

TEXAS CHARTER AUTHORIZER ACCOUNTABILITY REPORT

2018–2019

EXECUTIVE SUMMARY

Executive Summary

Background

The first charter schools were established in the United States in 1991 to provide students with a tuition-free alternative to traditional public schools. Their purpose: to create additional flexibility and innovation in education. Minnesota was the first state to usher in charter schools, and other states quickly followed; charter schools now operate in 44 states and the District of Columbia. The number of operating charter schools across the nation has more than doubled over the past 15 years—from approximately 3,600 in the 2005–06 academic year to 7,500 in 2018–19. Student enrollment has also experienced marked growth, increasing from about 1 million students in 2005–06 to 3.3 million students in 2018–19 (National Alliance for Public Charter Schools, 2020).

Texas charter schools were first established in 1995 by the 74th Texas Legislature with the addition of Texas Education Code (TEC) Chapter 12. The state proposed charter schools as a means to improve student learning, increase the choice of learning opportunities within the public school system, create professional opportunities to attract new teachers to the public school system, and encourage different and innovative learning methods (TEC §12.001). Texas charter schools are subject to fiscal and academic accountability, though they have fewer regulations than other public schools to encourage innovation and flexibility.

Four subchapters within TEC Chapter 12 codify the different types of charter schools in Texas:

- **Home-rule school district charter schools** (TEC Chapter 12, Subchapter B, 2020), which are not in existence to date;
- **Campus or campus program charter schools** (TEC Chapter 12, Subchapter C, 2020), which are authorized by Texas Independent School District (ISD) school boards and serve students within the district;
- **Open-enrollment charter schools** (TEC Chapter 12, Subchapter D, 2020), which are operated by 501(c)(3) tax-exempt organizations or governmental entities and can enroll students from any school districts in their approved geographic boundaries; and
- **College, university, or junior college charter schools** (TEC Chapter 12, Subchapter E, 2020), which are operated by institutions of higher education and can enroll students from any school districts in their approved geographic boundaries.

Contemporary charter school legislation demonstrates the state's effort to balance quality with growing charter school demand. In 2013, the 83rd Texas Legislature (regular session) passed Senate Bill (SB) 2, which made significant changes to the state's charter school legislation. The bill added Section 12.115(a)-(d)—Charter Revocation or Modification of Governance—to the TEC, which placed charter schools under stricter financial and academic accountability expectations and requires the commissioner to revoke a school's charter should it fail to meet the stated accountability benchmarks for three consecutive years. Since the passage of SB 2 in 2013, 29 charter schools have closed, and the number of charters granted annually has decreased. SB 2 also increased the cap of open-enrollment charter schools from 215 to 305 by September 2019 (TEC §12.101). Another significant change introduced in SB 2 was the transfer of authority in granting open-enrollment charters from the State Board of Education (SBOE) to the commissioner of education (COE) (TEC §12.101(a)). The commissioner, however, must still submit notification to the SBOE regarding which charters were approved. The SBOE may veto any new charter approved by the commissioner within 90 days of the commissioner's decision (TEC §12.101(b-0)). Along with this change, the legislature added a requirement (TEC §12.1013(a)-(d)) for a report on the performance of open-enrollment charter school campuses by authorizer type that compares results of each to matched traditional public school campuses.

In 2017, the 85th Texas Legislature (regular session) passed SB 1882, authorizing school districts to partner with open-enrollment charter schools and certain eligible entities to improve student outcomes in low-performing schools across Texas.¹ The bill provided two incentives to promote partnerships between school districts and open-enrollment charter schools. The first was a two-year relief from campus sanctions imposed at schools with low academic performance; the second was access to potentially increased state funding. Both of these benefits incentivized districts to enter into partnerships with outside entities to turn around low-performing schools or programs. Also in 2017, the Texas Legislature passed House Bill 21, allowing public charter schools, for the first time in Texas, to receive up to \$60 million in state funding annually for facilities (TEC §12.106 (d)-(2)).

Overview of Texas Charter School Campuses

In the 2018–19 academic year, 8,838 Texas public school campuses were in operation. Approximately 9% (801) of those campuses were charter school campuses, including SBOE-authorized campuses, ISD-authorized campuses, and COE-authorized campuses. In 2018–19, most charter school campuses were from SBOE-authorized (718) charter schools, 54 were ISD-authorized, and 29 were from COE-authorized charter schools.² A total of 346,065 students were enrolled in charter school campuses, representing 6.4% of students enrolled in Texas public schools.

The aggregate performance outcomes presented in this report include 640 SBOE-authorized, 46 ISD-authorized, and 25 COE-authorized charter schools.³

Key Findings for SBOE-Authorized and ISD-Authorized Charter School Campuses

These findings—comparing SBOE-authorized, ISD-authorized, and matched traditional public school campuses—include aggregate outcome measures related to: attrition; State of Texas Assessments of Academic Readiness (STAAR®) exams; graduation rates; college, career, and military readiness (CCMR) indicators; and Texas Education Agency (TEA) Accountability domains and overall ratings.

Attrition Rates

For the purposes of this report, the attrition rate is defined as the percentage of students enrolled in the fall of 2018–19 who did not return to the same campus in the fall of 2019–20.⁴ The attrition rates for this report were calculated using student-level data provided by TEA.

SBOE-authorized charter school campuses had a higher attrition rate than matched traditional public school campuses (23% vs. 19%), as did ISD-authorized charter school campuses compared to matched traditional public school campuses (28% vs. 18%). SBOE-authorized charter elementary school campuses had a higher attrition rate than matched traditional public school campuses (22% vs. 20%), as did middle school campuses (19% vs. 17%) and high school campuses (26% vs. 16%). ISD-authorized charter elementary school campuses demonstrated the same attrition rate as matched traditional public school campuses (20%), but ISD-authorized charter middle school campuses (28% vs. 15%) and high school campuses (19% vs. 17%) had higher attrition rates than matched traditional public school campuses.

¹ SB 1882 partnership schools are classified as ISD-authorized charter schools for the purposes of this report.

² The 718 SBOE-authorized charter school campuses include campuses approved by the COE through amendments to operate as new schools designated under an existing charter school originally authorized by the SBOE.

³ Residential treatment facilities operated at charter school campuses (n=57) and traditional public school campuses (n=64), as well as disciplinary alternative education programs (n=153) and juvenile justice alternative education programs (n=144) operated at traditional public school campuses are not included in the performance outcome reporting. Also excluded from the performance outcome reporting are the 33 charter schools without 2018–19 performance data.

⁴ See Appendix A for a detailed description of the attrition analysis.

STAAR Results

Analyzed in this report are the percentages of students achieving the Approaches Grade Level standard and Masters Grade Level standard on STAAR-Reading and STAAR-Mathematics exams taken by elementary school and middle school students in Grades 3–8, the STAAR-Algebra I end-of-course (EOC) exam taken by middle and high school students, and STAAR-English I and English II exams taken by high school students.^{5,6}

SBOE-authorized charter school campuses and matched traditional public school campuses demonstrated comparable performance in most subject areas and grade levels examined by STAAR performance. Notably, a lower percentage of SBOE-authorized charter school students in Grades 3–8 achieved the Masters Grade Level standard on the STAAR-Mathematics exam than those in matched traditional public school campuses (22% vs. 26%). Also, a higher percentage of students in SBOE-authorized charter schools achieved the Approaches Grade Level standard on English I and English II EOC exams than those in matched traditional public school campuses (67% vs. 64%).

When STAAR performance among SBOE-authorized charter school campuses and matched traditional public school campuses is disaggregated at the school level, more differences in performance surface. SBOE-authorized charter elementary school campuses had lower percentages of students achieving the Approaches Grade Level for STAAR-Reading (76% vs. 78%) and STAAR-Mathematics (78% vs. 81%) exams than matched traditional public school campuses and lower percentages of students achieving the Masters Grade Level standard for STAAR-Reading (24% vs. 26%) and STAAR-Mathematics (24% vs. 30%) exams than matched traditional public school campuses. Conversely, SBOE-authorized charter middle school campuses had higher percentages of students achieving the Approaches Grade Level standard on STAAR-Reading (78% vs. 71%) and STAAR-Mathematics (81% vs. 76%) exams and higher percentages of students achieving the Masters Grade Level standard on STAAR-Reading (24% vs. 21%) and STAAR-Mathematics (19% vs. 15%) exams than matched traditional public school campuses. SBOE-authorized charter high school performance was comparable to that of matched traditional public high schools, with the exception of SBOE-authorized charter school campuses having a lower percentage of students achieving the Approaches Grade Level standard on the STAAR-Algebra I EOC exam (75% vs. 79%).

Quite differently, ISD-authorized charter school campuses consistently demonstrated lower percentages of students achieving the Approaches Grade Level and Masters Grade Level standards than matched traditional public schools on STAAR exams across subject areas and school levels, with one notable exception: ISD-authorized charter school high school campuses had a higher percentage of students achieving the Approaches Grade Level standard on STAAR-English I and English II EOC exams than matched traditional public school campuses (77% vs. 66%).

Graduation Rates

SBOE-authorized charter school campuses had a higher four-year longitudinal graduation rate (96%) than matched traditional public school campuses (92%). The four-year longitudinal graduation rate was considerably lower at ISD-authorized charter school campuses (71%) than at matched traditional public school campuses (93%). Additionally, four-year longitudinal graduation rates for Alternative Education Accountability (AEA) campuses were examined; the rate was found to be lower (75%) at SBOE-authorized charter school campuses than at matched traditional public school campuses (85%) and the same at ISD-authorized charter school campuses and matched traditional public school campuses (89%).

⁵ The Approaches Grade Level standard is a STAAR performance level descriptor indicating that the student is likely to succeed in the next grade or course with targeted academic intervention. The Approaches Grade Level standard serves as the state passing standard.

⁶ A more difficult achievement level to attain, the Masters Grade Level standard is a STAAR performance level descriptor indicating that the student is expected to succeed in the next grade or course with little or no academic intervention.

College, Career, and Military Readiness Outcomes

Under TEC §39.053(c) (2018), high school graduates can demonstrate readiness for college, a career, or the military for accountability purposes through a number of achievements outlined in detail in Appendix A. When compared to matched traditional public school campuses, SBOE-authorized charter school campuses had lower percentages of graduates demonstrating college, career and military readiness by satisfying the Texas Success Initiative (TSI) college readiness benchmarks in English Language Arts (ELA)/reading and mathematics (35% vs. 38%), completing and earning college credit through the completion of dual credit courses (12% vs. 21%), or earning an industry-based certification (1% vs. 5%). However, SBOE-authorized charter school campuses had higher percentages of graduates demonstrating college, career and military readiness by meeting the criterion on an Advanced Placement or International Baccalaureate exam (24% vs. 18%). Conversely, ISD-authorized charter school campuses—when compared to matched traditional public school campuses—demonstrated higher college, career and military readiness on most of the ways measured for this report, especially in satisfying TSI college readiness benchmarks in both ELA/reading and mathematics (51% vs. 37%).

TEA Accountability Domain Scores

Under the Texas Accountability Rating System, campuses are scored in three domains—Student Achievement, School Progress, and Closing the Gaps—and they are also given an overall Accountability Rating. Each domain score and the overall Accountability Rating are on a scale of 0 to 100 points. SBOE-authorized charter school campuses had similar overall Accountability Ratings as matched traditional public school campuses, as did ISD-authorized charter school campuses. Among the three domains, average SBOE-authorized charter school campus scores were within three points of average matched traditional public school campus scores, as were average ISD-authorized charter school campus scores.

Key Findings for COE-Authorized Charter School Campuses

Aggregate outcome measures related to attrition, STAAR exams, and TEA Accountability domains were reported for COE-authorized charter school campuses and matched traditional public school campuses. Because of the small number of COE-authorized charter school campuses, aggregate outcome measures related to graduation rates and CCMR indicators were not reported.

Attrition Rates

COE-authorized charter school campuses had a higher attrition rate than matched traditional public school campuses (27% vs. 22%).

STAAR Results

COE-authorized charter school campuses, when compared to matched traditional public school campuses, had a higher percentage of students in Grades 3–8 achieve the Approaches Grade Level standard for STAAR-Reading (79% vs. 77%) and a lower percentage of students in Grades 3–8 achieve the Approaches Grade Level standard for STAAR-Mathematics (79% vs. 80%) exams. Additionally, COE-authorized charter school campuses had a lower percentage of students in Grades 3–8 achieve the Masters Grade Level standard for STAAR-Reading (25% vs. 27%) and STAAR-Mathematics (16% vs. 29%) when compared to matched traditional public school campuses.

A higher percentage of students in COE-authorized charter school campuses achieved the Approaches Grade Level standard on the STAAR-English I and English II EOC exams compared to students in matched traditional public school campuses (73% vs. 64%), but a lower percentage achieved the Masters Grade Level standard on English I and English II EOC exams (7% vs. 8%). A lower percentage of COE-authorized charter school campus students achieved the Approaches Grade Level standard (85% vs. 92%) and the Masters Grade Level standard (29% vs. 46%) on the STAAR-Algebra I EOC exam than students in matched traditional public school campuses.

TEA Accountability Domain Scores

The average COE-authorized charter school campus domain score was lower than the average matched traditional public school campus domain score across all three domains: Student Achievement (74 vs. 76), School Progress Part A (72 vs. 74) and Part B (67 vs. 76), and Closing the Gaps (67 vs. 76). The average TEA overall Accountability Rating for COE-authorized charter school campuses was lower than the average matched traditional public school campus score (75 vs. 80).

Study Limitations

This report provides a detailed description of charter school campuses and matched traditional public school campuses intended for comparison of school types. While propensity score matching was used to identify demographically similar traditional public school campuses as the matched set for comparison, inferences regarding the performance of charter schools relative to traditional public schools cannot be made using this report. In order to suggest the performance of one type of school is consistently better or worse than another, statistical tools controlling for observed and unobserved characteristics influencing performance would need to be in place and inferential statistical analysis employed. Additionally, careful interpretation of the comparisons for COE-authorized and ISD-authorized charter school campuses provided in this report—especially in Section 4 where information is further detailed by grade level—is necessary because of the small numbers of campuses in each category.

Because of the differences in STAAR performance standards, the Texas Accountability Rating System, the award of new charters, and the expansion of existing charters, this report should be carefully compared with previously published Charter Authorizer Accountability reports. Since 2012, the state of Texas has phased in a new standardized test (STAAR) and performance standards and a new accountability rating system. The gradual phase in of the new test and the current accountability system should be taken into consideration when comparing the results of this report to previous reports. Additionally, each year, new charter schools are authorized and new charter school campuses are opened and closed. Thus, Charter Authorizer Accountability reports from two different years contain different subsets of charter schools, and results should be compared with caution. As a final note of caution, although the passage of SB 2 in 2013 resulted in the policy process change in charter school authorization, the reader is cautioned against interpreting differences presented in this report solely to this change. Rather, differences may be attributable to other changes occurring over time, such as differences in the charter school applicant makeup, other process changes, and/or changes in leadership—none of which could be accounted for within the scope of this report.