

# **Texas Open-Enrollment Charter Schools Student Fees and Student Leavers**

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## **2018 Legislative Report**

*2016-2017 School Year Data*

TEXAS EDUCATION AGENCY 1701 NORTH CONGRESS AVENUE, AUSTIN, TX 78701

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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 at schools cannot be covered 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 funding and the nature of the item in question. There are statutory provisions which regulate the fees that public schools may charge in order to avoid burdening families beyond their means. However, the law does permit schools to collect fees to supplement funding in specific circumstances, as regulated by Texas Education Code (TEC) §[11.158](#) and §[12.108](#).

While fees can help schools provide specific services, state funding is still the primary source of operating revenue. A primary factor in the state funding calculation is average daily attendance. As such, each school must track its student population to ensure that accurate funding is allocated to the school for the students in attendance. This includes tracking students who are withdrawn from school and accounting for where those students enroll next, or what caused them to leave school if their destination is unknown.

Since 1995, Texas charter schools have grown, both in size and number. 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 charter schools, they are still required to abide by applicable statutes and rules. Among those standards are rules regarding the collection of fees and tracking the number of students who leave a school each year.

In 2017, the 85<sup>th</sup> Legislature included a provision in 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." The information in this report presents data on both fees and leavers during the 2016-17 school year. This is the second time the Texas Legislature mandated this collection; the 84<sup>th</sup> legislative session's [General Appropriations Act for the 2016-17 Biennium](#) (Rider 71, Page III-20) included identical language.

The leaver data lags by one year due to the way PEIMS data is captured and released. Snapshot data is collected in the fall of a given year, which includes the final leaver counts and codes from the preceding year; this data requires processing and does not become available until the following spring. This means that leaver data from 2016-17 is the most recent available. To parallel the leaver data, the data collected on fees also reflects the 2016-17 school year.

## CHAPTER 2: OVERVIEW

Texas first authored open-enrollment charter school legislation as a vehicle for school choice in the 75<sup>th</sup> Legislature under 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. Each type is supported by its own subchapter of Chapter 12. Each subchapter includes the authorizing requirements and provides the statutory regulations that bind each type of charter school. Historically, and currently, Subchapter D open-enrollment charter schools are the most common type of charter school in Texas. In the 2016-17 school year, there were 175 Subchapter D open-enrollment charters and five university charters granted under Subchapter E. In addition, there were 16 school districts operating 73 campus charters authorized under Subchapter C. There have never been any Subchapter B home-rule district charter schools authorized in Texas.

This report focuses on open-enrollment and university charter schools authorized under Subchapters D and E. For the purposes of this report, the term “charter campus” will be used to refer to the campus-level entity that students attend, and the term “charter school” will be used to refer to the local education agency to which the campus belongs.

HOME RULE SCHOOL DISTRICT  
-TEC Chapter 12, SUBCHAPTER B-  
Conversion of a traditional district to a charter district authorized by the constituency.

CAMPUS OR  
CAMPUS PROGRAM CHARTER  
- TEC Chapter 12, SUBCHAPTER C-  
District charter campuses or programs authorized and overseen by the board of trustees of the district.

OPEN ENROLLMENT  
- TEC Chapter 12, SUBCHAPTER D-  
Open-enrollment charters authorized and overseen by the commissioner of education.

COLLEGE OR UNIVERSITY  
- TEC Chapter 12, SUBCHAPTER E-  
Public college and(or) university.

Figure 1

## 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 TEC. Where charter schools differ from traditional public schools is in which sections of statute 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<sup>1</sup>. Other sections of the TEC may also apply, but only if they state that they apply to charter schools.

<sup>1</sup> [Texas Education Code, §12.104](#)

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 regard to their finances.

### Rider 59 and the Texas Education Code

This report is required by a legislative provision in the General Appropriations Act for the 2018-19 Biennium, passed in 2017. No funding is provided for the production of the report. In the act, on Page III-20, Rider 59 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 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.

Sections 11.158 and 12.108 of the TEC 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 lists 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. Charters may opt into §11.158(c) by requiring students to furnish school uniforms, but only if the charters comply with [§11.162](#) for the benefit of economically disadvantaged students.

## CHAPTER 4: FEES

Prior to 2016, the TEA did not collect data on the fees collected by each open-enrollment charter school. As such, all data collected reflects data from School Year (SY) 2014-15 onwards. 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, SurveyMonkey, and distributed it to charter school superintendents, asking questions based on the provisions under TEC §11.158(a) and §11.158(b). The survey was administered on October 1, 2018 to 170 of the 183 active charter schools in the Subchapter D and E portfolio; the remaining thirteen did not serve students in the 2016-17 school year and were exempt from the survey. The TEA received responses from 168 charter schools. Two active charter schools did not provide responses. Eleven charter schools closed between the end of the 2016-17 school year and today and were not included in the survey. Lists of both the non-responsive and closed schools may be found in the appendix.

This was the third survey of this nature administered by the TEA. The content in the survey was substantively identical to the survey sent out in 2017 covering the 2015-16 school year.

Based on the results of the 2016-17 fee survey, reporting charter schools collected a total of \$5,734,969 in fees. The charter schools that reported results collected an average of approximately \$34,000 each in fees. The largest single category by far was uniforms, totaling almost \$1.8 million dollars across all responding charter schools and accounting for 30.5% of the reported fee revenue collected. This result is slightly smaller the 32.7% of fees made up by uniform revenue in 2015-16. Although 106 schools report requiring a uniform or specific form of dress, not all of them collected fees from selling required clothing; in fact, only 32 reported collecting such fees.

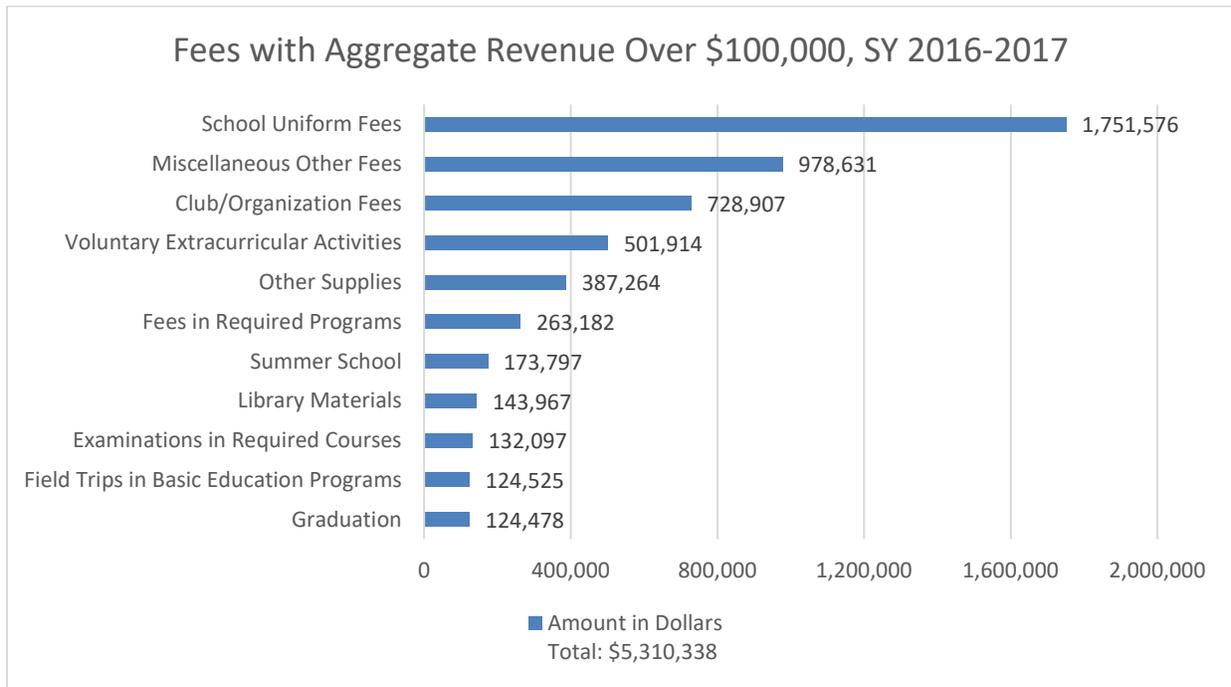


Figure 2

The second largest category of fees generated was miscellaneous fees, which brought in almost \$978,631, or 17.1% of all fees collected, compared to 21.2% in 2015-16. Only 25 charter schools reported collecting miscellaneous fees, resulting in an average of about \$39,000 per charter school. These fees were not accounted for elsewhere in the survey. They varied in nature and included items such as ID replacement 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

SY 2015-16	SY 2016-17
Uniforms (\$1,876,539)	Uniforms (\$1,751,576)
Miscellaneous (\$1,218,304)	Miscellaneous (\$978,631)
Voluntary Extracurricular Activities (\$620,952)	Club/Organization Fees (\$728,907)
Club/Organization Fees (\$608,809)	Voluntary Extracurricular Activities (\$501,914)

Figure 3

voluntary fees to support optional field trips (those not tied to basic education programs, which are captured in a separate item). The next largest categories consisted of fees for clubs or organizations, averaging around \$6,000 for each of the 121 charter schools that collected them, followed by club and organization fees levied by 39 charter schools, averaging \$12,900 per collecting school.

Of note, these four categories also were the leading sources of fee revenue in the previous survey, with the last two switched in order (extracurricular activities being the larger overall item in 2015-16). As a comparison, in 2016-17 club fees made up 12.7% of reported fees, and extracurricular activities made up 8.8%; in 2015-16, activity fees were 10.8% of the total and club fees were 10.6%. In addition, several categories that accounted for less than \$100,000 in revenue in 2015-16 exceeded that number in 2016-17, including graduation activity fees, summer school fees, and fees associated with examinations. Conversely, fees for extracurricular uniforms fell from 2015-16, collecting only 1.3% of reported revenue in 2016-17 compared to 3.3% in 2015-16.

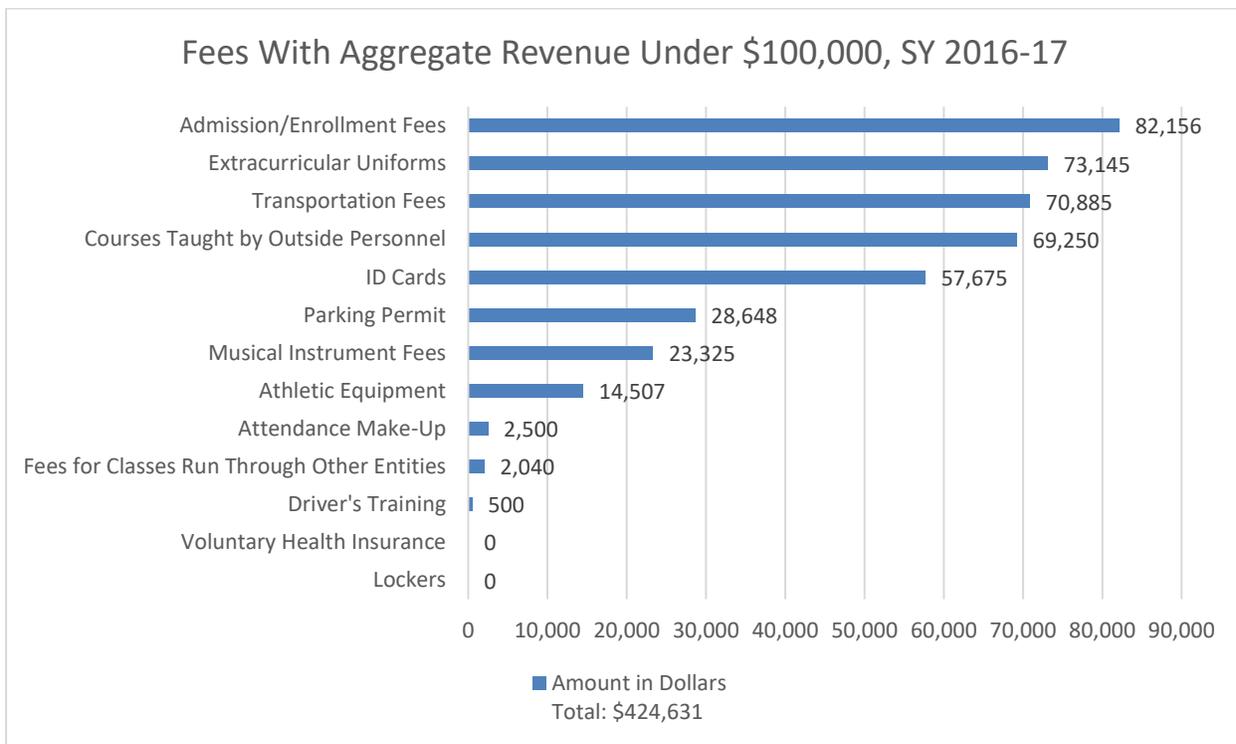


Figure 4

The above chart was separated to allow for a more detailed comparison of the activities associated with fees that generated less than \$100,000 in revenue. These fees only account for 7.4% of reported fee collections in 2016-17 in total. In 2015-16, collected fees totaling under \$100,000 accounted for 6.7% of the reported revenue.

Many of the fees in this value range differed significantly from last year compared to this year. For example, transportation fees were not noted in last year’s report, but generated 1.3% of fee revenue in 2016-17; conversely, where voluntary insurance plans brought in around half of a percent of 2015-16 fee revenue, no school reported collecting any revenue under that category in 2016-17, nor did any school report collecting fees from lockers in this report despite collecting a small amount in this year. ID cards made up 1.3% of the revenue in 2015-16, but only 1% in 2016-17. Parking fees generated 0.5% of fees in 2016-17, a similar proportion of revenue compared to the 0.5% of fees in 2015-16. Athletic equipment fees also generated significantly less revenue in 2016-17, bringing in 0.3% of all fees in that year compared to just under 1% in 2015-16. Finally, several categories such as fees for attendance make-up (where students can make up the attendance for a missed class) and courses operated by outside entities or personnel were combined in the previous survey for analysis, along with other fees, to generate a total for “instructional costs” beyond the required curriculum. Those fees generated a larger portion of revenue in 2016-17 (1.3%) than in 2015-16 (0.7%). It should be noted that this includes a reported \$500 collection for driver’s education, which no school reported collecting in 2015-16.

<b>SY 2015-16</b>	<b>SY 2016-17</b>
ID Cards (\$75,127)	Extracurricular Uniforms (\$73,145)
Athletic Equipment (\$51,816)	Transportation Fees (\$70,885)
Insurance Plan Sales (\$34,451)	Other Instructional Costs (Combined) (\$74,290)
Parking Permits (\$30,206)	ID Cards (\$57,675)
Instrument Fees (\$16,903)	Parking Permits (\$28,648)
Other Instructional Costs (Combined) (\$3,495)	Instrument Fees (\$23,325)
Lockers (\$2,484)	Athletic Equipment (\$14,507)

Figure 5

It should be noted that some discrepancies in the data may be related to responder differences from year to year. Although the methodology and questions were almost identical to those used last year, the schools may have assigned different individuals to respond to each survey from year to year, leading to different interpretations of their own fee structures and which categories they fall into. Future surveys will continue to refine the questions to eliminate as much error as possible. In addition, in 2018 four related charters consolidated operations into a single operator; however, that operator did not report on fees collected from its component charters; as such, it is possible that this missing data may have altered the results of this report.

In addition to collecting information about fees assessed, the survey also asked if the charter school had a policy for waiving fees for financial need. This question is based on TEC §11.158(f), which states that

“A school district shall adopt reasonable procedures for waiving a deposit or fee if a student or the student’s parent or guardian is unable to pay it. This policy shall be posted in a central location in each school facility, in the school policy manual, and in the student handbook.”

Fifty-six charter schools out of the 168 respondents reported having such a policy across the district. It is possible that individual charter campuses may have similar policies in place that are not charter-wide; however, this survey only accounted for charter school policies.

## 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's Public Education Information Management System (PEIMS) data submissions through the year. However, this PEIMS data is not aggregated by six-week period at this time.

In the second stage, the leavers and their reasons are finalized in the fall of every school year for the prior school year, also through the PEIMS system; this also accounts for end-of-year leavers in the form of graduates. 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.

For context and comparison purposes, in 2016-17, charter schools enrolled 272,835 students at the time of the PEIMS fall snapshot; the year before, there were 247,390 students.<sup>2</sup> A total of 26,908 students left charter schools in 2016-17, compared to 25,007 in 2015-16.

Some of the data below are masked to abide by Family Educational Rights and Privacy Act (FERPA) requirements. When a group of students has fewer than five members, the numbers of the group are masked or obscured so that individual students cannot be identified. In addition, exact numbers of larger student groups are not given when they allow a reader to infer obscured data.

Graduation is the most common reason for students leaving a charter school. This leaver category accounted for the 12,929 students in charter schools who graduated in the 2016-17 school year; percentage-wise, this is 48%<sup>3</sup> of leavers from 2016-17, versus 46.7% the preceding year, an increase in approximately one percentage point. The vast majority of those graduated with a diploma from the school

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<sup>2</sup> "Enrollment in Texas Public Schools, 2016-17." Texas Education Agency, Division of Research and Analysis, December 2017.

<sup>3</sup> Percentages may not total 100% due to rounding.

they attended; a very small number of students either graduated with a GED from outside the state, or received a diploma in another state before moving to Texas and enrolling temporarily.

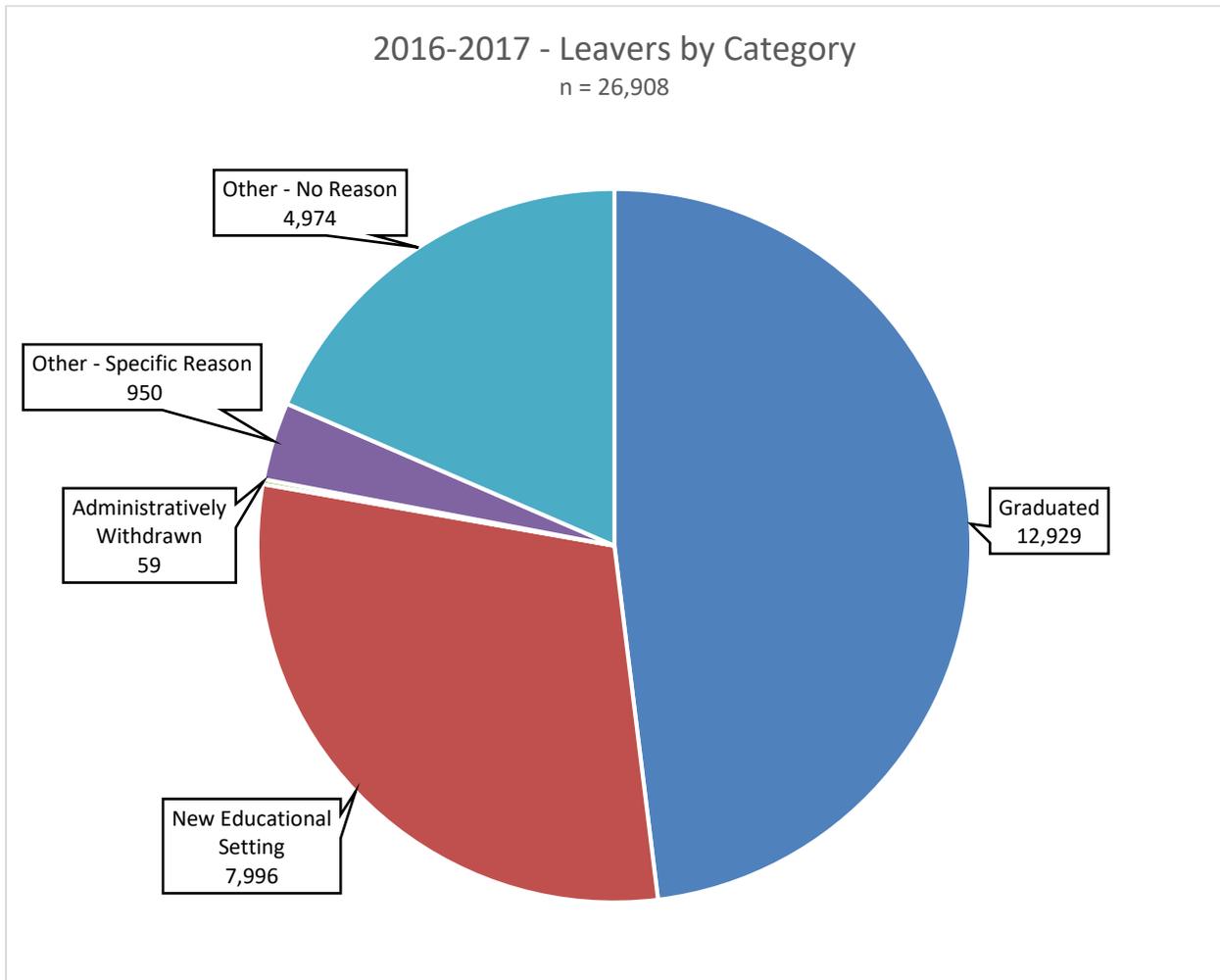


Figure 6

In comparison to the general graduation category, where almost all graduating students received a diploma from their high school, students who moved to other educational settings made up a more diverse group with regards to their destinations. In total, 7,996 students left charter schools to receive education elsewhere, 29.7% of total leavers this year, about the same percentage as in the previous year. The largest subcategory of leavers in this category were those students who left for home schooling; 18.2% of charter school leavers during the 2016-17 school year left to receive their education at home. This is slightly more than the 18% of students who left to be homeschooled in the 2015-16 school year. Of the other codes, 8.0% of leavers enrolled in schools outside of the state, versus 8.1% the previous year, while 3.3% enrolled in private schools in the state, roughly the same as the year before. The remaining 71 students, less than one percent of all leavers, either enrolled in college without completing their diploma, enrolled in a university program that would provide them with a diploma (either the Texas Tech University ISD High School Diploma Program or University of Texas at Austin High School Diploma Program)<sup>4</sup>, or were

<sup>4</sup> 2016-2017 PEIMS Data Standards Section 4: Description of Codes. Page 4.139

moved to a different educational program under Child Protective Services, a similar percentage from the previous year.

Leaver Category	2015-2016		2016-2017	
	Count	Percent	Count	Percent
<b>Graduation</b>	<b>11,668</b>	<b>46.7</b>	<b>12,929</b>	<b>48.0</b>
<b>New Educational Setting</b>	<b>7,429</b>	<b>29.7</b>	<b>7,996</b>	<b>29.7</b>
Home School	4,494	18.0	4,901	18.2
School in Other State	2,035	8.1	2,143	8.0
Private School	834	3.3	881	3.3
Other	66	0.3	71	0.3
<b>Administrative Withdrawal</b>	<b>65</b>	<b>0.3</b>	<b>59</b>	<b>0.2</b>
Ineligible to Apply/Enroll	22	0.1	28	0.1
Expelled	43	0.1	31	0.1
<b>Other Reason</b>	<b>5,845</b>	<b>23.4</b>	<b>5,924</b>	<b>22.0</b>
No Reason Provided	5,014	20.1	4,974	18.5
Returned to Home Country	758	3.0	867	3.2
Other Reason Provided	73	0.3	83	0.3

Figure 7

The smallest category of total leavers were the students removed by the charter school on administrative grounds. Three main reasons for students being categorized under the leaver code as ineligible to enroll 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.”<sup>5</sup> Students expelled under [TEC §37.007](#), which delineates serious expulsion-worthy offenses by students, are not eligible to return to the school as well. In total, about 0.22% of all leavers from 2016-17 fell into one of these categories. In comparison, 0.25% were removed for these reasons in 2015-16.

Finally, there are those students who left for what the TEA classifies as “other reasons.” This category has a variety of reasons that do not fit under other categories, and includes 22% of 2016-17 leavers; in 2015-16, this category included 23.4% of leavers for the year. The largest code in this category, was “Other.” The [Texas Education Data Standards](#) define this category as: “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 charter schools in 2016-17 was 5.4%, or approximately 4,770 students, per the *Secondary School Completion and Dropouts in Texas Public Schools, 2016-17*; this is the majority of students under this code.<sup>6</sup> This code can also be used for reorganizational purposes. For instance, a charter school may separate a previously connected middle- and high-school program into two separate charter campuses. This code accounted for 18.5%, compared to 20.1% for 2015-16.

<sup>5</sup> 2016-2017 PEIMS Data Standards Section 4: Description of Codes, Page 4.140.

<sup>6</sup> Statistics of students in 8<sup>th</sup> grade or lower dropping out are not available.

## 2016-2017 - Students Moving to New Educational Settings

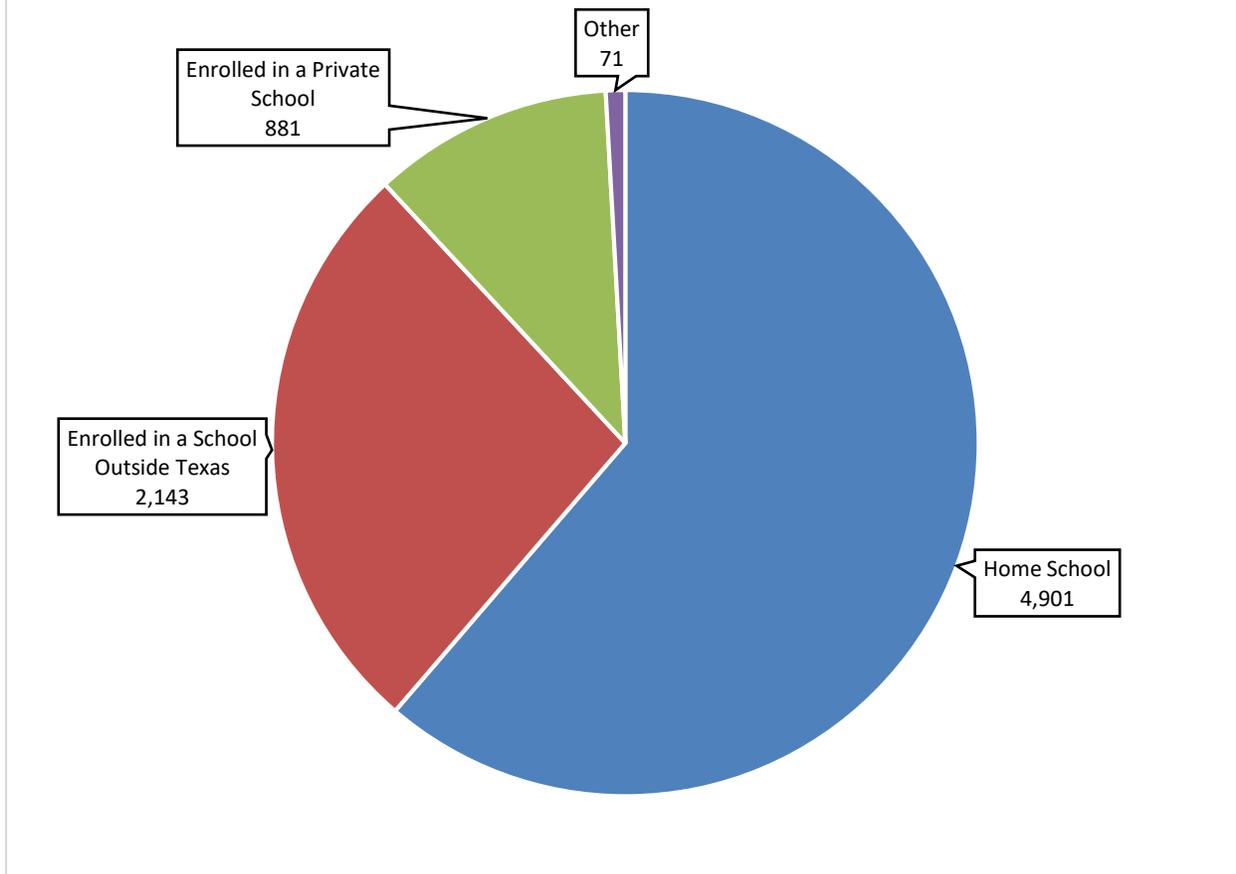


Figure 8

Of the remaining students who left for other reasons, the largest category consisted of students who were from another country and returned there, consisting of 3.2% of all leavers in 2016-17, compared to 3.0% the previous year. Other reasons include students imprisoned as an adult, students court-ordered to enroll in a GED program but who had not completed it, and students who passed away. For protection of student identities, the totals in the individual categories must be masked, and accounted for 0.3% of all leavers, the same ratio as the previous year.

Minor 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 enrolled after the snapshot was taken, and then left again in the following year. Also, leaver data does not account for students advancing into a grade no longer served by the charter school or charter campus.

## CHAPTER 6: CONCLUSION

This report was created in response to a provision that was part of the General Appropriations Act in 2017. 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.”

### Fees

Although changes were made to the method of data collection, for both years of the survey, the largest amount collected was for school uniforms. The second largest category was miscellaneous fees. In this category, charter schools included the collection of fees for bundled school supplies, optional supplemental activities (such as a “study skills summer camp” from one charter school), and other optional fees for activities that appear to fall outside the other questions. More research is needed in this area to determine whether further breakdown of this category is necessary to fully determine what expenses are being covered. Further, it is possible that TEC §11.158 may need further clarification and specificity. In general, the numbers remain similar across both years, both in terms of dollar values and percentages for different categories, though a few categories changed in notable ways; summer school and enrollment fees both declined significantly, while athletic equipment revenue rose significantly.

In conclusion, public charter schools generated \$5,734,969 from fees that were classified as local funding. Charter schools appear to limit their fees to items currently allowed by statute. The largest portion of fees collected is for school uniforms, in line with then-current understanding of TEC §11.158 and §11.162. Of the 168 reporting charter schools, 106 required some form of uniform and 32 reported collecting fees for those uniforms. Subsequent changes to the applicability of all statutes will be reflected in future iterations of this report. A large amount of revenue is generated from miscellaneous fees (17%). The number of different types of fees described under this category suggests that some of the other categories are not as clear as they could be. It is possible that some of these fees should belong to other categories. Future surveys will need to examine this and see if clarification should be added to better account for all fees.

### Leavers

As part of the rider, the agency was also requested to review the numbers of students who 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, accounting for almost half (47 percent) of all leavers. This was followed by students moving to other settings, accounting for approximately 30 percent of leavers; of these, home schooling is the most commonly used leaver reason in that category, making up about 60 percent of leavers who moved to another setting. The next largest category reflects those students that left for other reasons, including the 5.4% of charter high school students in 2016-17 who dropped out of school. The percentage of students that are dropping out remains higher than the TEA finds acceptable. Reducing this number remains a focus of the agency.

## APPENDIX: NON-RESPONDING SCHOOLS

### Charter Schools That Did Not Submit a Completed Survey

<b>CDN</b>	<b>Charter</b>
108802	Horizon Montessori Public School
227820	KIPP Texas Public Schools (on behalf of the consolidated charters)
101868	The Pro-Vision Academy

Figure 9

### Charter Schools Active in 2016-2017 That Are Now Closed

<b>CDN</b>	<b>Charter</b>
057832	Alpha Charter School
101869	C.O.R.E. Academy
015837	Carpe Diem Schools
057817	Focus Learning Academy
101866	Global Learning Village
101829	Houston Heights Learning Academy
057837	KIPP Dallas-Fort Worth
015826	KIPP San Antonio
101813	KIPP, Inc Charter
015820	San Antonio School for Inquiry & Creativity
101850	Zoe Learning Academy

Figure 10