

## Current Facts on Charter Schools

North Carolina currently has 201 charter schools serving over 120,000 students including eight that received approval by the State Board of Education this past July. Five schools were approved by the State Board of Education to begin a planning year (RTO) for preparation to open in August of 2021. These schools will be joined by five other schools in their second year of planning and five schools in the new cycle that are required by statute to participate while they await State Board of Education approval.

As of August 5, 2020, twenty-five non-profit boards submitted applications to open public charter schools by the July 24th application deadline. Of these, five boards are seeking approval for Fast-Track or Acceleration to open in the 2021 school year with another twenty aiming for 2022. To be approved to open on an acceleration schedule, Fast-Track applicants and Acceleration applicants must meet certain conditions as outlined in the State Board of Education Policy.

## What are Charter Schools?

Charter schools are tuition-free, independent public schools exempt from most of the rules, regulations, and statutes that apply to traditional public schools. The original purpose of charter schools was to:

- Provide increased choice and learning opportunities (with special emphasis on students who are at risk of academic failure or academically gifted).
- Encourage creative teaching methods.
- Share best practices learned from innovating with traditional public schools.
- Offer new professional opportunities for educators to innovate and improve instruction.

Charter schools are required to participate in the state's accountability program and administer end-of-grade and end-of course tests, and provide data needed for NC School Report Cards.

However, unlike traditional public schools, charter schools:

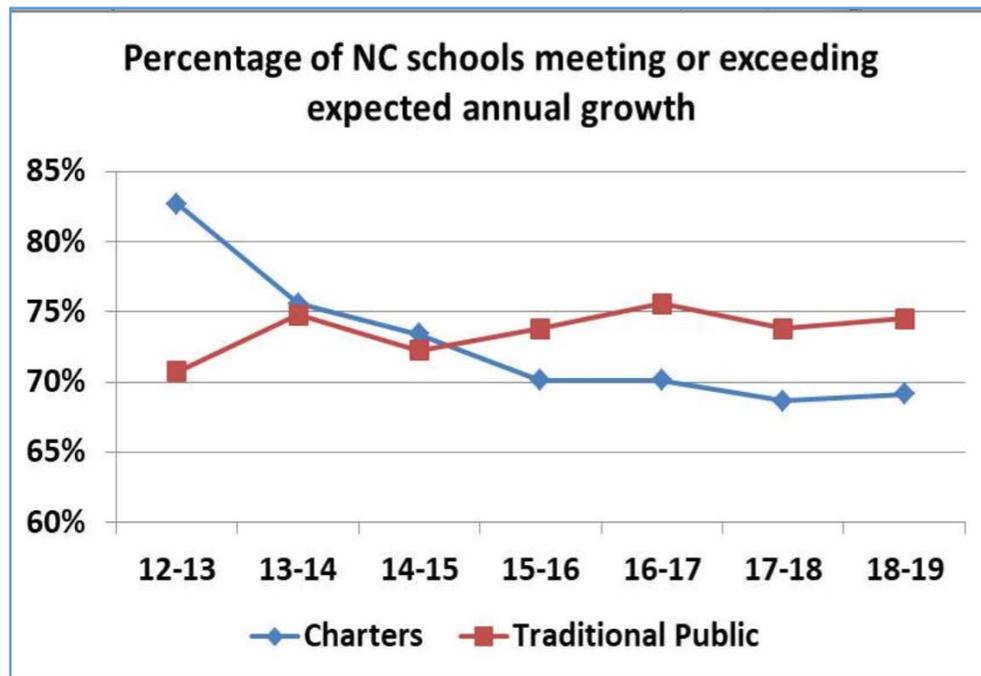
- Are not governed by elected officials; for-profit companies may manage them, and there is no requirement that board members reside in North Carolina.
- Have no curriculum requirements.
- Can modify their academic calendar.
- Have no restrictions on class size.
- Can expand by one grade level beyond what is currently offered without approval from the NC State Board of Education.
- Are not required to have *all* teachers licensed—only 50 percent of teachers must be licensed.
- Are not required to hold teacher workdays for professional training and development.
- Are not required to provide transportation to students, and those that do provide transportation are not subject to the same safety standards as traditional public schools.
- Are not required to provide free and reduced price lunches for students living in poverty.
- Are exempt from public bidding laws that protect how tax dollars are spent. There is no transparency in budgeting since charter school do not have to tell the public how they spend public money.

## Brief History of Charter Schools

The original NC charter school legislation was ratified in 1996 and authorized the establishment of up to 100 charter schools. Thirty-four charter schools opened 1997-98 school year. In August 2011, NC Senate Bill 8 was approved, removing all limits on the number and enrollment increases of charter schools allowed, lowering minimum enrollment numbers, and eliminating provisions that guard against schools being created to serve only specific subcategories of students (e.g. gifted students, students with disabilities, students of the same gender). When the cap on the maximum number of charter schools allowed (100) was removed in 2012, there were 45,000 students enrolled in charter schools. The number of charter schools has more than doubled since the cap was removed.

State funding has increased from about \$16.5 million in 1997, when there were 34 schools, to more than \$734 million for the 2019-2020 school year. About 7 percent of the state's education funding is currently allocated to charter schools.

During the 2017-2018 school year, 68.7 percent of charters met or exceeded growth, a figure that has trended down since 2012. [They did not meet the academic goal](#) of 75 percent of charter schools meeting or exceeding growth set forth by the state. Twenty-eight of North Carolina's charter schools were deemed continually low performing. North Carolina's goal is to have no more than 9 charter schools in that designation. Charter schools are not living up to their promise of providing a better education. The percentage of Charter schools in North Carolina meeting or exceeding expected annual growth lags behind that of traditional public schools.



Source: NC Policy Watch, September 2019

In addition to disappointing academic performance, and siphoning money away from traditional public schools, charters maintain and often exacerbate segregated schools. A recent national analysis shows that while only 4 percent of traditional public schools have student bodies that are 99 percent minority (2014-15), 17 percent of charter schools are 99 percent minority. In his report, [Stymied by Segregation](#) Kris Nordstrom reports: "In 72 percent of North Carolina counties with at least one charter school,

charter schools increase the degree of racial segregation in the district, as measured by the racial dissimilarity index.”

## Relevant Legislation

[SB 247](#), Charter School Study/Moratorium on Growth, was introduced in March 2019. This bill would establish the Joint Legislative Study Committee to study the impact of charter schools on local school administrative units and place a moratorium on charter school growth pending further legislation. Charter schools drain valuable resources from our traditional public schools. Many systems are rapidly resegregating and we need to study the effects of charter schools to ensure we are being good stewards of taxpayer money. Charter schools should have the same accountability as traditional public schools so that all our students receive a high-quality, equitable education. This bill did not move forward, disappointingly, in the recent legislative long session.

One of the most concerning bills to come out of the 2018 legislative session was HB 514. [HB514](#) titled Permit Municipal Charter School/Certain Towns allows Cornelius, Huntersville, Matthews, and Mint Hill, majority white suburbs of Charlotte, to create their own charter schools. Further, they will be permitted to restrict access to local residents. **In the budget amendments, a related provision (38.8) allows local municipalities to use (and raise) property taxes to fund schools.** It is worrisome that this will exacerbate existing segregation and inequality. Charlotte is already experiencing high levels of segregation. Additionally, taxpayers could see increases in tax bills as localities take on school funding responsibilities.

Many public school advocates think these related pieces of legislation will eventually be found unconstitutional. Also troubling is how this legislation could return North Carolina to a time when the quality of education was inequitably distributed based on zip code. On June 6, 2018, the N.C. House approved HB 514 with a 64-53 vote. It was ordered enrolled and ratified (Ch. SL 2018-3). Public school advocates have serious concerns about segregation and inequity. It was treated as a local law and therefore did not require the governor’s signature.

Section 38.8 of the 2018-2019 Budget Adjustments bill authorizes cities in North Carolina to use local property taxes to fund any public school located within their localities. This could include charters, lab schools, and any other publicly funded entity.

HB514 could further the divide between have and have not schools by allowing cities to supplement funds for certain schools. Previous budget adjustments also granted the virtual charter schools pilot an extension for another 4 years even though both virtual schools are low-performing.

## What are the concerns about Charter Schools?

- **Impact on local public school districts:** Reducing funds from public schools often forces them to reduce staff, programs, and other basic expenditures. The state’s budget for charter schools has grown from just over \$16 million in 1997 to more than \$674 million for the 2018-2019 school year, and most of that money would have gone to school districts for traditional public schools.
- **Diversion of money away from traditional public schools:** A [December 2017 study](#) found that charter schools generate negative fiscal effects on public school districts by reducing spending capacity, number of students and budget flexibility.

- **Oversight:** The Office of Charter Schools lacks adequate staff and a sufficiently rigorous process for evaluating applications and tracking charter success.
- **Student outcomes:** The percentage of Charter schools in North Carolina meeting or exceeding expected annual growth lags behind that of traditional public schools.
- **Racial isolation:** A 2017 [study by UCLA](#), demonstrated charter schools are more segregated than traditional public schools and the share of minority charter students has declined over time. In addition, the burgeoning numbers of charters drive increasing amounts of segregation in traditional public schools, as middle class, mostly white students leave their district schools. NC charters also serve lower proportions of low-income students than traditional public schools. A little more than half the students come from low-income families at traditional public schools. In charters, however, only one in three students are low-income. Original legislation required racial and ethnic diversity in charter schools, but a 2013 law dropped the mandate. Charter schools are required only to “make efforts” to “reasonably reflect the racial and ethnic composition” in the area where the school is located but there is no mechanism for doing so and no consequence for failing to achieve a resemblance to the LEA.
- **Public assets can become private assets:** A failing charter can be taken over by a new entity, instead of being closed. The school’s assets would then be transferred to the new operator, not back to the state.

For these reasons, many education experts advocate that the state only allow a limited number of truly innovative, not-for-profit charter schools designed to work with local school districts and be managed with careful local and state oversight. There is growing call for giving traditional schools the same privileges and flexibilities as the charter schools to enhance choice and program offerings to accommodate academic needs of our children. This would allow innovative, creative and flexible learning opportunities along with the transparency, accountability and stability that parents, teachers, students and taxpayers desire while keeping one public system of public schooling in NC.

### **Best Practices for Charter Schools:**

- Only be granted a charter if the proposed school will offer an educational experience that is qualitatively different from what is available in traditional public schools.
- Charter Schools should use weighted lotteries to ensure the racial and socioeconomic makeup of the school reflects the larger community.
- Maintain fidelity to the original concept of charters, including the sharing of best practices with traditional public schools.
- Not be operated by private, for-profit entities.
- Work in partnership with local school districts. Charter schools should have limited impact on long-term planning including capital, facilities, and enrollment.
- Be held to the same careful oversight, accountability, and transparency regarding academic standards and financial review as traditional public schools.
- Offer free and reduced lunch, safe and reliable transportation, and services for students with disabilities, limited English proficient students, and academically gifted students.
- “Reasonably reflect racial and ethnic composition” in the area where the school is located.

**Sources:** Please see our website for more research, citations and information on this topic.  
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