does not take high levels of unhappiness with traditional public schools for charters to proliferate. Minnesota, the first state with charter schools, has among the highest NAEP scores in the nation. Colorado and Delaware are doing reasonably well on NAEP. Other more urban states with lots of charter schools—for example, Massachusetts and Michigan—fair respectably on NAEP, as well. And, while

poor public schools fuel charter growth in some places—Washington, D.C. might be the strongest case in point—charters are not primarily a product of dissatisfaction either.

What causes charter schools to thrive is the quality of the state policy that authorizes them. States that have vigorous charter school sectors are states that have crafted laws that facilitate their creation and successful operation. Arkansas has a charter school law that despite recent improvements does much less than it might to support charter schools. Overall, the law ranks among the weakest in nation. The Center for Education Reform, widely recognized as the leading authority on charter legislation, rates charter laws on numerous dimensions critical to responsible charter school growth. The center gives the Arkansas charter law a D and rates it only thirty-fifth best among the forty-one charter laws in the country. By comparison, states with demographics similar to those of Arkansas but with charter schools far more numerous—Colorado, Arizona, Minnesota, New Mexico, Nevada—have charter laws that have been given higher grades.

Arkansas could easily increase the number of charter schools in the state significantly. States with higher levels of achievement (implying less dissatisfaction); states with lower enrollments; states with less density—in other words, states with less potential for charter schools than Arkansas, have created more consequential charter school sectors. The difference is the quality of their laws. Arkansas should reexamine its charter law and make those modifications that would make the most difference for new and existing charter schools going forward.

### *Recommendations*

1. *Conversion charters*: Most of Arkansas' existing charter schools are “conversions” of district public schools. Conversion is an important route for charter school creation, espe-

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cially in rural areas, where deserving schools might be closed by the economic imperatives of consolidation. Because most students are already in traditional public schools, the supply of charters can grow much faster if exiting schools may become charters, as opposed to charters being created exclusively from scratch. The problem with the conversion process in Arkansas is that it can occur only at the initiative of the district superintendent, who then continues to govern the school as a charter. This makes conversion charter schools about as likely and different as magnet schools, which have been around for decades and have done only modest amounts to improve public education. If conversion charters are really to matter, they must be possible at the initiative of teachers or parents, or some other school constituency. They must also be governed by a board that is independent of the school district. Without these changes, conversion charters will never be created if they pose a competitive threat to the district—part of the idea of charters in the first place—and the potential for innovation will be limited to the existing know-how of the district, again largely missing the point of charters.

2. *New charters:* Arkansas recently took an important step to increase the supply of new charter schools, raising an onerous and arbitrary cap on their statewide number from twelve to twenty-four. Ultimately, the cap should be lifted, and the market should determine the right number of schools to satisfy the needs of students and parents. If there is no demand for more charters, they will not be created.
3. *Facilities and capital:* Charter schools in Arkansas are funded at the average of local and state operating revenue, at best. Charters receive no funding for facilities, books, technology, or other capital items that are budgeted and funded separately from school operating budgets in regular public schools.

Charters must cover their operating costs *and* their capital costs from funds that amount to no more than typical local operating budgets. This disadvantage is common among charter laws nationwide, but it is especially devastating in low-spending states like Arkansas, where it is tough to run schools effectively on operating budgets, let alone pay for facilities and other capital items. Arkansas should take a cue from Minnesota or Washington D.C., and offer some level of support for capital needs in the state's charters.

4. *Transportation:* If schools are going to be available to students outside of their neighborhoods or in rural areas, states or districts must provide transportation—and typically they do. Transportation is also expensive unless the provider can take advantage of scale economies, and even then it is costly. Charter schools, typically small and drawing students from beyond neighborhood boundaries, are burdened by transportation requirements. Many states recognize this and provide charter students with transportation. Arkansas leaves transportation for charter students to the discretion of local districts (which the charters are competing with). Arkansas currently plans, under Act 35, to require districts in 2009–10 to transport students from failing schools to schools of their choice. Arkansas should move faster than this to provide charter schools the same per pupil transportation funding that is now provided on average in school districts throughout the state. Charter schools could then contract with school districts or with private transportation companies to transport students who want a choice now.
5. *Authorizers and appeals:* States with vibrant charter sectors recognize a fundamental principle of economics: monopolies do not operate efficiently nor in the public interest. Charters obviously aim to provide a measure of competition for school

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districts that otherwise monopolize the local supply of schools. Similarly, states most committed to charters have not allowed any single authorizer—the body that grants the charter—to monopolize the supply of charters. Arkansas, however, allows just one authorizer, the state board of education, to grant charters. And their say is final; there is no appeals process. While the state board is an appropriate authorizer, it should not be the only one. States have variously given authority to grant charters to public universities, municipalities, and not-for-profit educational or community development organizations. They have also fashioned appeals processes to ensure that all charter applications receive a full and fair hearing. Arkansas should open up its process similarly, taking better advantage of the stellar organizations across the state that might make excellent authorizers and taking better advantage of the workings of the market.

6. *Rules and regulations:* A major part of the idea of charters is to free schools from the usual rules and regulations that may interfere with innovation—and then to hold schools accountable for using their freedom to raise student achievement. The most successful charter laws automatically waive countless routine rules and regulations—except those dealing with health, safety, and civil rights. They also lift existing collective bargaining agreements in conversion charters. In Arkansas, however, virtually no waivers are automatic. Charter applicants must know specifically what freedom they want and request it in the charter. This places undue burden on applicants to know and to justify every modification to the school code they may require. Such a process needlessly slows the process of innovation. Waivers of the basic code should be automatic. Collective bargaining agreements should come into being only if the new charter school votes to form a union.

Arkansas has the potential to make charter schools a much more prominent feature of the education landscape. The state is neither too rural nor too small to have a vital charter school sector among its public schools. Other states similarly situated have done so. The power is fully at the state's disposal. It is the quality of the state charter law that matters most when it comes to successful charter schools. Arkansas can be proud that it has already taken steps toward making charter schools an important reality. It should now try to join the pace setters and give its pursuit of high achievement a uniquely powerful boost. Free up the supply of charter schools and hold them accountable to high academic standards, and all of Arkansas' schools and students should benefit.