

Recent Facts on Charter Schools

As of October 1, 2021, there were 204 charter schools in North Carolina serving [130,485 students](#). One (Torchtlight Academy) was closed in early 2022, leaving 203 charter schools. Approximately 8 percent of North Carolina's 1.55 million school children attend charter schools. In the 2021 legislative session, \$10.6 billion was allocated for public education with approximately \$848 million going to fund charter schools. According to the [2020 Annual Charter Schools Report](#), since 1998, 48 charter schools have voluntarily relinquished their charters, one has been assumed by another non-profit board, 10 have been not been renewed, and 17 charters have been revoked by the State Board of Education. During the 2018-19 school year, approximately 25% (47) charter schools were identified as either low-performing or continually low-performing. Of the charter schools in operation, fewer than 50% (80) provide reduced-priced lunches and slightly more than 50% (108) provide bus transportation. In contrast, all traditional public schools provide reduced-price lunches and offer bus transportation. Seven new charter schools opened for the 2020-2021 school year, six charter schools opened in the fall of the 2021 school year, and eight are scheduled to open in fall 2022. Two charter schools had their charter revoked during the 2020-21 school year.

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. In [North Carolina, charter schools](#) are primarily funded through state and local tax dollars. Charter schools have open enrollment and are not allowed to discriminate in admissions, charge tuition, or be affiliated with a religion or religious group at this time but changes in these rules have been discussed by legislators. The original purpose of charter schools in North Carolina 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, in contrast to private schools that receive voucher money, are required to participate in North Carolina's accountability program, 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, so they have no need to be responsive to their parent and student community nor to taxpayers.
- Can be managed by for-profit companies, 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.
- Do not have to staff classrooms with fully licensed teachers. 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 schools do not have to tell the public how they spend public money.

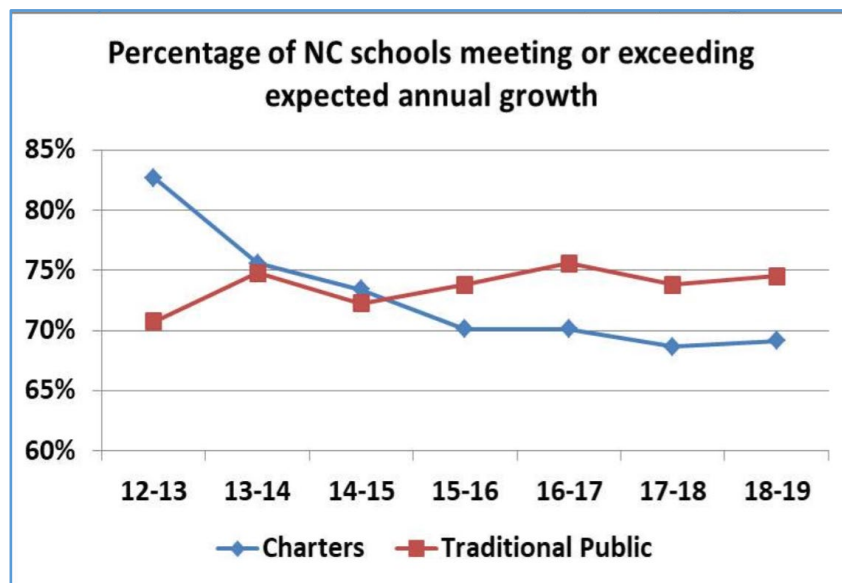
Brief History of North Carolina Charter Schools

The original NC charter school legislation, the Charter School Act, was passed in 1996 and authorized the establishment of up to 100 charter schools. Thirty-four charter schools opened in the 1997-98 school year and by 2010 there were 99 active charter schools. In August 2011, NC Senate Bill 8 was approved, removing the 100-school limit as well as limits on enrollment increases. In addition SB8 lowered the minimum allowable enrollment numbers and eliminated 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).

After the 100-school cap on the maximum number of charter schools was removed, the number of schools steadily increased, doubling to 200 by the school year 2020-21. The total number of charter school applications varies widely each year, from a low of 6 in 2008 to a high of 71 in 2013 shortly after the 100-school cap was lifted. Likewise, the number of applications approved by the State Board of Education has ranged from a low of 1 in 2010 to a high of 31 in 1997, the first-year applications were reviewed. In 2020, 25 applications were submitted and 8 were accepted. Six new charter schools opened in the fall of 2021.

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 and the number of students enrolled in charter schools has increased 270% to more than 130,000 students.

During the [2018-2019 school year](#), 69.4 percent of charters met or exceeded growth, a figure that is lower than the target of 75 percent of charter schools meeting or exceeding growth set forth by the state. 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 2018-19, forty-seven of North Carolina's charter schools were identified as either low performing or continually low performing (LP/CLP). This represents an increase of 13 schools, from 34 LP/CLP schools in 2017-18. For many students, charter schools are not living up to their promise of providing a better

education. The percentage of low-performing charter schools in North Carolina was 30.2% as compared to 26.5% for non-charter public schools.

Previous Relevant Charter School Legislation

In 2017, NC General Statute 115C-281.40 was implemented and states that a charter school may provide transportation to students enrolled in the school. A corresponding appropriation through S.L. 2017-57 provided more than \$2 million each year to the Charter School Transportation Grant to fund transportation for students enrolled in a charter school with 50% or more of the student population qualified for the free/reduced lunch program. The 2021 budget specifies that a school may be reimbursed up to 65% of the transportation costs up to a maximum of \$100,000 per school.

[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, with more than \$580 million provided to charter schools in the 2018-19 school year. Many school systems are rapidly resegregating and we need to study the degree to which charter schools are speeding this process. We must also examine whether they are providing a high-quality, equitable education to NC students. Charter schools should have the same accountability as traditional public schools to ensure that our legislators are being good stewards of taxpayer money. *Disappointingly, this bill did not move forward.*

One of the most concerning bills to come out of the 2017-18 legislative session was HB 514. [HB514](#) (ratified as Ch. SL 2018-3 in 2018) titled *An Act to Permit Certain Towns to Operate Charter Schools* applies to four municipalities within the Charlotte-Mecklenburg School District region: Cornelius, Huntersville, Matthews, and Mint Hill. It was treated as a local law and therefore did not require the governor's signature.

The bill permits these majority white suburbs of Charlotte to create their own charter schools. Further, these municipalities will be permitted to restrict access to the schools to local residents only. **In the budget amendments, a related provision (38.8) allows local municipalities to use (and raise) property taxes to fund schools.** A major concern is that these charter schools will exacerbate existing segregation and inequality. Charlotte-Mecklenburg is already experiencing high levels of school segregation. Additionally, taxpayers could see increases in tax bills as localities take on school funding responsibilities.

This legislation is moving North Carolina back to a time when the quality of education was inequitably distributed based on zip code. Public school advocates have serious concerns about segregation and inequity. Previous budget adjustments also granted the virtual charter schools pilot an extension for another 4 years even though both virtual schools are low-performing.

In April 2020, a lawsuit brought by the Lawyers Committee for Civil Rights Under Law along with several other parties including the Charlotte-Mecklenburg branch of the NAACP challenged the constitutionality of HB514. The lawsuit claims that the legislation adopted by the North Carolina General Assembly in 2018 (House Bill 514) violates the state's constitutional guarantees of a uniform system of free public education and equal protection under the law. Because the communities named in HB514 have not yet actively pursued creating municipal charter schools, this lawsuit has not moved forward.

HB514 furthers 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:** Shifting funds from local public school districts to charter schools results in fewer resources at the local public school for 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.
 - **Funding allocations are based on October 1 enrollments.** When a student who is enrolled in a charter school on October 1 later leaves the charter school and returns to the local public school, the funds do not transfer back to the local public school.
 - **Reduced ability to plan for student enrollments and resource allocation.** Without more required coordination between charter schools and the local public school system, the public schools are not able to plan enrollment changes due to students moving to charter schools or returning from charter schools.
- **Oversight:** The Office of Charter Schools lacks adequate staff and a sufficiently rigorous process for evaluating applications and tracking charter success. Since 2014 when there were 8 staff and 147 charter schools, the number of staff has dropped to 6 while the number of charter schools increased to 204.
- **Reduced Public Input:** Charter schools are not required to have publicly elected boards, or representation from the school community, which removes an important avenue for public/school community input into decisions regarding a charter school's operation.
- **Student outcomes:** Based on the most recent data available ([2019 Annual Charter School Report](#)) 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 that charter schools are more segregated than traditional public schools and the share of minority charter students has declined over time. In addition, the growing number of charter schools 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.
 - In his 2018 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."
- **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 could then be transferred to the new operator, not back to the state.
- **Public funds can be used to enrich private charter operators:** Because there are fewer regulations on how charter schools operate, funds can be used to lease services or facilities from charter operators (e.g. Torchlight Academy in NC) or their relatives and pay high administrative salaries while reducing student facing educator salaries.

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 a 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 grant a charter if the proposed school will offer an educational experience that is qualitatively different from what is available in traditional public schools.
- Require charter schools to 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.
- Prohibit charter schools from being 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.
- Hold charter schools 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.

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

Last revised: May 30, 2022.

References and Resources

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