

Charter Schools

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K-12 Education

Market-Based Schooling

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Introduction

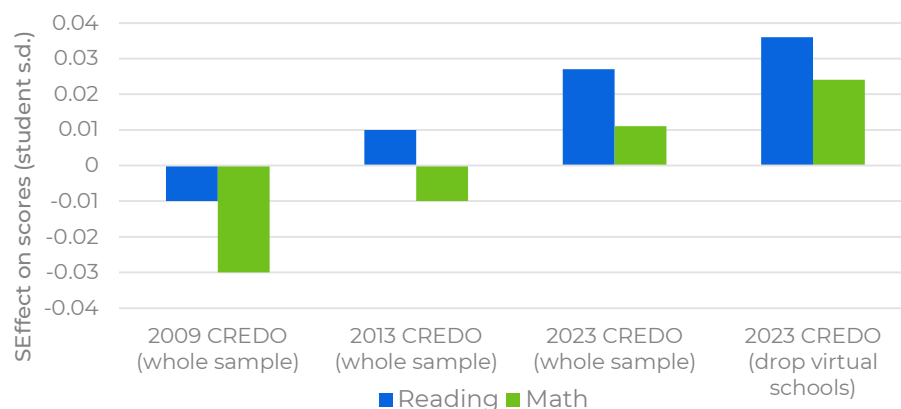
Charter schools are primary and secondary schools operated by private (usually nonprofit) organizations but funded and regulated by the government. In effect, they operate as contractors to government agencies, called charter authorizers, that decide which charter schools open and whether they meet their contractual obligations and can continue receiving government funds. In addition to being overseen by charter authorizers, charter schools are governed by their own nonelected boards of directors.

State laws stipulate that charter schools are public schools. Similarly to traditional public schools, charter schools are open to all students, cannot charge tuition, and cannot embrace a particular religion. Charter school students take the same standardized tests as students in traditional public schools, and charter school performance is measured by the same state-based ratings/grades. Therefore, charter schools are both public and private in character, which gives them some advantages but creates some legal, political, and other complications, as well.

At present, almost every state—46 in all—has laws allowing and funding charter schools. The sector has grown to represent 7 percent of the U.S. market share of all school-age children, and this share has been gradually rising. Approximately 10 percent of all U.S. school districts now have at least one charter school, though these charters disproportionately serve urban students, students of color, and students from low-income families. Other countries, such as England, also have schools based on the same principles as charter schools but with different names, such as “academy schools.”

The key arguments for charter schools are that charters' increased autonomy may make them more cost-effective and innovative, that families can choose charter schools regardless of where they live, and that charter schools can be more accountable than schools of other types. One opposing argument is that the charter model is based partly on a market logic that does not apply well to schools and that encourages a focus on the private benefits over the public benefits of education. Charter schools might also select their students, discriminate against some groups, increase segregation, offer narrow curricula, and undermine traditional public schools by reducing their resources.

Figure 1: Trend in Charter School Participant Effects (CREDO)



Key findings

Key finding #1: *Students attending charter schools experience more growth in standardized test scores and may have a higher chance of attending college than students attending traditional public schools.*

Specifically, test score growth is higher for students attending charter schools than for matched comparison students attending the nearby traditional public schools that the charter students would typically attend. These “participant effects” can be reasonably interpreted as causal effects of a student’s attending a charter school. Far fewer studies address college-going, and they consider much smaller and narrower samples of charter schools; however, these studies usually show improved college outcomes as well.

Key finding #2: *Charter participant effects vary widely—more so than the effects of traditional public schools, and these participant effects are larger for urban, charter management organization (CMO), nonprofit, and brick-and-mortar charter schools.*

The wide variation in effects creates some uncertainty about whether we can expect charter schools to improve student outcomes in any given location, but the above patterns, by urbanicity and so on, allow policymakers to design and target charter schools to increase the chances that they improve education.

Key finding #3: *Charter schools have various types of positive competitive effects on traditional public schools’ achievement that, collectively, seem to improve student achievement and high-school graduation rates.*

Most of the research on charters’ competitive effects focuses on how the opening of charter schools affects the outcomes of students who remain in nearby traditional public schools. However, there is also some evidence that charter schools can have other effects on more geographically distant traditional public schools, can induce low-performing traditional

public schools to close, and can improve outcomes by improving the “match” between student needs and school offerings.

Key finding #4: *Charter schools seem cost-effective, producing positive effects at lower spending levels than traditional public schools.*

Combined with the above evidence of improved student outcomes, this finding of charters' cost-effectiveness is sometimes interpreted to mean that charter schools are more cost-effective than traditional public schools. However, (a) it is difficult to measure the revenue/expenditure of charter schools and compare it with that of traditional public schools, and (b) charter schools provide a narrower range of services and sometimes attract and select students who are less expensive to educate, which further complicates cost-effectiveness analyses.

Key finding #5: *Charter schools have had limited success in generating innovative approaches, though they do increase the variety of enrollment options available to students.*

Charter schools are distinctive mainly in their style of school management and governance rather than in their instruction and curricula. Unlike traditional public schools, which offer variety within schools (e.g., extracurricular activities and elective courses), charter schools create variety between schools by specializing, though the activities that they specialize in (e.g., math and science) are not generally very different from traditional public schools.

Key finding #6: *Some of the potential unintended consequences of the availability of charter schools have not come to fruition or have not been clearly documented.*

Some charter schools push out students who misbehave, though it is difficult to determine how widespread this is. The presence of charter schools in a district has no effect, positive or negative, on overall school-based racial segregation. Finally, charter schools appear not to undermine the performance of traditional public schools, at least when the charter market share is relatively low.

Understudied topics. We know more about charter schools than about the vast majority of other education topics. Nonetheless, relatively little is known about the mechanisms underlying the charter effects above, the extent of funding discrepancies between charter and traditional public schools, the role that local context and implementation play, and the effects on students' long-term life outcomes.

Policy considerations. Many of the conclusions above are based on rigorous, nationally representative studies of charter schools; thus, the findings above have broad applicability. Charter schools have also been successfully brought to scale in some cities that have very high charter shares. The fact that charter schools appear to receive less funding also makes it easier to scale them. However, charter effectiveness varies widely; therefore, attempts to expand the availability of charter schools come with some risk, especially in rural and suburban locations where charter schools have been less effective.

Background: State and federal policies

The laws creating and regulating charter schools come mainly from state governments, and as with other areas of education policy, there is considerable variation in charter school policies across states. Some of the key dimensions on which state charter school policies vary include:

- *Funding levels.* Given the general consensus that increased funding improves student outcomes in traditional public schools, this is an important place to start. States vary considerably in how they fund charter schools vis-à-vis traditional public schools.
- *Degree and type of accountability.* Federal accountability rules apply equally to traditional public and charter schools; for example, schools of both types take the same standardized tests. However, states' general accountability provisions and implementation also vary, and states have flexibility to differentiate accountability for charter schools versus traditional public schools. Some authorizers pay relatively little attention to the academic performance of charter schools and allow low-performing schools to continue operating. At the other extreme, the authorizers in New Orleans regularly take over low-performing charter schools and turn their operations over to other charter managers.
- *Number and types of charter authorizers.* The most common authorizers are school districts themselves, and the second most common are state agencies of various designations. Mayors, counties, and universities also sometimes authorize charter schools. In some cases, statewide authorizers become involved only when applications to school districts are denied and charter organizations appeal these decisions.
- *Charter caps.* Some states cap the number of charter schools that can open, although some of these policies include loopholes allowing a "single" charter to open many different campuses.
- *Relaxation of rules applied to traditional public schools.* Again, part of the purpose of charter schools is to provide more autonomy for school leaders, such that they are subject to fewer rules. For example, some states require charter teachers to be certified, while others do not.

Federal Charter School Program. The federal government has quite a limited role in the regulation of charter schools and generally treats them and traditional public schools in the same way. An exception is the federal Charter School Program (CSP), which started in 1993; it provides funding to charter schools and their supporting organizations to facilitate the opening of new charter school. The program is very small, spending only \$440 million in 2023—a small share of the more than \$30 billion in total annual spending on charter schools.

Nevertheless, as a federal program, the CSP provides a point of leverage for U.S. presidents and their federal appointees to influence charter policies at the state and local levels. President Joseph Biden criticized charter schools on the campaign trail, and in 2021, his administration proposed new regulations intended to prevent CSP funds from being used to open for-profit charter schools, to increase public engagement in deciding which

schools to open, to ensure that new charters meet specific community needs, and to prevent charter schools from undermining racial desegregation efforts. After vocal opposition from the charter community, these proposed rules were turned into guidance to encourage steps toward achieving the goals above but with few new explicit requirements.

In financial terms, the CSP is a very small program, but it seems to shape the types of charter schools that open and may alter the state policies and authorizer practices with which charters are intertwined. It is also one of the main ways in which charter schools enter into national and federal political conversation about charter schools.

Evidence supporting key findings

This review focuses on various effects on students: the participant effects among students who attend charter schools and the effects on students who never attend such schools. I do not address the wide range of analyses on intermediate outcomes, such as how charter schools spend their money or teacher turnover rates, as these outcomes are reflected in student outcomes.

Readers are encouraged also to read other recent articles and books that provide excellent overviews of the research evidence on charter schools.¹

Key finding #1: *Students attending charter schools experience more growth in standardized test scores and may have a higher chance of attending college than students attending traditional public schools.*

Average participant effects. One argument for charter schools is that they have more autonomy, which may allow them to operate more effectively than traditional public schools—leading to better outcomes for the students who attend them. This was generally not the case in the first two decades of charter schooling, but the best evidence in recent years suggests that, on average, charter schools have more positive participant effects on commonly measured academic outcomes.

On a national basis, the only source of evidence on participant effects has been Stanford's Center for Research on Education Outcomes (CREDO), which has obtained detailed student-level data on the majority of charter schools operating nationally. CREDO has relied on a “virtual twins” method that involves comparing students in charter schools to those who (a) attend the traditional public schools from which charter students typically move and (b) have prior academic outcomes and characteristics that are similar to the specific students attending those traditional public schools. In effect, CREDO examines how student outcomes change over time among students who are similar in their baseline achievement and other dimensions. While there have been critiques of the CREDO method, subsequent analysis suggests that the method yields results that are very similar to those obtained through other methods, including random assignment.²

CREDO's studies have found gradually improving charter participant effects over time. The first national study in 2009 focused on 16 states and found that charter schools were slightly less effective than the matched traditional public school group.³ The second study, from 2013, and covering 27 states, found improvement; thus, there was no difference between charter and traditional public schools (if we average the slightly positive results for reading against the slightly negative results for math).⁴

A decade later, a period in which the charter sector had grown dramatically, the effects were positive.⁵ This third national study, based on 2015-2019 data, also expanded the sample again to include 29 states. This upward trajectory and the size of the effects are shown in Figure 1 above.⁶ By 2023, the effects of brick-and-mortar charter schools reached +0.04 s.d./1.3 percentage points in reading and +0.02 s.d./0.8 percentage points in math. The improvement over time in participant effects shown in the figure is somewhat surprising, given how many brand-new charter schools opened during the intervening 10 years. On the other hand, many of the older charter schools had the chance to learn from experience, and more successful CMOs had a chance to replicate and grow. The above effects are also arguably large in size considering that they are estimated at scale in real-world settings, where effects tend to be smaller, and that charter schools operate with less funding than traditional public schools.

Many other studies have examined the participant effects of charter schools using much smaller samples of schools, usually within specific districts, such as Boston and New Orleans. These studies tend to find more positive effects than those obtained by the national CREDO studies. In a few cases, these studies have focused on schools that are over-subscribed, allowing them to leverage random assignment from centralized enrollment systems.⁷ While this practice eliminates selection bias, it raises new questions about generalizability. By definition, over-subscribed schools have more demand than they can handle; thus, they are probably more effective than the average charter school. The studies leveraging over-subscription also tend to focus on urban, CMO, and no-excuses charter schools, all of which display more positive effects than the average charter school. This is one reason why the CREDO reports are so useful. They include most charter schools nationally and use a method that is still rigorous, which is a difficult combination to achieve.

The above discussion of individual studies and several recent, extensive reviews reinforce the notion that charter schools increase test scores.⁸ Some evidence exists with respect to other important academic metrics. Several studies have found positive effects on college-going,⁹ while another study found that charters shift some students from two- to four-year colleges but do not increase college-going overall.¹⁰ These studies are based on student admission lotteries and, therefore, have the same advantages and disadvantages noted above. Unlike analyses of test scores, however, studies of college outcomes (and high school graduation) are not very convincing when relying on “virtual twins” and other matching methods. High school graduation and college entry are one-time events; thus, we cannot match on prior results in the same way that we can with prior test scores.

We know much less about other, longer-term outcomes. Two small-scale studies of earnings have found a mix of positive and negative effects.¹¹ Charter schools in North Carolina increased voting and reduced crime.¹² New Orleans charter schools also likely reduced crime.¹³ Another study found positive effects on civic participation, but this study focused on an unusual CMO for which this outcome was core to its stated mission.¹⁴

As in other areas of education policy, we know less about these outcomes simply because it is so difficult to track students over long periods and across outcomes and data systems and to deal with selection bias in ways that are generalizable. Nonetheless, the results are usually positive across a range of outcomes, even if they are most convincing with respect to test scores.

Parent satisfaction. Since some outcomes are difficult to measure directly, another way to gauge success is by simply surveying parents about their views of the schools that their children attend. This method captures a wider variety of educational objectives than is possible with test scores and other metrics. Studies consistently find somewhat higher levels of parent satisfaction in charter schools than in traditional public schools, and this result has been fairly stable in recent years. An analysis of a 2012 survey conducted by the USDOE National Center on Education Statistics found that 63 percent of charter parents were very satisfied with their schools compared with 56 percent of parents whose children attended assigned public schools.¹⁵ These results hold even after controlling for other differences in the respondents.¹⁶

Nevertheless, there are three additional complications. First, attending a charter school requires parents to make an active choice to exit a traditional public school, and more positive reported satisfaction might reflect a psychological response to that choice—to avoid feeling like they made a bad decision. Second, it may be easier for charter schools to satisfy parents because such schools can exclude students who are disruptive or otherwise more difficult to educate. These factors complicate the interpretation of charter parent satisfaction surveys, but the fact that they align with the positive results for student achievement (see above and later) is noteworthy. The factors that complicate the interpretation of survey evidence are not present in some of the analyses showing positive charter effects on student outcomes.

Key finding #2: *Charter participant effects vary widely—more so than the effects of traditional public schools, and these participant effects are larger for urban, charter management organization (CMO), nonprofit, and brick-and-mortar charter schools.*

The same types of studies discussed above have also been informative about the variation in charter participant effects. Below are some of the key patterns identified in the literature:

- The overall variation in charter school participant effects is wider than with traditional public schools.¹⁷ This pattern suggests that some charter schools leverage their autonomy to push beyond the boundaries of traditional public schools while others fail badly. This variation tends to diminish over time as low-performing charter schools are forced out by the market or by government accountability,¹⁸ but there appears to be no recent research that has tested the degree to which the relatively wide charter school variation has diminished.
- There are larger positive effects in urban locations. Urban charter schools typically show larger participant effects than do charter schools in suburban and rural areas.¹⁹ This pattern is most clearly evident in the CREDO analyses because of their very large and broad sample; urban schools were found to have effects of +0.05 S.D. in math and reading (equivalent to moving the average student from the 50th to the 52nd percentile), with smaller effects for the nonurban charter schools.²⁰ Reinforcing this pattern, the studies focusing on particular locations (Boston and New Orleans) and yielding findings of large effects also considered urban areas. Although, one recent study found that suburban charter schools that are less effective in raising achievement might be more effective in improving college outcomes.²¹

- *There are larger positive effects for CMO charter schools.* In the CREDO studies, the CMO participant effects were +0.05 s.d./2 percentage points in math and +0.04 s.d./1.5 percentage points in reading; however, for stand-alone schools, these numbers were only +0.02 s.d./0.7 percentage points in math and were slightly negative, but imprecisely estimated, in reading.²² The reason may be that CMOs benefit from economies of scale, being able to distribute administrative costs across more schools and students. Additionally, CMOs appear more likely to adopt a no-excuses approach. Many CMOs have also adopted a data-driven approach that emphasizes test scores and other measurable outcomes that are the subject of research.
- *There are larger positive effects in nonprofit than in for-profit charter schools.* The CREDO analyses are again a key source of this conclusion. An exception is a study in Michigan of a single, large, for-profit charter chain, National Heritage Academies, which found positive participant effects in math.²³ However, even in this most positive case, there were no for-profit effects in reading, in contrast to the average positive reading effects from CREDO for the average charter school. In any event, there is always variation in effects and it is still the case that for-profit schools perform worse on average.
- *There are large negative effects of virtual charter schools.* While this section focuses on brick-and-mortar schools, the 2023 CREDO study also shows large negative effects of virtual schools (-0.10 /-3.7 percentage points in reading and -0.21 s.d./-7.8 percentage points in math).²⁴ Another recent study finds negative effects on long-term life outcomes.²⁵ Negative effects, especially of this size, are very unusual and should be a cause for concern.

Key finding #3: *Charter schools have various types of positive competitive effects on traditional public schools' achievement that, collectively, seem to improve student achievement and high-school graduation rates.*

"Near" competitive effects. One argument for charter schools is that they force traditional public schools to compete and improve education, even for students who never attend them. Studies compare the outcomes in traditional public schools within some radius of a charter school opening, which should be most responsive to competitors, with other traditional public schools located outside the charter school radius. These studies consistently find positive effects.

Competitive effect studies also face numerous methodological challenges. They often assume that charter school location is unrelated to the future outcome trajectories of traditional public schools. While the vast majority of studies find either null or positive competitive effects, one exception is worth noting because it directly accounts for the non-random location of charter schools.²⁶ Most studies on the topic rely instead on controlling for student differences (e.g., with student fixed effects). Nonetheless, there is a general consensus that the competitive effects on nearby traditional public schools are positive, albeit small.

It remains unclear how exactly traditional public schools respond to competition in ways that improve student outcomes. Some studies find evidence that traditional public schools change how they allocate their funding across categories (e.g., instruction and

administration).²⁷ Furthermore, several studies find that charter schools respond through increased marketing, though it would not likely explain increases in test scores.²⁸

Critics also point to the fact that charter schools might reduce the funding for traditional public schools, which, all else being equal, should reduce outcomes. Charter school entry does generally reduce traditional public school funding in total, though the effect on per-pupil funding is limited.²⁹ The section below on the charter funding gap also informs this discussion.

The vast majority of research on student outcomes falls into the two categories above: participant and near competitive effects. However, some research is also beginning to recognize additional types of competition and other effects:³⁰

“Far” competitive effects. The logic of the near competitive effect is that traditional public schools should feel more competition from schools in close physical proximity. However, charter schools might also put pressure on district-level finances and may have broader effects on traditional public schools located further away.

Closure competitive effects. Both near and far competitive effects focus on responses by traditional public schools that remain open, but charters might also induce low-performing schools to close, which could also improve student outcomes.³¹ There is some evidence that the entry of charter schools leads to the closure of low-performing traditional public schools.³² However, it remains unclear whether this is direct competition or, since school districts themselves are often charter authorizers, whether school districts deliberately replace traditional public schools with charter schools before any real competition occurs.

Match effects. A final way that charter schools could affect student outcomes is by providing a better match between student needs and school offerings. Thus far, I have presumed that a “good school” is good for everyone who attends it, but this is not necessarily the case, and families may have information allowing them to find schools that are a better fit for their children. Some recent evidence in Los Angeles’ Zones of Choice suggests the benefits of simply opening up more choices among existing options (as distinct from creating new schooling options).³³

Combined, market-level effects. While there is relatively little evidence on the three mechanisms above, it is possible to learn something about them by studying the net effects of all of them. This is accomplished by studying the effects on a weighted average of outcomes in all traditional public and charter schools in a given geographical area when charter schools open in that area. This method captures all five of the mechanisms above and their interconnections.

A study in North Carolina³⁴ leveraged changes in charter caps, which created new, essentially randomly timed, charter entrants. This study found no overall effects on market-level (traditional public plus charter school) outcomes but positive effects when entering charter schools had missions similar to those of traditional public schools. A second study in Massachusetts also leveraged changes in charter caps and found positive effects that captured multiple competitive effects, albeit not charter participant effects.³⁵

A third study (on which I am a coauthor) focused on the net effects of the New Orleans school reforms. All the mechanisms were at work in this case and to an unusual degree

because the city replaced all of its traditional public schools with charter schools. We found large positive effects on a wide variety of outcomes, including test scores, high school graduation, college entry, and college graduation,³⁶ as well as some evidence of reduced crime³⁷ and improved parent satisfaction.³⁸

We used the same logic to conduct a similar study on a national basis. We again found that an increased charter market share improved districtwide achievement and high school graduation rates, which is important given the paucity of evidence on high school graduation from the studies of individual mechanisms. We also found evidence of interconnections among the mechanisms, i.e., the competitive effects are stronger when the participant effects are larger.

Key finding #4: *Charter schools seem cost-effective, producing positive effects at lower spending levels than traditional public schools.*

We cannot simply look at charter outcomes independently of the resources available. If charter or traditional public schools received less funding, then they would be at a disadvantage in serving students—funding matters for all types of schools, not just traditional public schools. More generally, we should be interested not only in the effectiveness of charter schools—the focus of the prior evidence—but also in their *cost-effectiveness* or efficiency.

Comparing the financial resources and costs of charter schools versus traditional public schools is difficult for several reasons: (1) high-quality *school-level* financial data are largely unavailable; (2) charter revenue is mismeasured because some of it passes through school districts; (3) traditional public schools often provide services in-kind to charter schools (e.g., administration and transportation) that do not appear in charter budgets; and (4) both charter schools and traditional public schools receive revenue from non-governmental sources (e.g., parent donations, fees, and philanthropic organizations) that are not as well documented.

Even when good data are available, it is difficult to compare the resources available to charter schools with traditional public schools because (a) charter schools can and do select students who are less expensive to educate; (b) charter schools are not expected or required to provide certain services, such as bus transportation, the costs of which are passed on to parents; (c) charter schools seem to provide fewer of the most expensive services, especially to students with special needs, even where such services are required and expected; and (d) charter schools, such as those in New Orleans, are sometimes not required to contribute to statewide pension funds, which increases their spending flexibility and the total resources available. For all these reasons, charter schools would have a financial advantage, even if the funding levels for them were identical to those for traditional public schools.

Two teams of researchers have tried to address some of these concerns by focusing on a small number of school districts where more detailed data can be collected. One set of studies, which focused on a broad national sample of metropolitan areas, found consistent evidence that charter schools were underfunded. (Recall that most charter schools are located in urban areas; thus, such a sample is likely to be representative.) The level of charter under-funding in these studies was large, in the range of 20-30%.³⁹

A different type of study focused on the charter funding differential in Maryland.⁴⁰ While the study did not report an overall funding gap, it found variation across school districts—in some cases, charter schools had less funding, while in other cases, they spent *more* than traditional public schools. The reported gaps in charter spending were much lower in this study than in the prior studies. The question is, *why*? Is it something about the research methods, data, quality, or local context, or is it something else? It seems likely that the state policy framework is a primary explanation, as Maryland requires districts to provide charter funding that is equal to the average spending per pupil in the district and the charter authorizer (in this case, the county) can require districts to make district buildings available (where possible). These are unusual provisions that no doubt reduce funding gaps in Maryland and help explain the discrepancy in results across the above studies.

While these articles have yet to be published in peer-reviewed journals, the research that we have suggests that it is likely that charter schools receive less funding on a per-pupil basis. Additionally, charter under-funding seems like a foregone conclusion, given how school finance typically works. Charter schools are funded by states, usually by shifting state per-pupil funding from traditional public schools to charter schools. However, state funds for traditional public schools are usually supplemented by local property tax revenue that charter schools do not typically access, especially for capital investment. The philanthropic funding advantage of charter schools would have to be very large to counteract the built-in reduced government funding of charter schools.

There remains a reasonable debate about the national funding gap and whether such gaps are justified. For these reasons, it is also difficult to be confident that charter schools are less costly or more efficient than traditional public schools, but the evidence does point in that direction.

Key finding #5: *Charter schools have had limited success in generating innovative approaches, though they do increase the variety of enrollment options available to students.*

One of the key arguments for the charter school movement early on was to create innovative schooling options, which, strictly speaking, means schools that have unique objectives or new practices that are more successful in achieving prior objectives. Here, innovation is sometimes confused with *differentiation*, which means only providing a variety of options, not necessarily new options. A school could be new in the sense of being available for the first time *locally*, even if the idea itself is not new in a more global sense. Variety is much easier to achieve than innovation.⁴¹

One study found little evidence of charter differences even though the study used a broad definition of innovation.⁴² Even some of the chief defenders of charter schools do not see such schools as innovative.⁴³ One possible exception is virtual charter schools. The practices are new, to be sure, though the adverse effects on achievement noted above call into serious question whether virtual schools meet the other condition for innovation—that the practices *improve* upon prior practices in reaching basic goals of academic achievement.

Another possible argument is that charter schools have been innovative in their management and governance. The study above, showing limited instructional variety, noted differences in the prevalence of institutional features such as teacher tenure that pertain more to management. Additionally, a study across four states found that charter schools had similar instructional practices but different approaches to administration and

governance than public school districts.⁴⁴ Research on New Orleans came to the same conclusion.⁴⁵ Once again, however, we are talking about variety and not strict innovation here. Charter school management practices largely mirror those in private schools and those identified in the 1970s in the “effective schools” literature.

One reason charter schools might not be innovative is that they are subject to the same, and sometimes stricter, test-based accountability as traditional public schools, which restricts the extent of innovation. Charter leaders cannot easily create schools with goals different from traditional public schools.

Thus far, the discussion has focused on schools’ cost-effectiveness with respect to basic academic outcomes. Here, we consider other potential effects, especially those with implications for equity.

Key finding #6: *Some of the potential unintended consequences of the availability of charter schools have not come to fruition or have not been clearly documented.*

Thus far, the discussion has focused on schools’ cost-effectiveness with respect to basic academic outcomes. Here, we consider other potential effects, especially those with implications for equity.

Student selection and discrimination. State laws stipulate that charter schools are public schools and are therefore obligated to serve all eligible students. When more students apply to a school than there are seats available, charter schools are supposed to select students at random. Moreover, they are subject to federal laws protecting students’ civil rights. Nevertheless, schools have incentives to bypass these rules and select certain students. Students with disabilities, who are more expensive to educate, represent one example of a group against whom we might expect discrimination.

Researchers have documented numerous ways that schools can, in theory, select students or, as charter leaders put it, shape their enrollment. One book identifies 14 ways⁴⁶ that schools can choose students, and another identifies 20 ways.⁴⁷ These forms of student selection fall into four broad categories: school design (e.g., building location and charging fees), recruitment (targeted marketing and holding invitation-only open houses), admissions (academic/behavioral requirements and requiring that applications be submitted in-person or with recommendations from other parents), and post-admissions (expulsion and regularly calling parents to come pick up their children for minor infractions).⁴⁸ Almost all of these practices are perfectly legal in most contexts, but some still constitute discrimination in the broader sense of unfair treatment. Selection and discrimination rules are quite difficult to identify and ameliorate through legal processes.

While the ways in which schools can discriminate are well known and have been documented in individual cases, we know much less about their broader prevalence. One research team measured discrimination by contacting a random sample of schools about potential admissions and sending fictitious information about a child’s background. The study found that all schools—traditional public and charter—were less likely to respond when the inquiries signaled that the child had behavioral issues or disabilities. Charter schools entirely drove the result for students with disabilities.⁴⁹ The study did not examine discrimination based on race, but we note that charter schools are much more likely to serve racial/ethnic minorities; thus, it is unlikely that there is systematic discrimination on

this basis. On the other hand, charter schools do tend to serve students who are more socioeconomically advantaged relative to nearby traditional public schools.

Another set of studies has focused on who exits and enters charter schools. If more students in a particular group leave, then this finding might signal discrimination post-admission. The problem with this type of study is that there might be reasons other than discrimination for such exits. This possibility highlights the larger problem in studying discrimination—we need to somehow establish the intent of schools and distinguish it from the intent of families when we observe student enrollment patterns. Doing so is difficult to accomplish.

Segregation. The best evidence on this topic comes from a single recent national study covering two decades and using methods that allow us to interpret the results as causal effects. This study suggests that charter schools, on average, increase segregation within districts based on race for all racial groups.⁵⁰ Specifically, within-district segregation would fall by 6 percent if charter schools were eliminated. On the other hand, this effect on within-district segregation is almost entirely offset by reduced segregation *between* school districts. In other words, charter schools seem to make their communities more racially diverse. Taking these two effects together, charter schools have essentially no effect on segregation.

We would generally not focus on a single study, especially on a topic such as this that has been widely studied, but prior studies have serious limitations. One type of study has shown that charter schools serve more ethnic minority students, but this finding is not informative about the effect of charter schools on segregation because charter schools tend to locate in areas with more of these students, i.e., places that are more segregated to start with. Another set of studies improves on the method above, focusing only on the segregating effects of students who enter or leave charter schools. However, these studies are limited to particular states and do not capture the total charter effect on segregation. The study discussed in the prior paragraph is national in scope, more recent, and stronger methodologically than all prior studies.

Narrowing of the curriculum. Measuring instruction and curriculum is challenging in all school settings; thus, we have little evidence on this point. One of the best potential sources on this topic is surveys of parents. One national survey found that charter parents are more likely than traditional public and private school parents to report that extracurricular activities (arts, sports, etc.) are a problem.⁵¹ Another national survey found that charter schools themselves report offering less access to music,⁵² a finding reinforced by analysis of student transcripts and interviews with art teachers in New Orleans.⁵³ While there are fewer studies on this issue, it seems clear that charter schools offer a narrower curriculum. Most likely, the reason is that the combination of charter autonomy, reduced funding, and market competition leads charter schools to specialize. More intense test-based accountability might also lead charter schools to specialize in tested academic subjects (e.g., math and science). Such specialization is important because it means that the prior test-focused participant effects and system effects provide only a partial picture of charter school effectiveness.

Effects on neighborhoods. Whatever its disadvantages, the traditional public school model and its attendance zones have the advantage of building community bonds. Children and parents can walk to school together and see one another at local events, creating social

networks that may strengthen local communities. School choice policies break the neighborhood-schooling link and may therefore undermine community bonds. However, it does not appear that there is any evidence on this matter.

Other evidence

Evidence on policy design and implementation

Charter school laws are mainly set at the state level, and two studies discussed above, which focused on national participant effects and system-level effects, showed that charter effects vary considerably by state.⁵⁴ This state variation might be explained by some combination of policy design and implementation. Urban, CMO, nonprofit, and brick-and-mortar charter schools appear more effective than others, and state policies for these types of schools vary. For example, some states have virtual charter schools, while others do not, and given what we know about the performance of virtual schools, this decision is likely to substantially impact overall charter effectiveness.

Other emerging evidence is focused more directly on the relationship between state-level policies and various measures of charter success, including the statewide CREDO participant effects discussed above. There is some evidence of a quality-quantity trade-off, so that policies increasing the number of charter schools is associated with reduced quality. Also, adding a statewide authorizing body seems to have a positive causal effect on statewide charter market share and the share of charter students who are low-income (the effects on quality are unclear).⁵⁵ The advantages of these analyses is that they account for other policy differences across states. However, studying the effects of specific policy elements is difficult because these elements are interconnected and often change simultaneously.

Additionally, policy design is usually only one of many factors shaping effectiveness. Implementation is another. Some elements of implementation have already been discussed—see above regarding innovation and variety and narrowing of the curriculum. We also note other kinds of practices, especially at the system level, that could help explain why state-level charter effects vary so much:

- *Variation in charter authorizer practices.* Most states have multiple potential authorizers, and some types may be more effective than others. For example, state authorizers might be more likely than school districts to open charter schools that are genuinely different from local traditional public schools or to hold schools accountable.
- The educational values that authorizers bring to soliciting, incubating, and selecting charter schools (e.g., about equity considerations) might also affect outcomes. One study placed charter authorizers on a spectrum of those providing choice and options versus those focusing on improving equitable access to quality schools.⁵⁶
- *Variation in the capacity and success of supporting organizations and non-governmental funding.* For example, some cities have “quarterback organizations” that support and coordinate activities across charter schools.

- *Variation in the types of individuals and organizations that seek to open charter schools in different locations.* For example, in some locations, educators from traditional public schools might seek to open charter schools, while in others, charter leaders come mainly with experience from the business world.

Contextual factors that might shape charter effectiveness

Even when charter policies and implementation are ostensibly identical across states, it may be the case that differences in context lead to variation in effectiveness. Possibly important contextual factors include:

- *The quality of traditional public schools before charter schools enter.* We might expect that charter schools are most likely to improve (system-level) outcomes when the prior performance of traditional public schools is low, i.e., there is more room for improvement. One study finds some evidence of this factor.⁵⁷
- *The availability of quality teachers willing and able to teach in charter schools.* Since teacher quality is such a key determinant of school quality, it could be that more potential high-quality teachers are available to work in charter schools in some locations than in others.
- *The extent of other schooling options.* Some locations have more private schools and choices among district-run schools. Some metropolitan areas are divided into many small districts that families can choose through their housing choices. Additionally, some states and districts have more magnet schools and inter/intra-district choice. We might expect charter schools to have a greater impact where the extent of choice was previously low.

However, we have very little evidence on the roles of these contextual factors.

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