



# The Facts on Charter Schools

## Recent Facts on North Carolina Charter Schools

In the 2022-23 school year, there are **206** charter schools in North Carolina serving [138,352 students](#). Approximately 8.9 percent of North Carolina's 1.55 million school children attend charter schools. In the 2022-23 school year, \$11.1 billion was appropriated for public education with more than \$985 million going to fund charter schools.

According to the [Highlights of the North Carolina Public School Budget, March 2023](#), since 1996-97 when the first charter schools were approved, a total of 291 have been approved. Since 1997-98 when the first charter schools opened, a total of 260 have opened, 54 have closed after opening, and 23 relinquished their charters before opening.

During the 2021-22 school year, [33% of charter schools \(67\)](#) were identified as either [low-performing or continually low-performing](#).

During the 2020-21 school year, only 34% (68) of the charter schools provided reduced-priced lunches (i.e. participate in the National School Lunch Program), increasing slightly in 2021-22 to 37% (76 schools). In 2020-21, slightly more than 50% provided bus transportation (105). In contrast, ***all traditional public schools provide reduced-price lunches and offer bus transportation.***

## 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 receive state funding based on the average per pupil allocation of the local education agency (LEA) in which the school is located.

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:

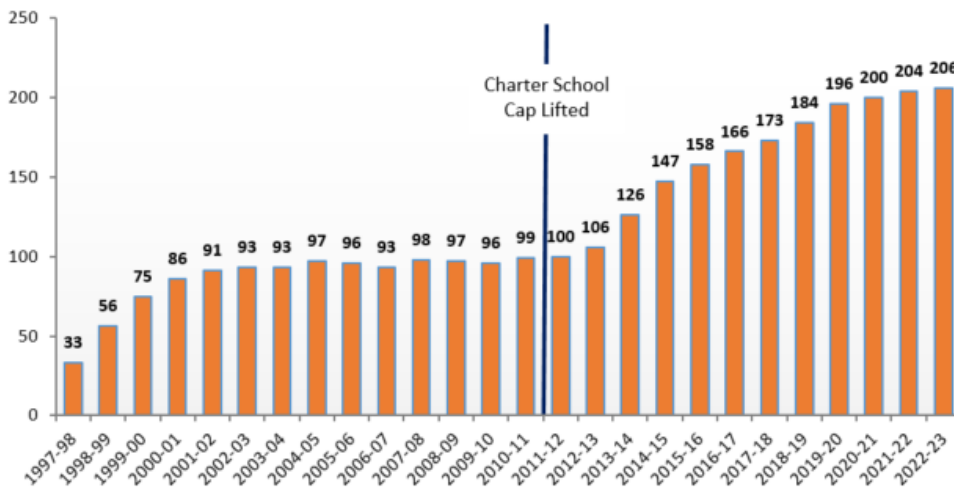
- Are not governed by elected officials, so they have no need to be responsive to their parent and student community nor to taxpayers.
- Can be managed by for-profit companies, and there is no requirement that board members reside in North Carolina.
- Can modify their academic calendar.
- Have no restrictions on class size.
- 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, passed in 1996 authorizing the establishment of up to 100 charter schools. In the 1997-98 school year, 34 charter schools opened, and by 2010 there were 99 active charter schools. In August 2011, NC Senate Bill 8 (SB 8) was approved, removing the 100-school limit as well as limits on enrollment increases. SB8 also 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).

**Number of NC Charter Schools 1998 - 2023**



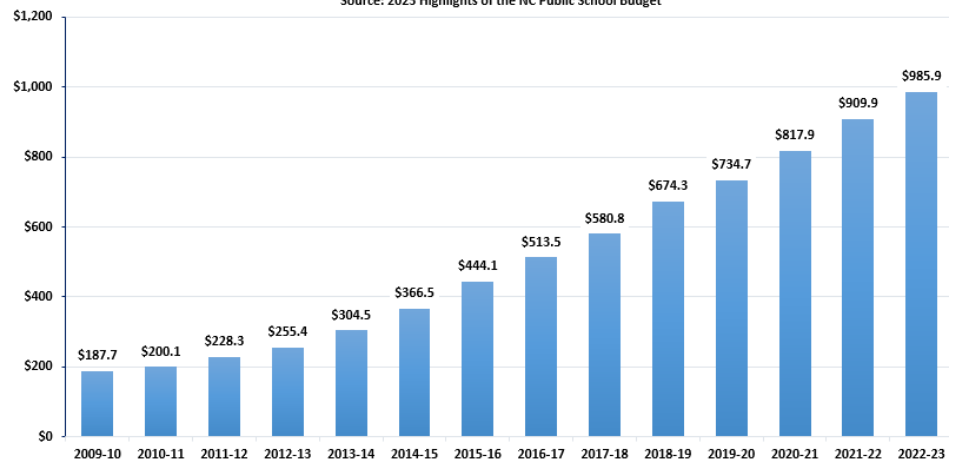
After the cap on the maximum number of charter schools was removed, the number of schools steadily increased, doubling by 2020-21. The number of applications varies each year, from a low of 6 in 2008 to a high of 71 in 2013 shortly after the 100-school cap was lifted. Likewise, the number of applications approved by the SBE ranged from 1 in 2010 to 31 in 1997. In 2022-23, 10 charter applications were approved.

As the number of charter schools increased, so did student enrollment. In 2009-10, there were nearly 39,000 students enrolled in charter schools. Since then, the number has increased to more than 138,000 students.

Funds are transferred to charter schools from the local district (LEA) based on the number of students enrolled. In 2022-23, nearly \$1 billion dollars (\$985,919,148) were transferred out of traditional public schools to charter schools.

**State Funds Allocated for Charter Schools by Year 2010 - 2023**  
Amounts in Millions

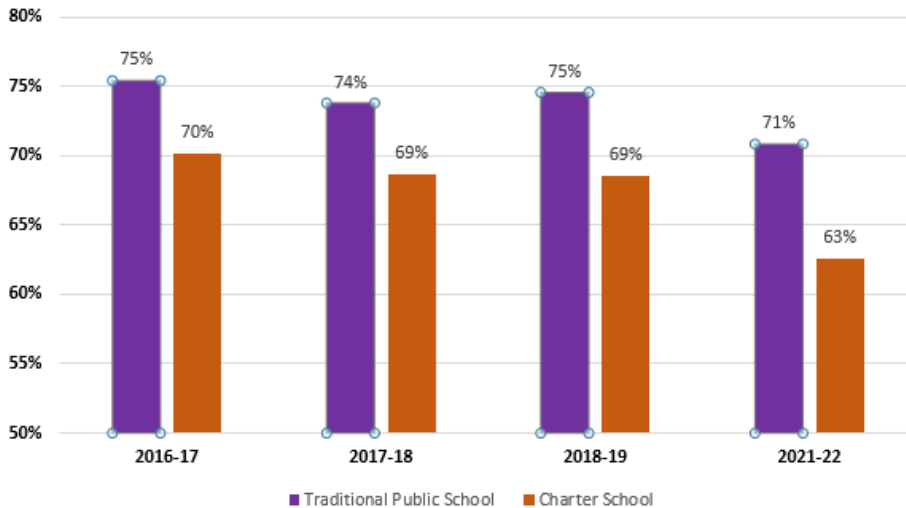
Source: 2023 Highlights of the NC Public School Budget



During the [2021-22 school year](#), 63% of charter schools met or exceeded growth, a much lower percentage than the 75% target set by the state. The percentage of charter schools in North Carolina meeting or exceeding expected annual growth has lagged behind traditional public schools for years. The gap grew after the pandemic from a 6-point difference in 2018-19 to an 8-point difference in 2021-22.

**Percentage of Schools Meeting or Exceeding Growth**

Source: NCDPI



In 2021-22, sixty-seven of North Carolina’s charter schools were identified as either low performing or continually low performing (LP/CLP). This represents an increase of 20 schools, from the previous reporting year in 2018-19. The percentage of low-performing charter schools in North Carolina was 33% as compared to 32% for non-charter public schools.

## Previous Relevant Charter School Legislation

In 2017, NC General Statute 115C-281.40 was implemented to allow charter schools to provide transportation to students. 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 *but did not move forward*. This bill established a Joint Legislative Study Committee to study the impact of charter schools on LEAs and placed a moratorium on charter school growth pending further legislation. Charter schools drain valuable resources from our traditional public schools, with nearly \$1 billion moved from traditional public schools to charter schools in 2022-23. Many school systems are rapidly resegregating as a result of charter school expansion. North Carolina must 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.

The very problematic [HB 514](#) came out of the 2017-18 legislative session. HB 514 (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.

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 HB 514. 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 HB 514 have not yet actively pursued creating municipal charter schools, this lawsuit has not moved forward.

There are several problematic charter school bills making their way through the General Assembly in 2023. Please see our [Legislative Updates](#) for up-to-date information.

## What Are the Concerns About Charter Schools?

A November 2022 report by Helen Ladd of Duke University [How Charter Schools Undermine Good Education Policymaking](#) outlines in detail how charter schools fundamentally disrupt core goals of good educational policy: 1) establishing coherent systems of schools, 2) attending to child poverty and disadvantage, 3) limiting racial segregation and isolation, and 4) ensuring that public funds are spent wisely.

These and other concerns about charter schools strongly support policies to limit charter school growth and ensure that where they exist, they work in conjunction with traditional public schools to make the most effective use of public tax dollars.

- **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 nearly \$1 billion in 2022-2023, money that would have gone to LEAs for traditional public schools.
  - **Diversion of money away from traditional public schools:** An [April 2018 report](#) focused on North Carolina schools conducted by researchers at the Economic Research Initiatives at Duke found that charter schools generate negative fiscal effects on public school districts by reducing spending capacity, number of students, and budget flexibility.
  - **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 206.
- **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:** Charter schools do not promote student growth at a higher rate than traditional public schools. Based on [school performance grade data](#) available from NCDPI the percentage of charter schools in North Carolina meeting or exceeding expected annual growth lags 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 2022 report, [Still Stymied: Why Integration Has Not Transformed North Carolina Schools](#), Kris Nordstrom reports that by 2022, charter schools had expanded to 64 of the 100 counties in NC with “charter schools exacerbating segregation in 75% of these counties.” He provides examples such as Martin County, where traditional public schools have 42% white students while the local Bear Grass Charter School has 92%.
- **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. [A large and growing body of documentation](#) provides evidence of widespread abuse.

For these reasons, 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 and other topics.  
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