



Charter Schools in the Twin Cities: 2013 Update

Institute on Metropolitan Opportunity

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Introduction and Summary

The Institute on Metropolitan Opportunity (IMO) – formerly the Institute on Race and Poverty – produced two previous studies of charter schools in the Twin Cities. The first was published in 2008 and used 2007-08 data; the second was produced in 2012 with 2010-11 data.¹ The analyses showed that, in both years, charter school students of all races were much more likely to attend a segregated school than traditional school students and that charter schools were outperformed (on test scores) by their traditional equivalents. The statistical analysis in each year showed that student performance in charters lagged behind traditional schools even after controlling for other school characteristics like the income and race of students.

This update uses 2012-13 data and shows that charters are still much more likely to be segregated than their traditional counterparts. In addition, there is a growing pattern in the suburbs of predominantly white charter schools locating near to more racially diverse traditional schools. In 2013, 67 percent of suburban charters (32 out of 48 schools) were predominantly white (defined as more than 80 percent white students) compared to just 44 percent of traditional schools in the suburbs. Further, more than half of predominantly white suburban charters were located in the attendance areas of traditional schools which were significantly more racially diverse. This percentage is nearly three times what it was just five years earlier. Whether by intent or not, more and more suburban charters are facilitating white flight from increasingly diverse traditional schools in the suburbs.

Charters are also still out-performed by traditional schools on test scores – indeed the analysis suggests that charters have taken a step backward since 2010-11. One group of roughly 10 charters serving high-poverty student populations *has* exhibited relatively strong results in the testing data. However, this group – the charters consistently highlighted in in press reports and by charter advocates as “beat the odds” schools – is more than offset by an even larger number of high-poverty charters with testing results well below what would be expected given their poverty rates. These under-performing high-poverty charter schools serve significantly more students than the high-performing high-poverty charters. In addition, charter schools serving low-poverty student populations consistently under-perform their traditional counter parts. Overall, charters performing relatively poorly – schools with pass rates more than five points lower than expected given their poverty rates – serve 3,400 to 5,600 more students (depending on the test subject) than their high-performing counterparts.

Charter schools have also generated enormous stress on the two districts in the region that serve the largest numbers of economically disadvantaged students – Minneapolis and St. Paul. Student losses to charters account for 50 to 60 percent of total enrollment declines in the two districts in the last decade. As a result, both districts have had to deal repeatedly with budget crises due in great measure to the extra costs associated with rapidly declining enrollments.

¹ Institute on Race and Poverty, “Failed Promises: Assessing Charter Schools in the Twin Cities,” November 2008 and Institute on Race and Poverty, “Update of Failed Promises: Assessing Charter Schools in the Twin Cities,” January 2012.

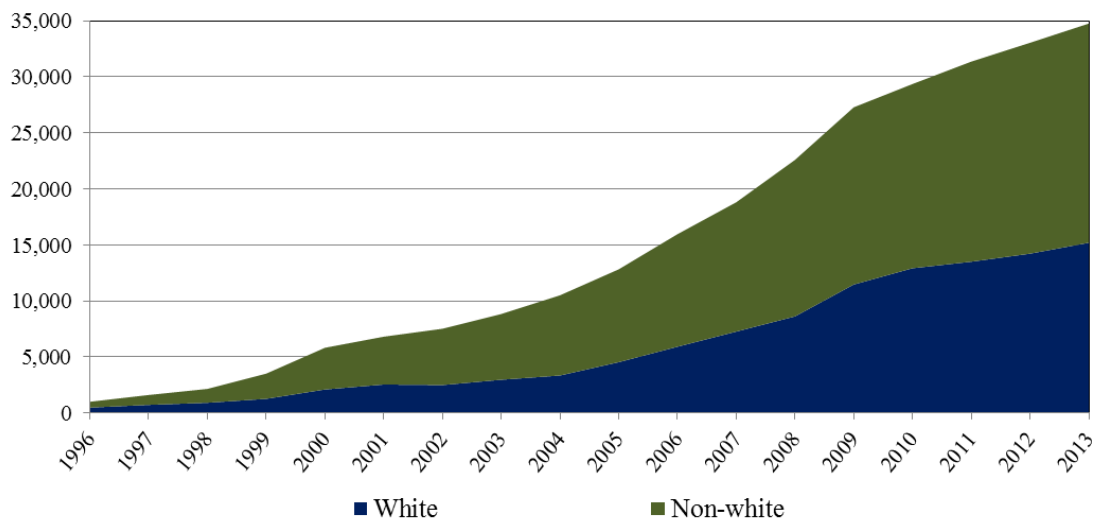
In sum, although a few high-poverty charter schools now show positive testing results, most still fail to meet the objectives most often cited for charters. The question is whether charters are the only (or best) path available to find ways to better serve low-income students and students of color, given that the approach has consistently increased segregation in the region's schools while, at the same time, failing to improve overall student performance.

Charter Schools are Still Severely Segregated

Charter school enrollments in the Twin Cities continued to climb, but the moderation in the growth rate begun in 2009 continued. (Chart 1) Since then enrollments grew by just 7-8 percent per year after many years of double digit growth.

The composition of charter school students has been changing as well. Charter enrollments peaked at 68 percent non-white in 2003-04 but growth since then has been split more evenly and the percentage of charter students who are non-white fell to 56 percent in 2012-13 (down from 57 percent in 2010-11). Charter schools are also still much more likely to serve poor students than traditional schools but recent years have seen a sharp decline in the percentage of charter students who are poor. In 2012-13, 51 percent of charter students were eligible for free or reduced-price lunch compared to 29 percent in other public schools, but the charter number represents a decline of six points in just two years, from 57 percent in 2010-11.

Chart 1: Charter School Enrollments in the Twin Cities, 1996-2013



Source: Minnesota Department of Education.

The more balanced enrollment growth has had only minor effects on the mix of schools available to potential charter school students. The charter system remains highly segregated. (Table 1) The distribution of schools has been remarkably stable over time. The percentage of charters which are predominantly non-white remained in the mid-50s for most years since 1995-96 and the integrated share has varied very little around 18-20 percent. During the same period, the percentage of traditional schools in the region that were integrated doubled from 20 to 40 percent, while the percentage that were non-white segregated share remained well below the share for charter schools.

Table 1: Distribution of Charter Schools and Traditional Schools by School Type, 1995-2011

School Year	Charter Schools Number of Schools			Charter Schools Percentage			Traditional Schools Percentage		
	Pred. White	Non-white Segregated	Integrated	Pred. White	Non-white Segregated	Integrated	Pred. White	Non-white Segregated	Integrated
1995-96	4	6	1	36	55	9	64	15	20
1996-97	4	7	3	29	50	21	64	16	20
1997-98	5	9	3	29	53	18	63	18	19
1998-99	7	15	5	26	56	19	61	19	20
1999-00	11	20	5	31	56	14	61	20	19
2000-01	11	21	10	26	50	24	58	21	20
2001-02	11	27	7	24	60	16	55	23	22
2002-03	14	33	10	25	58	18	53	23	24
2003-04	15	39	10	23	61	16	48	24	28
2004-05	22	43	15	28	54	19	48	24	27
2005-06	25	57	21	24	55	20	48	24	28
2006-07	29	56	23	27	52	21	45	25	31
2007-08	35	62	19	30	53	16	42	24	33
2008-09	36	68	23	28	54	18	41	25	34
2009-10	40	62	25	31	49	20	39	24	37
2010-11	37	67	23	29	53	18	39	25	36
2011-12	39	63	24	31	50	19	39	21	40
2012-13	40	63	21	32	51	17	37	22	40

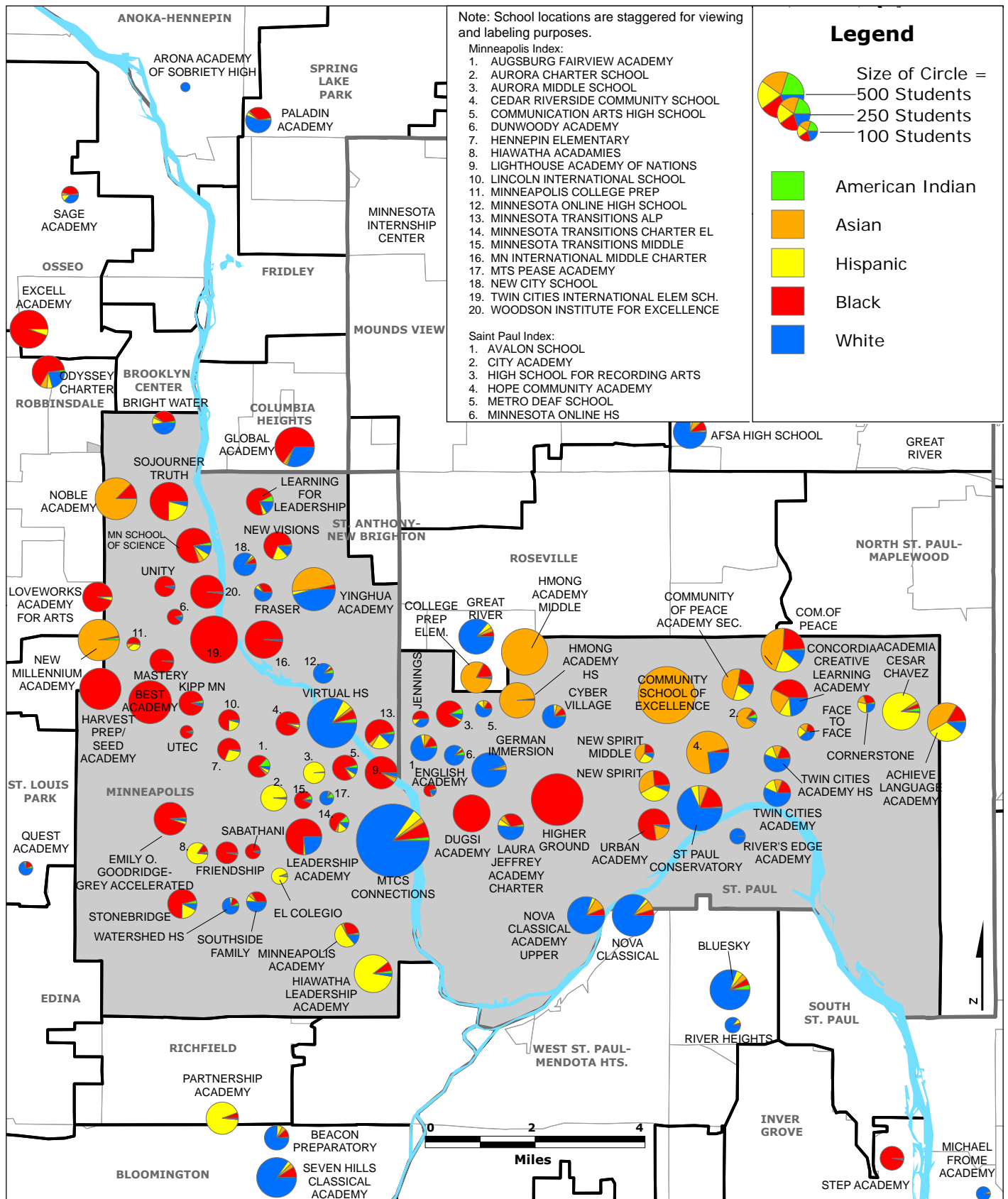
Source: Computed from Minnesota Department of Education data.

Predominantly White: non-white student share < 20%; Non-white Segregated: non-white student share > 60%;

Integrated: non-white student share between 20% and 60%.

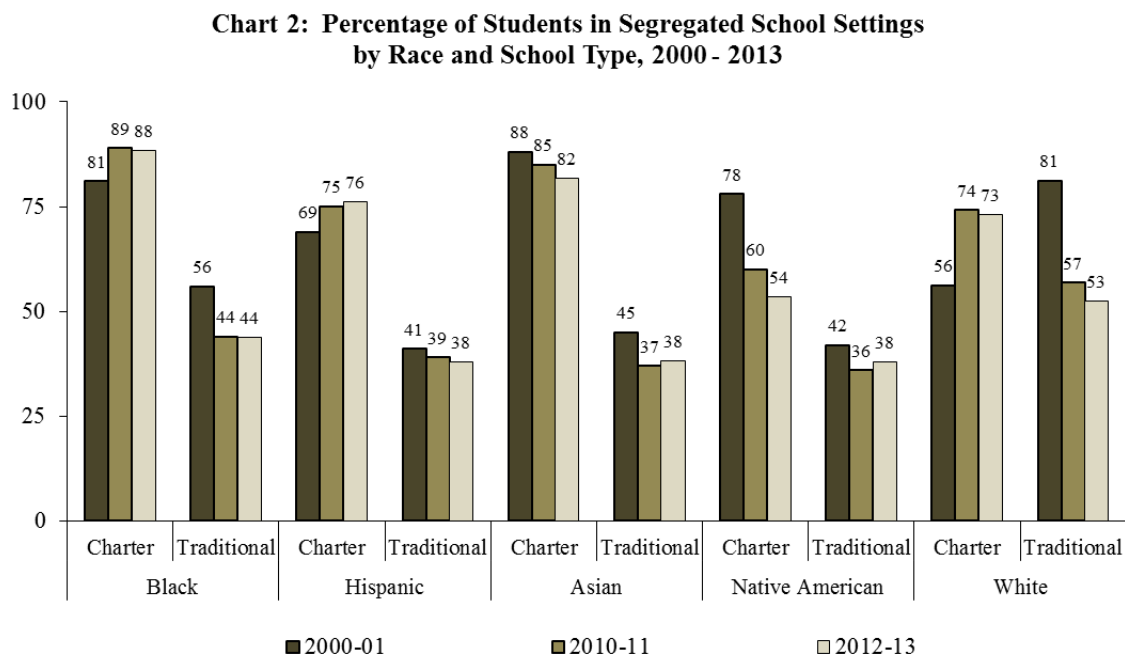
The geography of segregated schools has changed little since 2010. As in earlier years most non-white segregated schools are in the core of the region (Map 1) and many are single-race schools (or very close). Most of the “integrated” schools also remain relatively small.

Map 1: MINNEAPOLIS - SAINT PAUL (CENTRAL REGION) Race and Ethnicity Charter Schools, 2012-2013



This pattern is reflected even more dramatically when comparing the school environments of different types of students (Chart 2). An overwhelming majority of students attending charter schools do so in segregated settings, especially students of color. Eighty-eight percent of black students in charters attended non-white segregated schools in 2012-13, down a point from 2010-11 but up from 81 percent in 2000-01; 76 percent of Hispanic charter students attended non-white segregated schools in 2012-13, up from 69 percent in 2000-01; and 82 percent of Asian charter students attended non-white segregated schools in 2012-13, a slight improvement from 85 percent in 2010-11.

These rates compare very poorly with traditional schools. Students of color attending charter schools were roughly twice as likely to be in a segregated school setting as their counterparts in the traditional public schools in 2012-13—88 to 44 percent for black students; 76 to 38 percent for Hispanics; and 82 to 38 percent for Asians.



Source: Computed from Minnesota Department of Education data.

"Segregated setting" is defined as non-white segregated schools for students of color and predominantly white schools for white students.

The recent growth in white enrollments in charters has also been accompanied by increasing separation of white students from students of color. In 2000-01, white charter students were actually less likely to be in a predominantly white school than their traditional counterparts – 56 percent compared to 81 percent. However, by 2012-13, the share of white charter students in predominantly white schools had risen to 73 percent while it declined to 53 percent in traditional schools.

The increasing isolation of white students in charters reflects a new and disturbing pattern in the suburbs. The number of predominantly white charters is increasing and many are located in suburban areas near traditional schools that are relatively diverse by suburban standards.

The total number of predominantly white charters in the suburbs grew by 40 percent in just five years from 20 in 2007-08 to 28 in 2012-13.² More than a third of these were part of a single system of charters. The Friends of Education is the authorizer for 17 charters in the Twin Cities metro. Twelve of them were predominantly white in 2012-13 – 10 in the suburbs and two in St. Paul.

The way that suburban charter schools compared to nearby traditional schools has also changed. In 2007-08, the racial make-up of predominantly white suburban charters tended to mirror nearby traditional schools. Only four of the 20 predominantly white suburban charters (20 percent) had white student percentages more than five percentage points higher than the traditional school(s) within whose attendance boundary they were located.³ However, by 2012-13, 15 out of 28 (54 percent) met this condition. (These charters are circled on Map 2.) Clearly, whether by intent or not, more and more suburban charters are facilitating white flight from increasingly diverse traditional schools in the suburbs.

² These counts exclude five predominantly white schools that are special cases. Sobriety High South, Arona Academy of Sobriety High and Bluesky charter schools were predominantly white in both years, as were Lionsgate Academy in 2012-13 and Liberty High School in 2007-08. However, the Sobriety High Schools were very small (they have since closed) and their demographic mixes were likely determined by factors other than neighborhood and race. Similarly, Lionsgate Academy specializes in students with special needs related to Asperger's Syndrome or autism-related symptoms and Liberty High School was a special education school. Bluesky (which was located in St. Paul in 2007-08 and West St. Paul in 2012-13) is likely to be less closely tied to its neighborhood than other schools because it is an online school.

³ Charter schools were paired with the traditional schools serving comparable grades. If this included more than one school the enrollment data were combined to calculate the traditional school racial shares for the comparison.



Charter Schools Don't Perform As Well As Traditional Public Schools

Despite a great deal of evidence to the contrary, charter school advocates continue to argue that charter schools in Minnesota improve student performance.⁴ In recent years in the Twin Cities, comparisons have shifted to the performance of a few charters serving high-poverty populations – charters which are also largely single race. This section updates the performance analyses from the previous two IMO studies and presents additional analysis regarding of the often-cited high performance of a relatively small number of high-poverty charters.

IMO's 2008 and 2012 studies provided clear evidence that charter schools in the Twin Cities were *not* out-performing traditional schools. Analysis of data 2012-13 shows that very little has changed. Indeed, the analysis implies that the student performance gap between charters and traditional schools has widened since the last update.

Updates of the statistical analyses from prior reports again show that traditional schools outperformed charter schools after controlling for student poverty, race, special education needs, limited language abilities, student mobility rates and school size.⁵ Consistent with the earlier studies and other research, student poverty (measured by eligibility for free or reduced price lunch) was found to be the dominant factor in the performance of schools in 2012-13. The new results imply that all else equal, proficiency rates were 11.2 percentage points lower for math and 5.9 percentage points lower for reading in charter elementary schools than in traditional elementary schools. Identical regressions with 2010-11 data showed shortfalls of 7.5 (math) and 4.4 (reading) percentage points, implying that charters as a group are doing worse now than two years ago.

Charts 3 and 4 demonstrate the relationship between student performance and the school characteristic which is, by far, the dominant explanatory variable in the statistical analysis – poverty. The predicted line in these figures corresponds to the performance level one would expect from schools given their student poverty rate. The figures break down the performance of charters, traditional public schools and suburban schools that participate in the Choice is Yours Program. (The Choice is Yours program allows low-income students from Minneapolis to enroll in traditional schools in several suburban districts and, contrary to charters, has pro-integrative outcomes.)

In 2012-13, the math performance of students in only 31 percent of charter schools was better than expected given the poverty levels of these schools – the rest, 69 percent, under-performed expectations. This represents a significant step back from 2010-11 when

⁴ Virtually every study of the impact of charter schools on student performance in Minnesota has found that charters are out-performed by their traditional counterparts, after controlling for school characteristics like poverty rates among students. Institute on Race and Poverty, "Failed Promises: Assessing Charter Schools in the Twin Cities," November 2008 reviews several of these. Results for studies completed since then are consistent with earlier work.

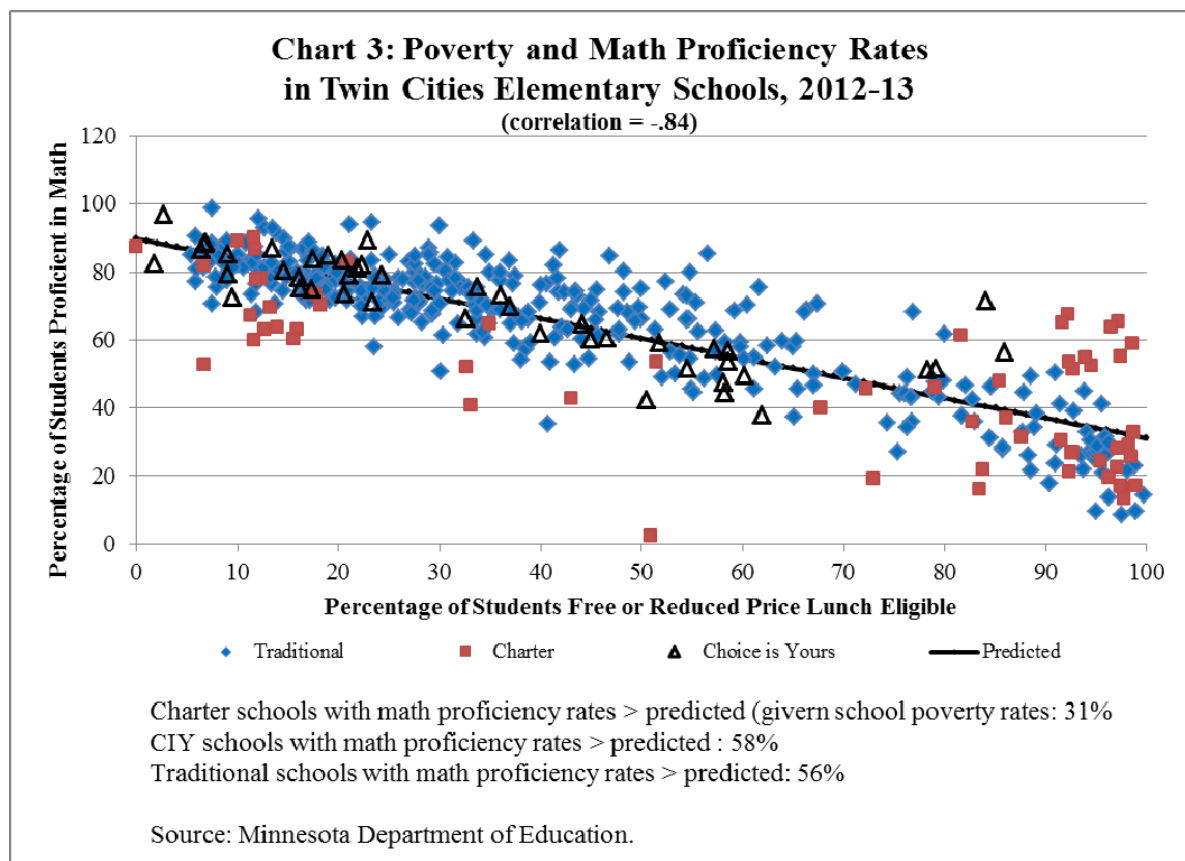
⁵ The regression results for 2010-11 and 2012-13 are available on request and the 2007-08 analysis is available in Institute on Race and Poverty, "Failed Promises: Assessing Charter Schools in the Twin Cities," November 2008, Table 1, p. 27, available at www.law.umn.edu/metro. The analysis of 2012-13 data uses a set of variables identical to the 2010-11 analysis.

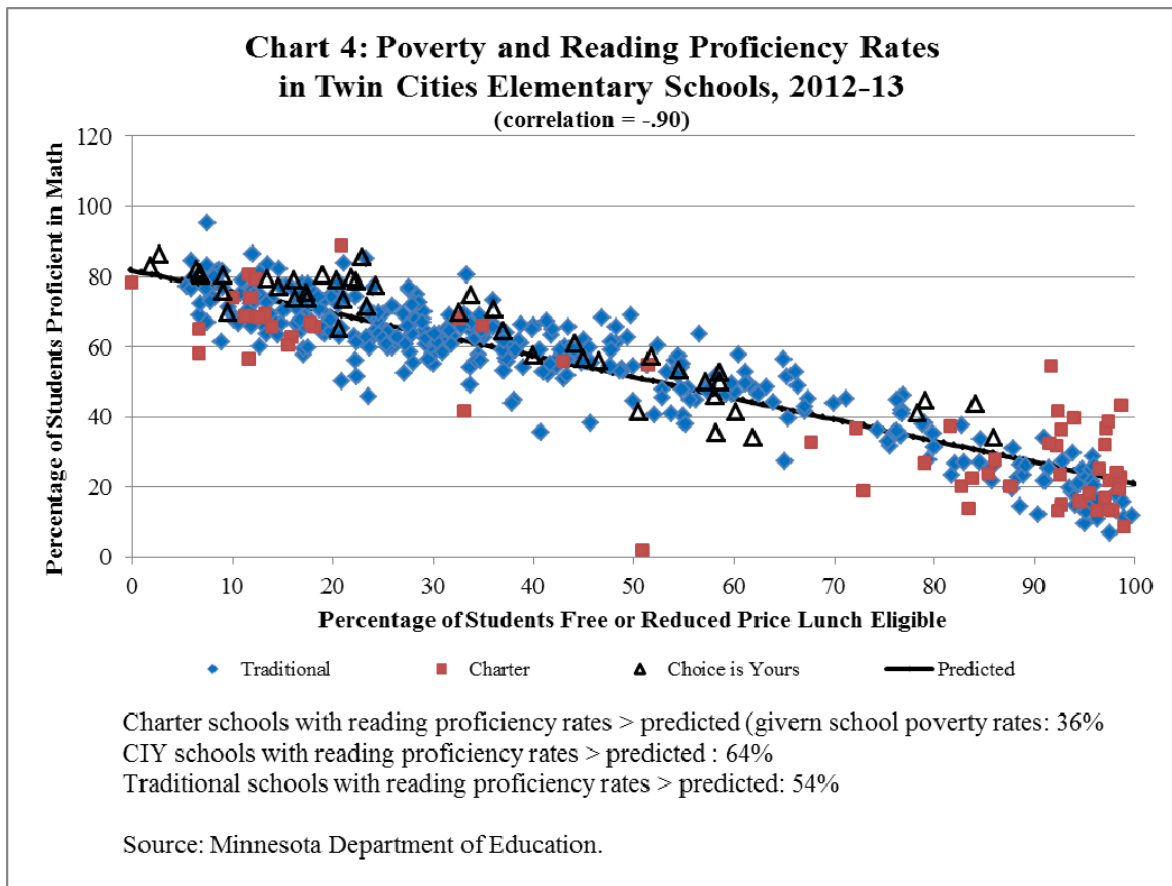
51 percent of charters out-performed expectations. Similarly, the reading performance of students in just 36 percent of charter schools was better than expected (compared to 39 percent in the 2010-11 analysis).

In contrast, 58 and 64 percent of the schools that participated in the Choice is Yours Program performed better than expected in reading and math, respectively. By this criterion, the Choice is Yours program clearly offers students a much better selection of schools than charter schools.

Traditional elementary schools also fared better than charters in the analysis, with 58 percent out-performing expectations in math and 54 percent doing so in reading. Both of these rates represent improvements from the 2010-11 analysis.

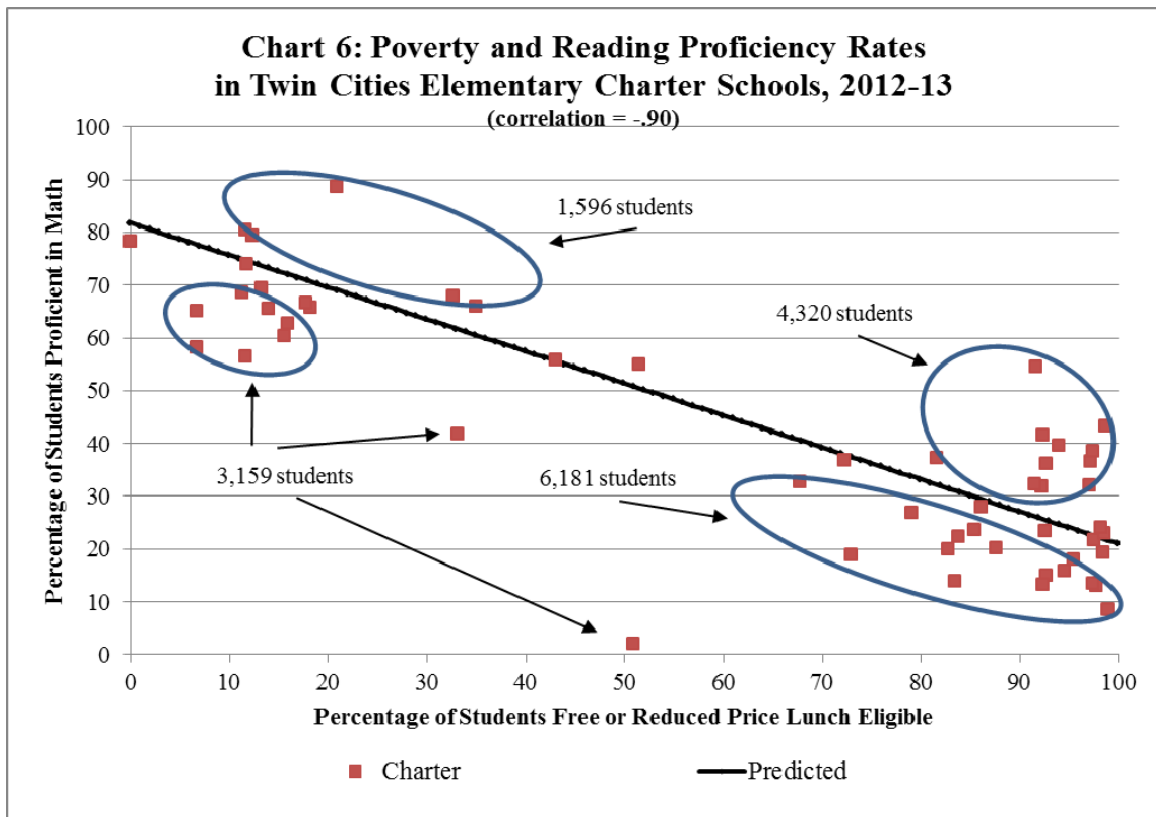
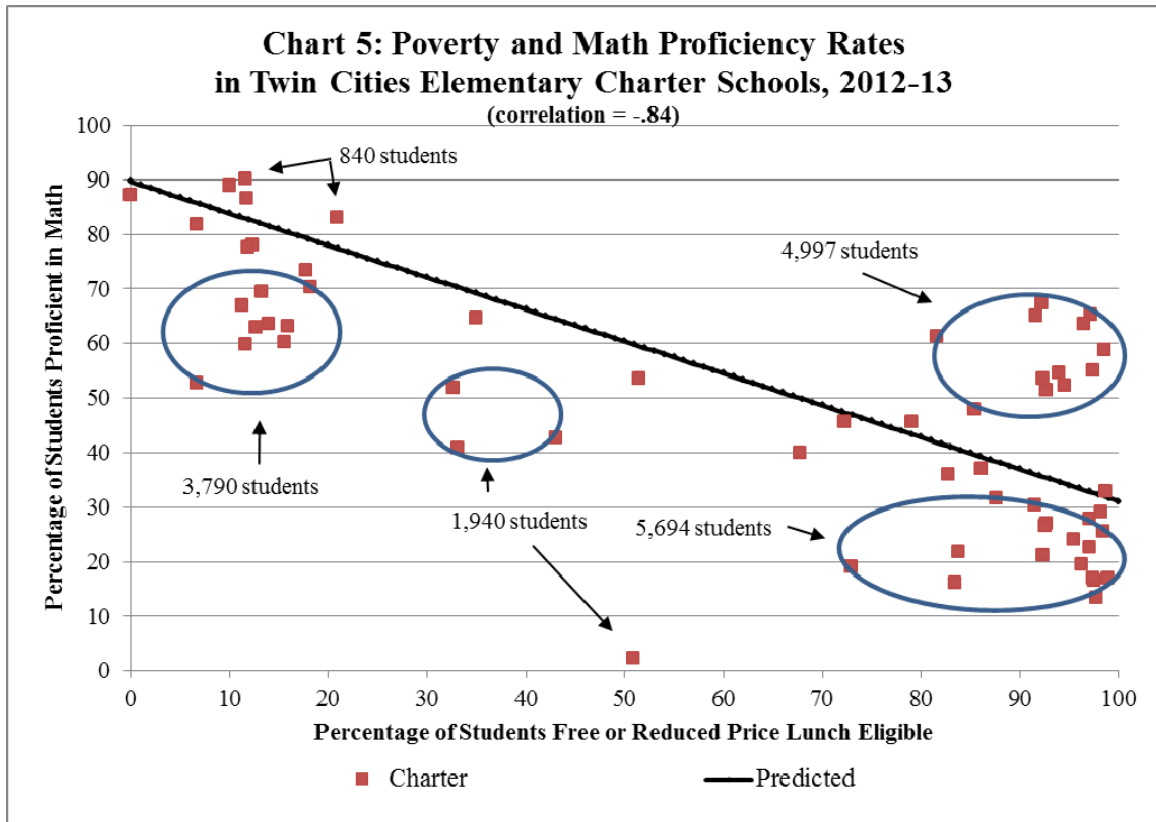
If charters as a group have so consistently under-performed traditional schools, why are charter schools so commonly extolled in the press for student performance? The answer can be seen in the selection of schools “above the line” at high poverty rates in Charts 3 and 4. There is a group of roughly a dozen high-poverty charters exhibiting pass rates significantly better than expected, and for the most part, better than their traditional counter-parts. This group, not very evident in the 2007-08 analysis but beginning to coalesce in the 2010-11 charts, represents a class of schools that are important given the significant achievement gaps that exist in the region (and the state) between white students and black students. Research on why they are succeeding is clearly needed.





However, there are costs associated with using the charter system as a testing ground for these methods. These can be seen in Charts 5 and 6 which show the same information as Charts 3 and 4, but for charter schools alone. The ovals on the chart highlight all of the charters that are more than five percentage points above or below the line showing predicted performance at all free/reduced price lunch eligibility rates. The student counts in the chart show that there are many more students in under-performing charters than in the high-performance group. Among high-poverty charters, there are 14 percent more students (5,694 versus 4,997) in schools under-performing in math than in the high-performance schools and 43 percent more (6,181 compared to 4,320) in schools under-performing in reading. The comparison is even more unbalanced in moderate- and low-poverty schools where there are two to seven times as many students in under-performing schools than in high-performance charters.

The question is whether charters are the only path available to discover ways to better serve low-income students and students of color in order to eliminate achievement gaps with non-poor and white students. One clear cost of the charter approach is a greater share of students, overall, in schools that are significantly under-performing expectations.



The Impact of Charters on the Region's Central City School Districts

Another often over-looked set of costs of growing charter school enrollments is the loss of students and revenues in the Minneapolis and St. Paul School Districts, the districts that lose the most students to charters. Charter advocates would argue that the competition leading to these losses enhance the overall performance of the region's schools. The previous section on school performance shows that these gains are spotty at best and they come at a cost.

Declining enrollments create extra costs per pupil for districts. When enrollments fall, total costs do not go down as quickly because rapid enrollment declines require costly actions like school closures, teacher and staff cutbacks, and administrative reorganizations. As a result, districts losing students must devote effort and resources to deal with the costs of decline, often to the detriment of other educational priorities. The Minneapolis and St. Paul School Districts have spent the last 10-15 years dealing with one fiscal crisis after another, crises due at least in some part to enrollment losses to charter schools.

Table 2 shows enrollment trends in the Minneapolis and St. Paul school districts from 2000-01 to 2011-12 in conjunction with losses to charter schools.⁶ Enrollment losses in both districts have clearly been great enough to create difficulties. Enrollments declined by 29 percent in Minneapolis (from 48,834 to 34,436) and by 16 percent in St. Paul (from 45,115 to 37,864). Fiscal stresses resulting from these declines were exacerbated by the fact that aid flows from the State of Minnesota declined in real terms during the second half of this period. (After correcting for inflation, state and federal aid per pupil to Minneapolis fell by about 12.5 percent between 2007-08 and 2012-13 by about 5.5 percent for St. Paul.)⁷

Student losses to charters made substantial contributions to enrollment declines in both cities. In Minneapolis almost half of its enrollment declines during the period were the result of additional students leaving the district for charters – 6,800 more resident students attended charters in 2011-12 than in 2000-01 while total enrollments declined by

⁶ The “resident students attending charters” estimates were derived from two sources. The Minnesota House Research Department provides estimates for all districts for the period 2006-07 through 2011-12. Estimates for the period from 2000-01 through 2009-10 are available from other IMO research on open enrollments. (See “Open Enrollment and Racial Segregation in the Twin Cities: 2000-2010,” available at www.law.umn.edu/metro, for a description of this data set.) The two data series are not fully comparable, so the House Research data was used for 2006-07 through 2011-12 while the earlier years were extrapolated from the 2006-07 House Research estimate using growth rates computed from the IMO open enrollment data set. Total enrollment data are from the Minnesota Department of Education.

⁷ Computed from Minnesota Department of Education (MDE) Revenue Summary Reports; total enrollment data from MDE data reports; and from Bureau of Labor Statistic estimates of the Consumer Price Index for all urban consumers in the Minneapolis-St. Paul metropolitan area.

14,400. In St. Paul the contribution was even greater – 58 percent (4,200 out of 7,250) of total enrollment declines were from added losses to charters.⁸

Although some of these losses were to charter schools which out-perform some traditional schools in the two districts, Charts 3 – 6 make it clear that most were not. This begs the question whether the enormous stresses imposed on two of the region’s three largest school districts have been worth the costs.

Table 2: Student Losses to Charters from the Minneapolis and St. Paul School Districts, 2000-2012

<u>Year</u>	<u>Resident Students Losses to Charters</u>		<u>Resident Students Attending District Schools</u>		<u>Resident Student Losses as a Percentage of District Enrollments Plus Resident Student Losses</u>	
	<u>Minneapolis</u>	<u>St. Paul</u>	<u>Minneapolis</u>	<u>St. Paul</u>	<u>Minneapolis</u>	<u>St. Paul</u>
2000-01	2,007	2,871	48,834	45,115	4	6
2001-02	2,100	3,343	48,156	44,201	4	7
2002-03	3,006	3,472	46,037	43,923	6	7
2003-04	3,972	3,792	43,397	42,510	8	8
2004-05	5,190	4,029	40,510	41,123	11	9
2005-06	5,683	4,225	38,532	41,267	13	9
2006-07	6,514	4,446	37,033	40,658	15	10
2007-08	7,730	4,888	34,999	39,681	18	11
2008-09	8,000	5,566	34,680	38,560	19	13
2009-10	8,261	6,100	34,441	38,096	19	14
2010-11	8,399	6,644	34,336	37,859	20	15
2011-12	8,818	7,072	34,436	37,864	20	16

Sources: Minnesota House Research Department and Minnesota Department of Education.

Conclusions

The most recent data available show that little has changed since IMO’s first two studies of charter schools in the Twin Cities. Charter schools, as a group, continue to fail to meet the objectives most often cited in their defense. A disturbing proportion of charters are essentially single-race schools. In sharp contrast with the traditional system, where the percentage of schools which are integrated has increased steadily, the share of integrated charter schools has been stagnant. As a result, charter school students of all races are still much more likely to be attending segregated schools than their counterparts in traditional

⁸ The two districts lose large numbers of students to open enrollment as well. In 2010, the net loss in Minneapolis was about 1,200 students and in St. Paul it was about 700. See “Open Enrollment and Racial Segregation in the Twin Cities: 2000-2010.”

schools. In addition, recent trends include increasing numbers of predominantly white suburban charters locating near significantly more diverse traditional schools – schools which are often unstable and vulnerable to rapid racial and economic transitions.

Charter schools are also still outperformed by their traditional counterparts in standardized testing, even after controlling for school characteristics like poverty. Indeed, the 2012-13 test scores show that the gap has widened since 2010-11, after accounting for relevant school characteristics. Proficiency rates for most charters still fall short of the rates one would predict given their poverty rates.

Finally, the charter system has placed enormous stress on the two districts which serve the greatest numbers of the region's most economically disadvantaged students. Minneapolis and St. Paul have each had to deal with the costs associated with major enrollment declines in the last decade and charters have contributed 50 to 60 percent of those losses.