Charter School Fees and Leavers in Texas
2014-2015
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CHAPTER 1: INTRODUCTION

Public schooling exists in part to provide an educational foundation to children at no direct cost to them or their families. The state of Texas consistently works towards providing the best education to the state’s children without creating an unnecessary burden on family budgets. However, some items cannot be covered at schools by state or federal funding, either because they are not considered to be essential enough to extend a limited amount of funding to, or because they cannot be funded directly from those sources due to the nature of the item in question. As such, there are provisions which regulate the fees that public schools may charge, so as to avoid charging families beyond their means. Furthermore, state funding of schools is based on student average daily attendance (ADA). As such, each school must track its student population so as to ensure that accurate funding is allocated to the school for the students in attendance.

Since 1995, Texas charter schools have grown, both in size and number. The charter schools exist to provide unique educational options and opportunities to students without the cost of private education, and to allow for innovative thought and practice. However, charter schools are still public entities; and despite the lessened statutory restrictions placed upon charters, they are still required to abide by applicable statute and rules. Among those standards are rules regarding the collection of fees and standards for tracking the number of students who leave a school each year.

In 2015, the 84th Legislature added a provision to the General Appropriations Act that required the Texas Education Agency (TEA) to gather information about the fees collected by charter schools and the number of students who are classified as “leavers;” and to submit a summary report to the 85th Legislature. The information in this report presents data on both fees and leavers during the 2014-2015 school year.
CHAPTER 2: OVERVIEW

Texas first implemented open-enrollment charter schools as a vehicle for school choice in the 75th Legislature under Texas Education Code (TEC) Chapter 12. The concept of a charter school was to create an environment with reduced regulations and laws as a mechanism to allow the schools to be flexible with their structure and strategies for educating students; in turn, this flexibility would enable innovation and increase positive outcomes for students.

Currently, the law provides for four types of charter schools in TEC Chapter 12. See figure on Page 1. Each type is supported by its own subchapter of Chapter 12, which sets the requirements for authorizing each type of charter and sets up the statutory regulations that bind each one. Historically, and currently, Subchapter D open-enrollment charter schools are the most common type of charter school, followed by Subchapter E university charter schools. In the 2014-2015 school year, there were 190 Subchapter D charters operating 588 campuses; in addition, there were five charters granted under Subchapter E operating 25 campuses. Finally, there were 15 school districts operating 66 campus charter schools authorized under Subchapter C. There are no current or former Subchapter B home-rule district charter schools.

This report focuses on open-enrollment charter schools authorized under Subchapters D and E.

CHAPTER 3: LEGISLATIVE BACKGROUND

Charter Schools and the Law

A common misconception about charter schools is that they are private schools. However, unlike private schools, charter schools receive public funding; in addition, they are regulated by the government and are subject to many sections of the Texas Education Code. Where charter schools differ, with regard to their relationship to the law, is in which sections of the TEC apply to charter schools. Chapter 12 of the TEC specifically addresses charter schools; it also lists the core provisions of the TEC outside of that chapter which expressly apply to charter schools\(^1\). Beyond that, charters have more latitude in many areas, though they also are still bound in others.

This exception to certain laws is one of the reasons why charter schools were implemented, and one of their defining features – by removing restrictions, charter schools are free to work in less restricted and more innovative ways. However, there are still limits on the schools, especially with regards to their finances.

Rider 71 and the Texas Education Code

This report originates as a result of a legislative provision in the General Appropriations Act for the 2016-17 Biennium, passed in 2015. In the Act, on Page III-20, Rider 71 reads as follows:

> Out of funds appropriated above, the Texas Education Agency shall annually collect information from each open-enrollment charter school concerning fees collected from students by the open-enrollment charter school under the authority of Section 12.108(b), Education Code, and

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\(^1\) Texas Education Code, §12.104
information about students enrolled in an open enrollment charter school who do not complete the school year at the school. The agency shall produce and submit to the legislature by January 1 of each year a report that details the following:

1) the amount each open-enrollment charter school collects for each type of fee listed by Section 11.158 (a), Education Code; and
2) the number of students enrolled in the charter school who do not complete the school year at the school by leaver code and by the six-week period the student exited.

The two sections of the TEC listed above both relate to the fees that charter schools may charge their students. Section 12.108(b) specifically gives open-enrollment charter schools the power to charge fees of their students, the same way the board of trustees of a traditional school district is permitted to charge fees. These requirements and permissions for specific fees can be found in TEC §11.158(a), which delineates the various fees that both district boards of trustees and open-enrollment charter schools may charge. Further, §11.158(b) also delineates the types of fees such governing entities may not charge their students.

CHAPTER 4: FEES

Prior to 2016, the TEA did not collect data on the fees collected by each open-enrollment charter. As such, no universal database of information on charter school fees exists. In order to acquire this information, the TEA reached out to charter school superintendents to gather the requisite information. The research team for this project created a survey using the online software, Survey Monkey, and distributed it to charter superintendents, asking questions based on the provisions under §§11.158(a) and 11.158(b). All told, data was collected from 175 out of 197 charters active during the 2014-2015 school year. The remaining twenty-two charters have since closed or otherwise ceased operations.

Based on the results of the fee survey, the charters that reported results received an average of $30,000 each in fees they collected from students. The largest single category by far was school uniforms; on average, charter schools obtained about $10,000, totaling about $1.8 million across all responding charters. In 2014 and 2015, the TEA and the charter schools themselves were operating under the belief
that TEC §11.162 permitted charters to require specific uniforms if they wished to do so. That particular belief is now being called into question, and the law is being reviewed by the TEA and the charter schools; however, previously, including the time period focused on in this report, charter schools were allowed to function with uniform requirements, and could thus collect fees per §11.158(c) and §11.162.

The second largest category included miscellaneous fees, which brought in an average of about $7,000 per charter. These fees were not accounted for elsewhere in the survey. They varied in nature and included items such as technology support and rental fees, optional school supply bundles (i.e. an optional fee that allows the parent to purchase all the required school supplies directly from the school, who can buy these supplies cheaper in bulk), and voluntary fees to support optional field trips. The next largest category came from club membership fees, which collected an average of $2,750 per charter. Extracurricular admission fees made up the fourth largest category. Of the various types of fees that are permitted, none of the responding charters reported charging students for lockers, driver education or training, or for any other transportation costs (not counting fees for parking spaces).

The above charts were separated to allow for a more detailed analysis of the activities associated with fees that generated less than $100,000 in revenue.

**CHAPTER 5: LEAVERS**

The TEA collects data on many aspects of student attendance, as attendance is a critical factor in distributing state and federal funding to public schools. In addition to tracking daily attendance, absences, and tardies, the TEA also collects information when a student transitions from one educational environment to another, or when the student leaves the educational setting altogether.

Leaver data is collected in two stages by the TEA. On one level, every student who leaves a public school must be reported to the TEA by that educational institution. However, this data is individualized; and as such, is not aggregated by six-week period.
In the second stage, leavers are reported by reason in the fall of every school year for the prior school year. The departures are categorized by leaver code through the educational institution’s Public Education Information Management System (PEIMS) data submission. This data is not compiled with regard to the exact date that a student left a particular school; but it still provides a great deal of information regarding the reason that student left the school. There are four main leaver categories that are used:

1. Graduation: These codes denote students who left a school due to their education ending and the student receiving a high school diploma or a GED.
2. Moved to Another Educational Setting: The student was removed from the school to receive education in another setting.
3. Withdrawn by District: The student was removed from the district by a district ruling, usually based on a specific legal provision.
4. Other: Any other reasons for leaving the school.

Graduation is the most common reason for students leaving a charter school. This leaver type was used to account for 10,294 students in charter schools who graduated in the 2014-2015 school year. The vast majority of those graduated with a diploma from the school they attended; 10 students either graduated with a GED from outside the state, or received a diploma in another state before moving to Texas and enrolling temporarily.

Students who moved to other educational settings made up a more diverse group with regards to the reasons for leaving. In total, 7,302 students left charter schools to receive education elsewhere. The largest subcategory of leavers in this category were those students who left for home schooling – 4,565 students left charter schools during the 2014-2015 school year to receive education at home. Of the rest, 1,819 students enrolled in schools outside of the state, while 844 enrolled in private schools in the state. The
remaining 79 students either enrolled in college without completing their diploma, enrolled in a university program that would provide them with a diploma, or were moved to a different educational program under child protective services.

The smallest category of leavers were the students removed by the district on administrative grounds. Three main reasons for students being categorized under this leaver code include “(a) the student was not a resident of the district, (b) was not entitled under other provisions of TEC §25.001 or as a transfer student, or (c) was not entitled to public school enrollment under TEC §38.001 or a corresponding rule of the Texas Department of State Health Services because the student was not immunized.”2 Twenty-three students were expelled under TEC §37.007; which delineates serious expulsion-worthy offenses by students. Students expelled under TEC §37.007 are not eligible to return to the school.

Finally, there are those students who left for what the TEA classifies as “other reasons.” This category has a variety of reasons that don’t fit under other categories. The largest code in this category, was “other,” with 4,444 leavers represented under this code. The Texas Education Data Standards define this category as such: “Student was not enrolled within the school-start window for a reason not listed, student dropped out, or reason for leaving is unknown.” The annual dropout rate for students in Grades 9-12 for charters in 2014-2015 was 5.6 percent, or approximately 4,218 students, per the Secondary School Completion and Dropouts in Texas Public Schools, 2014-15. This code can also be used for reorganizational purposes. For instance, a charter may separate a previously connected middle- and high-school program into two separate campuses. Of the rest, the largest category consisted of students who were from another country and returned there; next were those students who were ordered by a court to attend a GED program but had not yet completed it; the last two groups were made up of students who passed away, either during the school year or in the summer following it, and those students who were imprisoned as adults.

For all charter schools that had any leavers, the average number of leavers was 63, and the median was 24 (that is, about half of the campuses that lost students had 24 or fewer students leave, and half had more than 24 leave). Some inconsistencies in the data included anomalies caused by the timing of the data collections. The attendance data that was used is based on a “snapshot” of the school’s enrollment taken on the last Friday in October of the school year; leaver data is submitted in the fall of each year, but is based on all students who left during the previous year, meaning that some students may have left prior to the snapshot being taken. Similarly, students may have come in after the snapshot was taken, and then

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2 “2014-2015 PEIMS Data Standards Section 4: Description of Codes.” Page 4.132
left again in the following year. Further, some charters underwent significant reorganization during the 2014-2015 school year. For example, the two charters under the Responsive Education Solutions charter holder restructured their charters, Texas College Preparatory Academies and Premier High Schools, into a college preparatory charter and a dropout recovery charter, respectively. As part of the restructuring of these two charters, Texas College Preparatory Academies, rearranged their grade structure and reassigned many students to campuses under Premier High Schools and vice versa, resulting in some of their campuses having extremely high numbers of leavers.

CHAPTER 6: CONCLUSION

This report was created in response to a provision that was added to the General Appropriations Act in 2015. The report required the Texas Education Agency (TEA) to gather information about the fees collected by charter schools. In addition, the agency was to report on the number of charter school students classified as “leavers”.

This is the first time data regarding fees has been collected from open-enrollment charters. As such, there is no comparison data. Moving forward, processes will be streamlined and data comparisons across years will be possible.

For the 2014-2015 school year, the largest amount collected was for school uniforms. It will be interesting to examine future data in this area after the agency review of the applicability of TEC §11.162 is complete.

The second largest category was the one for miscellaneous fees. Charters included the collection of fees for bundled school supplies and technology and rental fees in this category. More research is needed in this area to determine whether the further breakdown of this category is necessary to fully determine what expenses are being covered.

As part of the rider, the agency was also requested to review the numbers of students that do not complete the school year by leaver code and by the six-week period the students exited. While the TEA does collect data on many aspects of student attendance, the agency does not aggregate leaver data by six-week period.

Upon examination of the leaver data, results show that graduation is the most common reason for students to leave charter schools, followed by students moving to other settings (of which home schooling is the most commonly used leaver reason in that category). The next largest category reflects those students that drop out of school (approximately 5.6 percent of all open-enrollment charter school students for 2014-2015).

In conclusion, charter schools appear to limit fees to items allowed by statute, with the exception of school uniforms. Charging for uniforms by charter schools however was due to a belief that TEC §11.162 applied to charters. Further review and additional guidance regarding this matter should be available in the future. Subsequent changes to the applicability of the statute will be reflected in future iterations of this report.