

ARKANSAS CHARTER SCHOOLS: MYTHS AND FACTS

MAVUTO KALULU

ARKANSAS CENTER FOR
RESEARCH IN ECONOMICS

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**ARKANSAS CENTER FOR
RESEARCH IN ECONOMICS**
UNIVERSITY OF CENTRAL ARKANSAS

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Printed in the United States of America.

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ARKANSAS CHARTER SCHOOLS



 **CONVERSION**
PUBLIC SCHOOLS CONVERTED
TO CHARTER SCHOOLS.

 **OPEN ENROLLMENT**
PUBLICLY FUNDED SCHOOLS RUN INDEPENDENTLY BY A
GOVERNMENT ENTITY OR NONSECTARIAN ORGANIZATION.

INTRODUCTION

Arkansas offers two types of public charter schools for students seeking an alternative to traditional public schools. Conversion charter schools, first authorized in 1995,¹ are public schools that are converted to charter schools. They have more autonomy than traditional public schools while still remaining under the school district's control. Only students residing in a school district the conversion charter school is located in are allowed to attend (Arkansas Department of Education).²

Open enrollment charter schools, first authorized in 1999,³ are newly developed, publicly funded schools that are run independently by a government entity or a nonsectarian organization. As the name suggest, open enrollment charter schools are authorized to enroll students from anywhere in the state.⁴ The state grants them more autonomy than traditional public schools in return for greater accountability for performance. For example, the KIPP Delta schools in Helena–West Helena are exempted from the state requirements on start and

end dates. The law requires that public schools open no earlier than August 14 and no later than August 26.⁵ For the 2016–17 school year, KIPP Delta schools started school on August 3.⁶ Its school calendar year has over 190 days compared to 178 days for the neighboring Helena-West Helena School District.⁷ Among other advantages, the extended school year coupled with extended school days allows KIPP Delta schools to have more time for activities like field trips and college visits without sacrificing classroom instructional time. Charter schools that don't meet performance goals deemed appropriate for the charter school by the authorizer must close.

Charter schools are created to provide quality alternative learning and teaching environments, as required by the Arkansas Quality Charter Schools Act of 2013.⁸ People often debate whether charter schools are better than traditional public schools. What they overlook is that the two alternatives could actually complement each other, helping to achieve the goal of improving the academic performance of all students in Arkansas by acknowledging differences among students' needs and learning styles. While some students may thrive in traditional public schools, others may not, and providing them with an alternative learning environment can help them to perform better.

Debates about whether charter schools or traditional public schools are superior often contain inaccurate information. In the pages to follow, the Arkansas Center for Research in Economics examines some of the most common inaccuracies. Using data from the Arkansas Department of Education and empirical studies by academic scholars, we will dispel the following myths about open enrollment charter schools in Arkansas. We focus on open enrollment charter schools because unlike conversion charter schools, open enrollment charter schools operate independently of the school districts and draw students out of the school districts. This booklet will discuss five key myths.

CHARTER SCHOOLS AND TRADITIONAL PUBLIC SCHOOLS COULD ACTUALLY COMPLEMENT EACH OTHER, HELPING TO ACHIEVE THE GOAL OF IMPROVING THE ACADEMIC PERFORMANCE OF ALL STUDENTS IN ARKANSAS BY ACKNOWLEDGING DIFFERENCES AMONG STUDENTS' NEEDS AND LEARNING STYLES.





MYTH 1

OPEN ENROLLMENT CHARTER SCHOOLS DON'T ENROLL MANY BLACK OR HISPANIC STUDENTS.

TRUTH 1

NO MATTER HOW YOU LOOK AT THE DATA, CHARTER SCHOOLS ENROLL A GREATER PERCENTAGE OF MINORITY STUDENTS THAN TRADITIONAL PUBLIC SCHOOLS DO.

Arkansas has made substantial progress in school integration since the infamous 1957 Little Rock Nine case, in which a group of nine African American students were denied enrollment at the all-white Central High public school.

Over the years, laws have been enacted to ensure that public schools are less segregated. For example, the Public School Choice Act of 1989 allowed for interdistrict school choice, with a restriction that a student cannot transfer into a district that has a higher percentage of his or her race than his or her own residential district. The restriction was implemented because of the fear

that white parents would transfer their students to predominantly white school districts, which tend to have more resources than predominantly minority districts.⁹

Proponents of school choice argue that racial and economic divisions arise from the zoning system, which restricts the movement of students from their residential school districts into other school districts. School choice, they say, is the best way to allow minorities to transfer from poor-performing schools into better-performing schools, regardless of the racial composition of those schools.

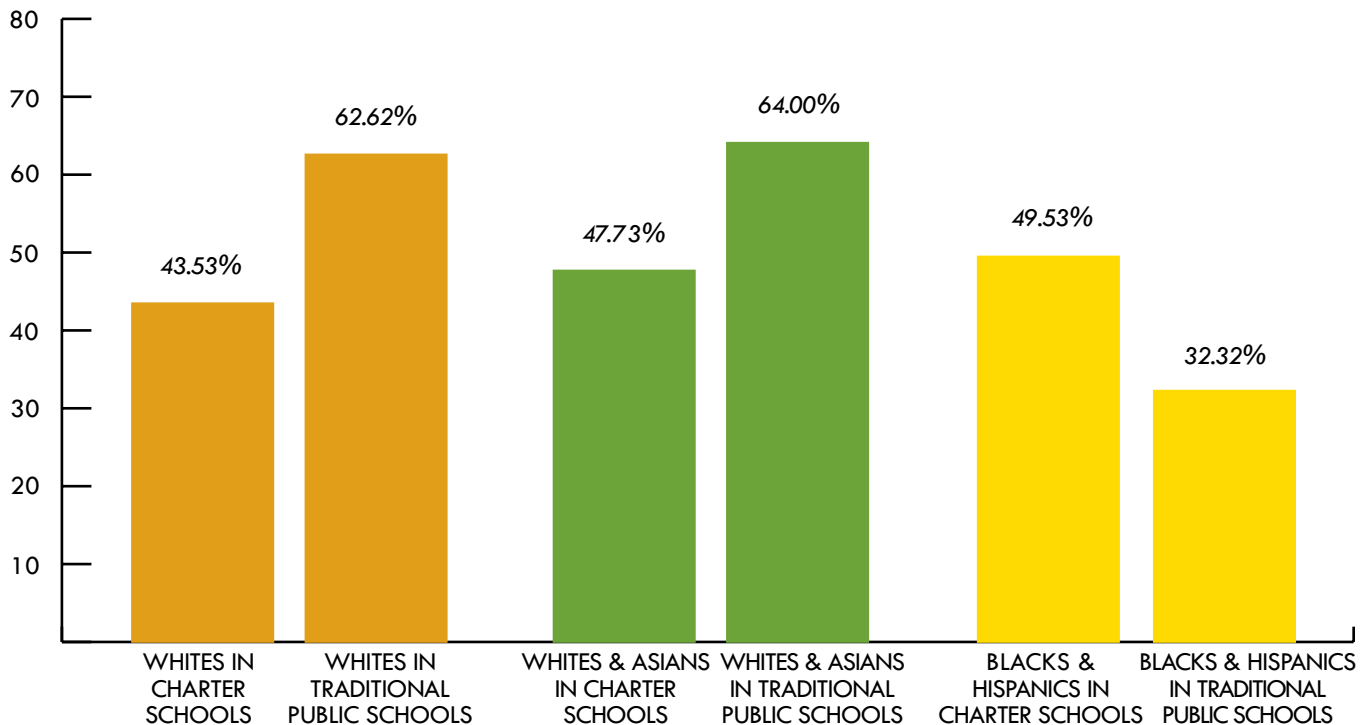
Fast forward to May 2016, when a hearing on the expansion of charter schools in Little Rock revealed that concerns about school choice leading to segregation still linger.¹⁰ Charter school opponents argue that charter schools in Arkansas will worsen segregation. They believe that charter schools enroll mostly white and Asian students, leaving behind blacks and Hispanics in the failing traditional public schools.

To address this concern, the Arkansas Center for Research in Economics has examined state-level data. Figure 1 shows the enrollment by race in both traditional public schools and open enrollment charter schools. Because some argued that Asians should not be included in the minority group during the Little Rock hearings on charter school expansion, our graph shows what open enrollment charter school enrollment looks like both when Asians are not grouped together with whites (orange bars) and when they are (green bars).

The graph depicts three different ways of looking at the same data. In all three cases, charter schools enroll a larger percentage of minorities than traditional public schools do. Using the Arkansas Department of Education categorization, which combines all races besides whites into the minority group (orange bars), charter schools enroll a smaller percentage of white students (43.53 percent) than traditional public schools do (62.62 percent). When you exclude Asians from the minority group (green bars), charter school enrollment is 47.73 percent white and Asian compared to 64.00 percent in traditional public schools. The third case, which perhaps is the main concern for charter school opponents, is the opportunity charter schools provide to Hispanics and blacks (yellow bars). In Arkansas, half of the students in open enrollment charter schools are Hispanic or black, while Hispanics and blacks comprise 32.32 percent of the total enrollment in traditional public schools. Thus, open enrollment charter schools in Arkansas are affording minorities opportunities to choose a school that best meets their children's needs.

**CHARTER SCHOOLS
ENROLL A LARGER PERCENTAGE OF MINORITIES
THAN TRADITIONAL PUBLIC SCHOOLS DO.**

FIGURE 1. COMPARISON OF ENROLLMENT BY RACE IN TRADITIONAL PUBLIC SCHOOLS & OPEN ENROLLMENT CHARTER SCHOOLS IN ARKANSAS (2015-2016 SCHOOL YEAR)



Source: Constructed using data from the Arkansas Department of Education.

MYTH 2

EDUCATION OUTCOMES AT OPEN ENROLLMENT CHARTER SCHOOLS ARE WORSE THAN THOSE AT TRADITIONAL PUBLIC SCHOOLS.

TRUTH 2

OPEN ENROLLMENT CHARTER SCHOOLS ARE PERFORMING BETTER THAN TRADITIONAL PUBLIC SCHOOLS, AND WHEN THEY AREN'T, THEY ARE AT RISK OF BEING CLOSED AS REQUIRED BY LAW.

Parents don't want their children to attend a failing school. Proponents of school choice argue that open enrollment charter schools—an alternative to traditional public schools—improve the performance of the students they enroll. Opponents argue that open enrollment charter schools erode the quality of education and hurt the performance of the students that they enroll.

We can evaluate these arguments by comparing the performance of traditional public schools with that of open enrollment charter schools in Arkansas using the results of two sets of standardized tests: the 2014–15 Partnership for Assessment of Readiness for College and Careers (PARCC) exams and the 2015–16 American College Testing (ACT) Aspire exams.

Figure 2 shows the percentage of students that met or exceeded expectations on the 2014–15 PARCC exams for both traditional public schools and open enrollment charter schools.

On the 2014–15 exams, traditional public schools performed better in math by 1 percentage point, while in literacy, charter schools performed better by 3 percentage points.

Arkansas changed the exam type from PARCC to ACT Aspire for the 2015–16 school year. Figure 3 compares the ACT Aspire results for traditional public school students with the results for open enrollment charter school students. It shows the percentage of students in each school type that met readiness benchmarks in math, English, science, reading, and writing. In all subjects, open enrollment charter schools on average performed better than public schools on the 2015–16 exams.

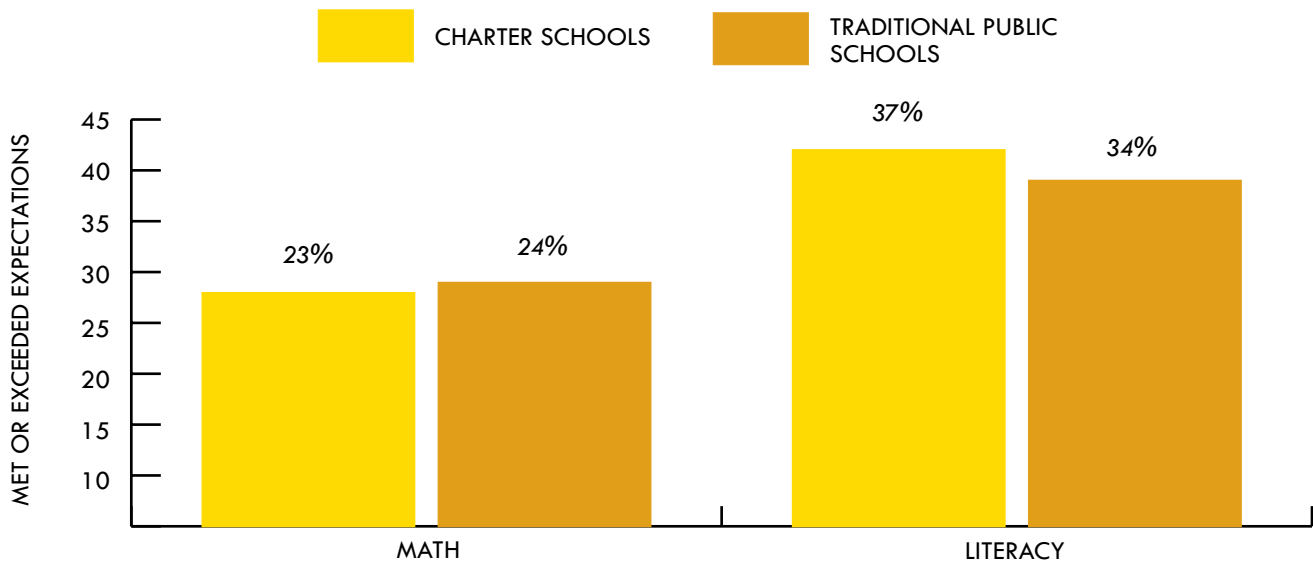
Further empirical analysis by education and public policy professor Gary Ritter and others (2016) at the University of Arkansas has found that students attending open enrollment charter schools do indeed perform better than students in traditional public schools. The analysis

accounts for the possible differences between the students in open enrollment charter schools and traditional public schools, such as student motivation levels and family socioeconomic background.¹¹

Instead of comparing open enrollment charter school students to the whole traditional public school population,

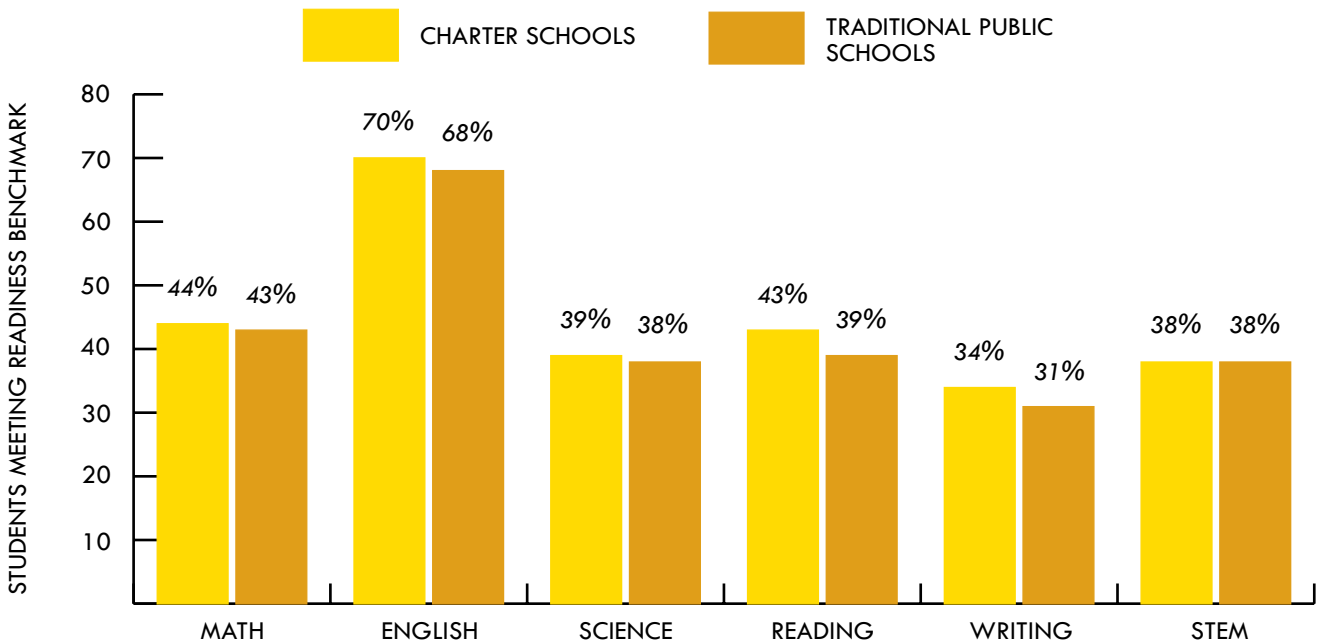
Ritter and his team compared them to students who are similar, with the only difference being that they attend traditional public schools instead of open enrollment charter schools. The researchers found that test scores for students in open enrollment charter schools were significantly better in both math and literacy than the scores for comparable traditional public school students.

FIGURE 2. COMPARING TRADITIONAL PUBLIC SCHOOLS & OPEN ENROLLMENT CHARTER SCHOOLS (PARCC EXAMS 2014-2015)



Source: Constructed using data from the Arkansas Department of Education.

FIGURE 3. COMPARING TRADITIONAL PUBLIC SCHOOLS & OPEN ENROLLMENT CHARTER SCHOOLS (ACT ASPIRE EXAM, 2015-2016)



Source: Constructed using data from the Arkansas Department of Education.

Individual open enrollment charter schools that do not perform better than traditional public schools run the risk of being closed as required by law, so they have an incentive to outperform. And the evidence does indeed show that open enrollment charter schools are

performing better than traditional public schools. On the 2014–15 exams, traditional public schools performed better in math by 1 percentage point, while in literacy, charter schools performed better by 3 percentage points than students in traditional public schools.

MYTH 3

OPEN ENROLLMENT CHARTER SCHOOLS HIRE UNDERQUALIFIED TEACHERS.

TRUTH 3

BY THE ADE'S DEFINITION OF HIGHLY QUALIFIED TEACHERS—THOSE WHO ARE LICENSED, HAVE DEMONSTRATED SUBJECT-MATTER COMPETENCE BY PASSING A CONTENT KNOWLEDGE TEST, AND HOLD AT LEAST A BACHELOR'S DEGREE IN THE SUBJECT BEING TAUGHT—THE WORST AFFECTED SCHOOLS IN ARKANSAS ARE TRADITIONAL PUBLIC SCHOOLS.

Opponents criticize open enrollment charter schools for employing “underqualified” teachers. The Arkansas Department of Education (ADE) defines a highly qualified teacher as one who is licensed, demonstrates subject-matter competence by passing a content knowledge test, and holds at least a bachelor’s degree in the subject that he or she will teach.

In contrast to traditional public schools, it’s true that some charter schools, such as KIPP Delta, mostly employ nontraditionally licensed teachers, but that doesn’t make those teachers underqualified. Data from the ADE show that some core academic subjects (English, reading and

language arts, mathematics, science, foreign language, social studies, and visual and performing arts) in open enrollment charter schools are not taught by highly qualified teachers. The same is true for traditional public schools. A total of 215 schools in Arkansas have core academic classes that are not taught by highly qualified teachers. Ninety one percent of these schools are traditional public schools; 6 percent are open enrollment charter schools. The other 3 percent are conversion charter schools. Table 1 on the next page depicts the top 10 schools with the highest percentage of courses not taught by highly qualified teachers.

TABLE 1. PERCENTAGE OF CORE ACADEMIC CLASSES NOT TAUGHT BY HIGHLY QUALIFIED TEACHERS (2015-2016 SCHOOL YEAR)

SCHOOL NAME	SCHOOL TYPE	PERCENT
Arkansas Virtual Academy Middle School	Open enrollment charter school	38
Harrisburg High School	Traditional public school	32
Nemo Vista Middle School	Traditional public school	32
Anna Strong Learning Academy	Traditional public school	29
Weiner Elementary	Traditional public school	28
Umpire High School	Traditional public school	27
Wilmot Elementary School	Traditional public school	25
Arkansas Virtual Academy Elementary	Open enrollment charter school	24
Waldron Middle School	Traditional public school	24
Portland Elementary School	Traditional public school	23

Source: Arkansas Department of Education.

Eight of the top 10 schools that have core classes not taught by highly qualified teachers are traditional public schools, while two are open enrollment charter schools. By the ADE's definition of highly qualified teachers, the worst affected schools in Arkansas are traditional public schools. The real difference between traditional public schools and open enrollment charter schools lies in the routes that their teachers take to become licensed. Open enrollment charter schools employ strategies such as hiring nontraditionally licensed teachers.¹²

A traditionally licensed teacher has completed a formal teacher preparation program offered by a four-year college or university and has majored in education. In contrast, a nontraditionally licensed teacher has completed a degree in some other subject and has not majored in education.¹³ Arkansas offers a variety of nontraditional pathways to obtain a teaching license, including the Teach for America program, the Arkansas Teacher Corps program, and the Provisional Professional Teaching License, all of which require professional experience in teaching or in the subject being taught.¹⁴

One major concern is that nontraditionally licensed teachers lack classroom management skills and are therefore less effective at teaching students than traditionally licensed ones are. Research published in 2014 by Brian Uriegas, Lori Kupczynski, and Marie-Anne Mundy, however, shows that there is no significant difference in the ability to manage a classroom between traditionally and nontraditionally licensed teachers.¹⁵ Therefore, nontraditional routes to teacher licensing help schools to meet Arkansas's teacher shortage without compromising on students' education.

What's more, open enrollment charter schools continuously evaluate their teachers' effectiveness using various methods, such as classroom observation, teacher self-assessment, student growth, and parent and student surveys. Some of these methods are very similar to those used by traditional public schools. If an open enrollment charter school does not meet the performance goals deemed appropriate by the ADE, it must close. Thus, charter schools actually have to prove their excellence in an even more rigorous environment than traditional public schools do.



MYTH 4

OPEN ENROLLMENT CHARTER SCHOOLS RECEIVE MORE PUBLIC FUNDING THAN TRADITIONAL PUBLIC SCHOOLS.

TRUTH 4

OPEN ENROLLMENT CHARTER SCHOOLS ACTUALLY RECEIVE LESS MONEY PER PUPIL THAN TRADITIONAL PUBLIC SCHOOLS.

Open enrollment charter schools are public schools. Supporters of open enrollment charter schools believe that the students at these schools should receive public funds equal to the amount that public schools would receive in foundation aid and categorical aid. (Foundation aid is state funding given to school districts to help them meet the Arkansas Constitution's adequacy requirement in per pupil spending; categorical aid is state funding given to school districts to help with specified needs, such as school lunches for poor districts.) As part of the contribution to funding K–12 education, the state requires that each school district set a minimum millage rate at 25 mills.¹⁶ A millage rate is the amount a property owner pays in property tax per \$1,000 of taxable value of property. Thus, a millage rate of 25 mills is equivalent to \$25 in taxes per \$1,000 of property value.

School districts can set the millage rate above the

state-required 25 mills uniform rate. However, open enrollment charter schools have no access to the local revenue the school districts raise on top of the 25 mills rate.¹⁷ For example, if a school district's millage is 30 mills and the assessment value of a property in the school district is \$1,000, the extra \$5 raised above the \$25 collected on the property goes to the traditional public school district only. The myth that open enrollment charter schools receive more public funding has things completely backwards. It's actually traditional public schools that receive more funding.

To illustrate this difference in funding, consider a hypothetical school district that has an open enrollment charter school located within its boundaries. Assume both the school district and the charter school enroll 500 students and are similar in every respect. Using information from the Arkansas Department of Education School Finance Manual 2015–2016, we calculated per

pupil funding by type for 500 students; table 2 shows a simplified version of the funding matrix the ADE uses to calculate per pupil expenditure.

Assume further that the total property value assessment for the school district in 2014–15 was \$130,420,000 and that the millage rate for the school district was 25 mills. For simplicity, also assume that there were 100 students in each of the categories ELL, ALE, and NSLA. For ELL, the school district would have received

\$31,700 ($\317×100), which, when averaged across the whole 500-student population, is equivalent to \$63.40 per student. If the full time equivalent (FTE) is assumed to have been 75, then ALE funding would have been \$328,725 ($\$4,383 \times 75$), which, when, averaged across the whole student population, is equivalent to \$657.45 per student.¹⁸ For the NSLA, the school district would have received \$103,300 ($\$1,033 \times 100$), which, when averaged across the whole student population, is equivalent to \$206.60 per student.

TABLE 2. PER PUPIL FUNDING BY TYPE (2014-2015 SCHOOL YEAR)

FUNDING TYPE	TRADITIONAL PUBLIC SCHOOL	OPEN ENROLLMENT CHARTER SCHOOL
Foundation revenue per pupil	\$6,521.00	\$6,521.00
Categorical revenue per pupil		
English Language Learners (ELL)	\$317.00	\$317.00
Alternative Learning Environment (ALE)	\$4,383.00	\$4,383.00
National School Lunch Act (NSLA)	\$1,033.00	\$1,033.00
Professional Development (PD)	\$32.40	\$32.40

Source: Data from the Arkansas Department of Education School Finance Manual.

Note: For NSLA, there are three levels; the amount used in the table is for a school district with 70–89 percent of students on free and reduced lunch.

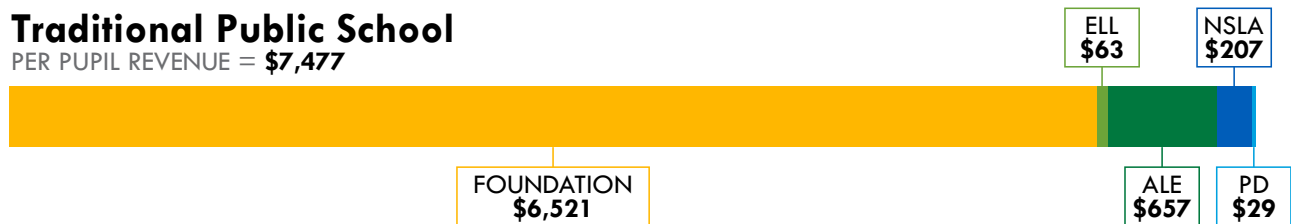
To calculate PD funding, the previous year’s third quarter average daily membership (ADM) is multiplied by the PD.¹⁹ If the ADM for both schools was 450, then the school district would have received \$14,580, which, when averaged across the whole student population, is equivalent to \$29.16 per student. School districts can

also receive additional funding for enrollment growth or enrollment decline. Our hypothetical example assumes no change in enrollment. Figure 4 shows the funding (rounded to the nearest dollar) that traditional public schools and open enrollment charter schools would have received in the 2014–15 school year if the millage rate was 25 mills.

FIGURE 4. PER PUPIL FUNDING FOR HYPOTHETICAL SCHOOLS WITH MILLAGE RATE SET AT 25 MILLS (2014-2015 SCHOOL YEAR)

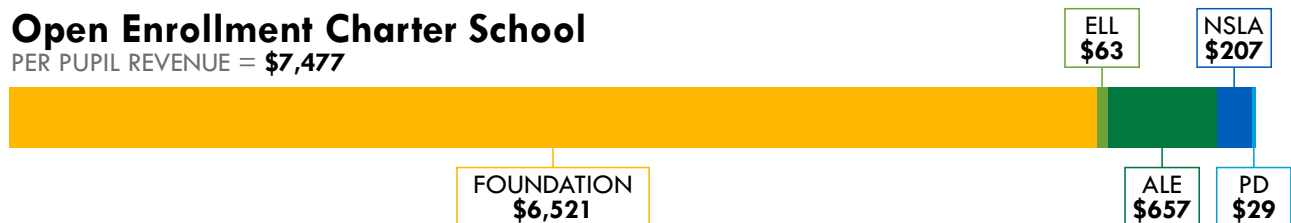
Traditional Public School

PER PUPIL REVENUE = \$7,477



Open Enrollment Charter School

PER PUPIL REVENUE = \$7,477



- Foundation Per Pupil Revenue
- Alternative Learning Environment (ALE)
- Professional Development (PD)
- English Language Learners (ELL)
- National School Lunch Act (NSLA)

Source: Author’s calculations.

The amount of per pupil funding that our hypothetical schools would have received in the 2014–15 school year was \$7,477. If, however, the school district set the millage rate at 30 mills, per pupil funding for the traditional public school and open enrollment charter school would have been different, as Figure 5 illustrates.

With the extra 5 mills on top of the uniform 25 mills millage rate, the school district would have been able to raise an extra \$652,100 ($0.005 * \$130,420,000$). All the extra \$652,100—equivalent to an extra \$1,304 per student—would have gone to the traditional public school district. Per pupil funding for traditional public schools in the 2014–15 school year would have been \$8,781 compared to \$7,477 in open enrollment charter schools.

When a student attends an open enrollment charter school, the maximum amount that a school district loses is the state foundation aid, which in the 2014–15 school year was set at \$6,521 per student, plus the categorical funding amount if the transferring student falls into ELL, ALE, or NSLA, plus some portion of PD.²⁰ In other words, the school does not lose more money than the minimum cost to teach the student as determined by the legislature. In fact, it loses less: the school district retains 100 percent of the revenue collected from the additional mills, leading to an increase in per pupil spending for students enrolled at traditional public schools. In addition, the school district receives additional money for the decline in enrollment.

**WHEN A STUDENT ATTENDS
AN OPEN ENROLLMENT CHARTER SCHOOL,
THE SCHOOL DOES NOT LOSE MORE MONEY THAN
THE MINIMUM COST TO TEACH THE STUDENT.**

FIGURE 5. PER PUPIL FUNDING FOR HYPOTHETICAL SCHOOLS WITH MILLAGE RATE SET AT 30 MILLS (2014-2015 SCHOOL YEAR)

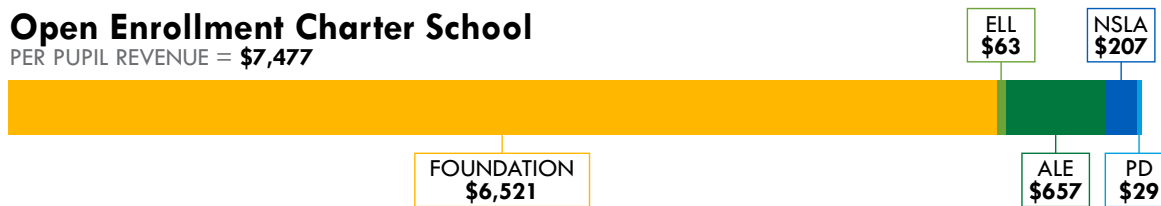
Traditional Public School

PER PUPIL REVENUE = \$8,781



Open Enrollment Charter School

PER PUPIL REVENUE = \$7,477



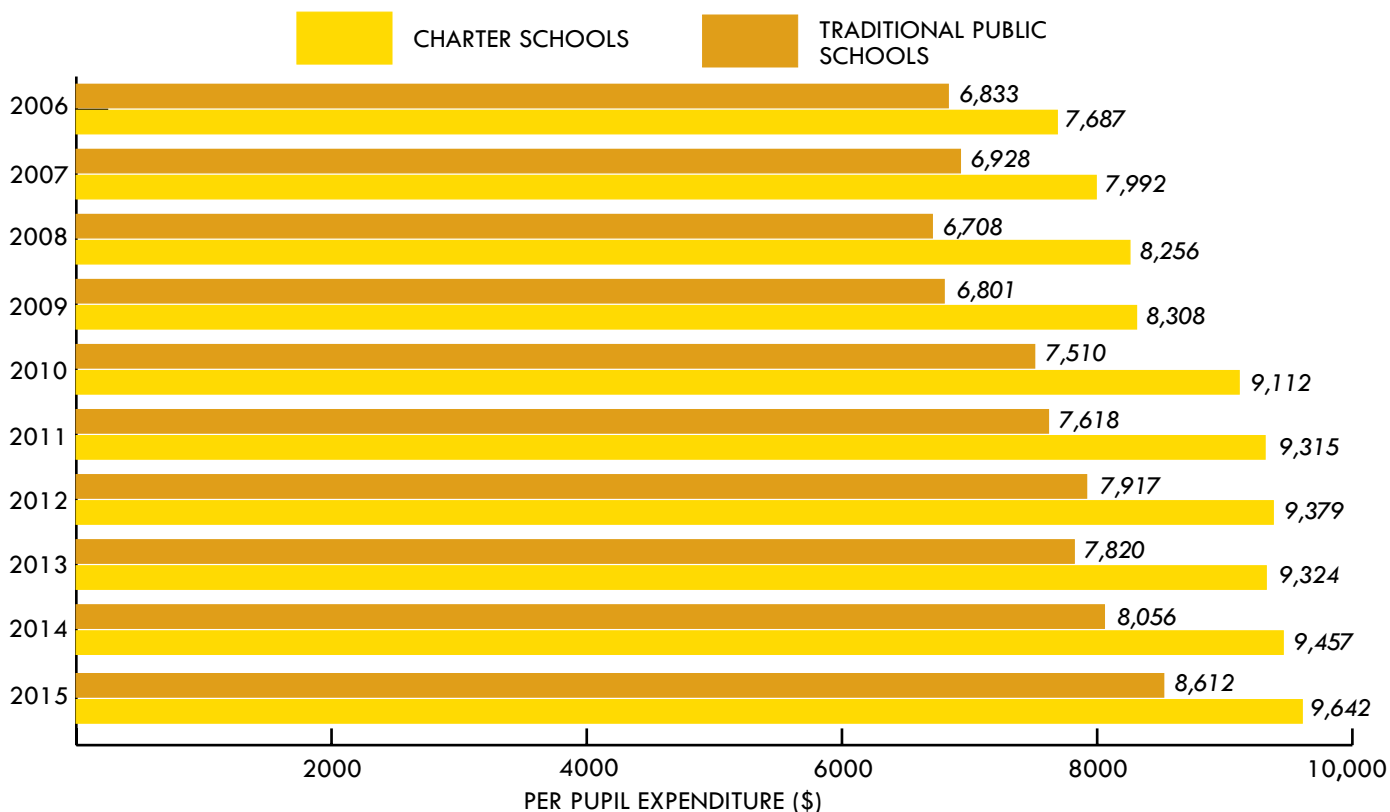
- Foundation Per Pupil Revenue
- Alternative Learning Environment (ALE)
- Professional Development (PD)
- English Language Learners (ELL)
- National School Lunch Act (NSLA)
- Extra 5 mills

Source: Author's calculations.

Figure 6 shows the actual per pupil spending for traditional public schools and open enrollment charter schools in Arkansas from 2006 through 2015. The

amount for 2014–15 school year is greater than the funding matrix amount because school districts set their millage rate above the minimum 25 mills.

FIGURE 6. PER PUPIL EXPENDITURE FOR TRADITIONAL PUBLIC SCHOOLS & CHARTER SCHOOLS IN ARKANSAS (2006-2015)

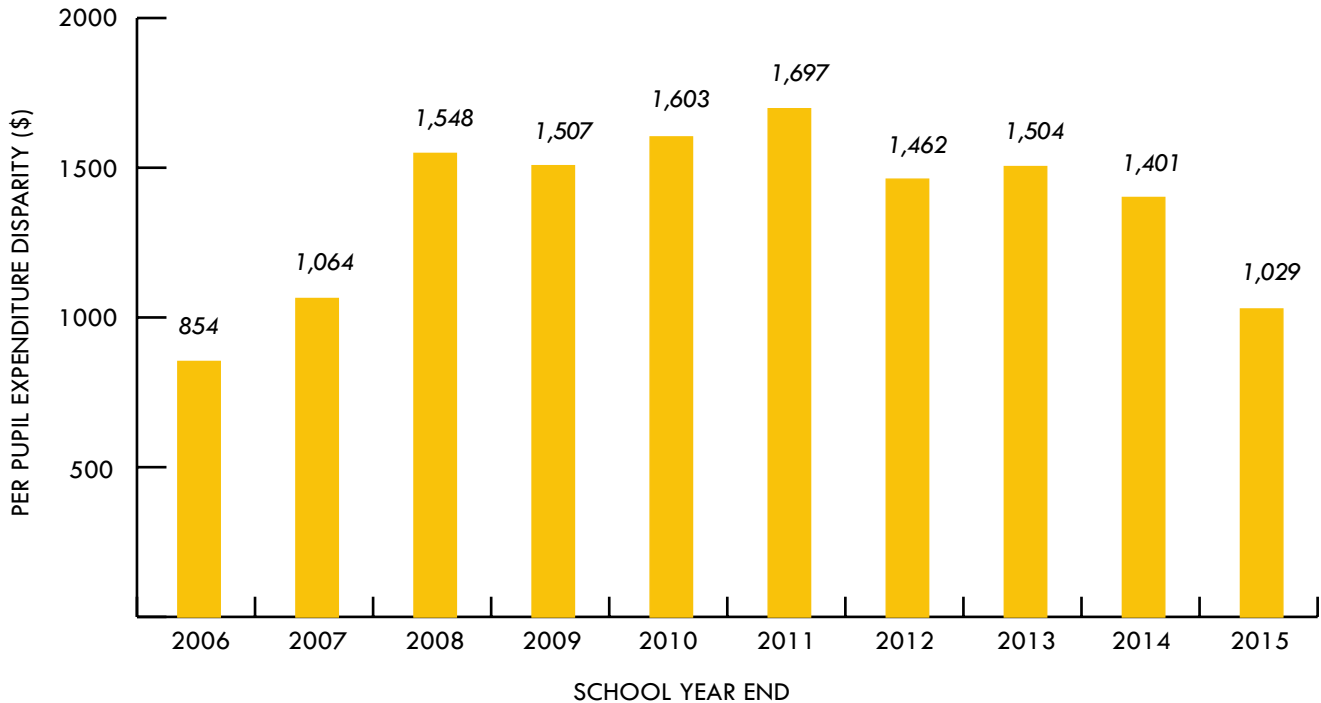


Source: Constructed using data from the Arkansas Public School Computer Network.

Figure 7 shows that traditional public schools have been consistently spending more money per pupil than open enrollment charter schools. For the 2014–15 school

year, for example, per pupil spending in traditional public schools was \$9,642 compared to \$8,612 for open enrollment charter schools.

FIGURE 7. GAP IN PER PUPIL EXPENDITURE BETWEEN TRADITIONAL PUBLIC SCHOOL DISTRICTS & CHARTER SCHOOL DISTRICTS (2006-2015)



Source: Constructed using data from the Arkansas Public School Computer Network.

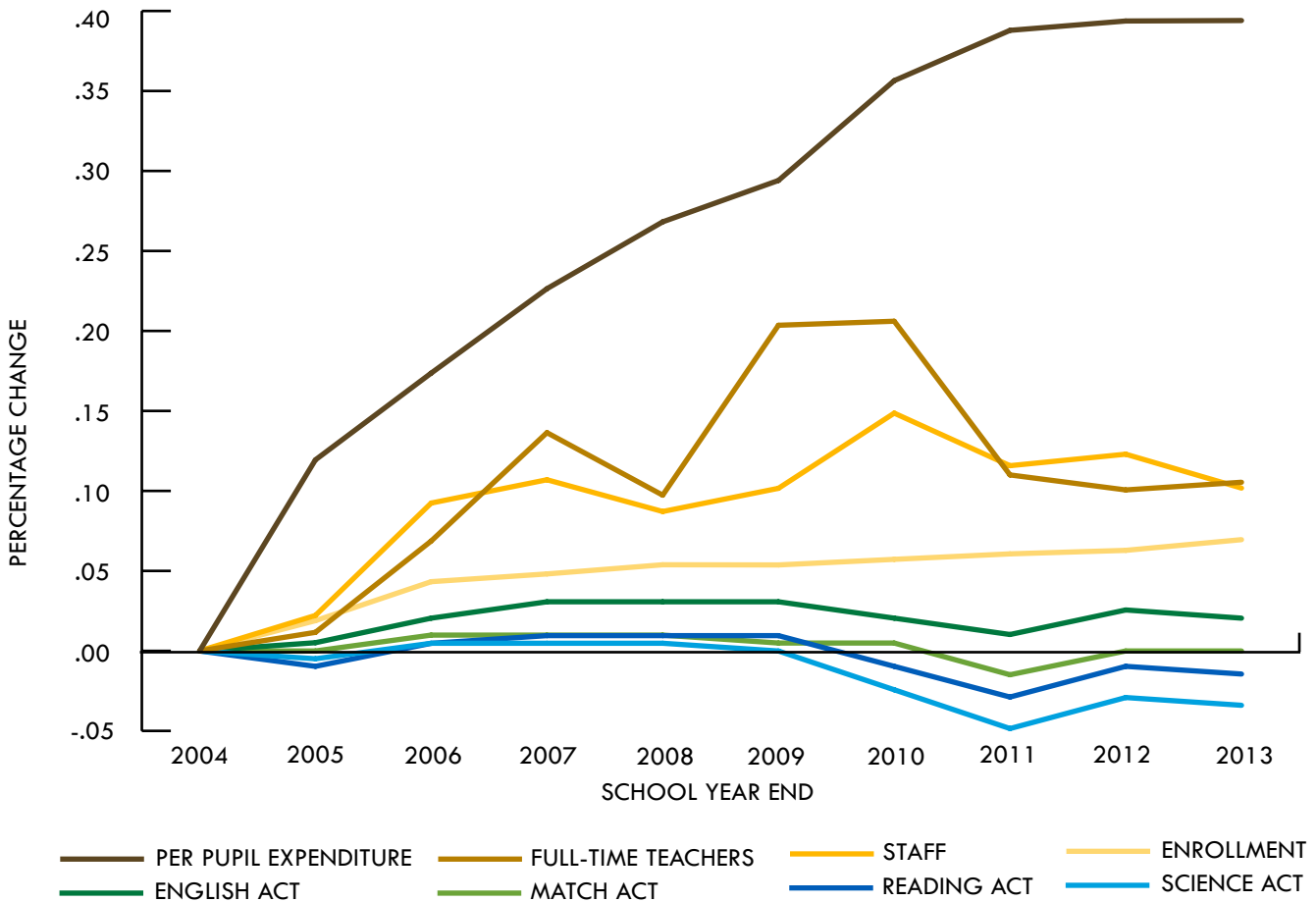
On average, open enrollment charter schools have spent \$7,480 per student compared with traditional public schools' \$8,850 per student. Open enrollment charter schools have been outspent by about \$1,370 per student; they have been spending about 15 percent less per student than traditional public schools have been. While the gap has been declining since 2013, open enrollment charter schools are still at a disadvantage as far as per pupil expenditure is concerned. The data refute the claim that open enrollment charter schools receive more public money than traditional public schools do.

However, instead of dwelling on the specific amounts, the debate should focus on how well taxpayers' dollars are being utilized. Over the years, the amount of money that the state allocates per student has been rising, with the hope that the additional resources provided by

more funding will improve students' performance. What have taxpayers bought with these additional funds? Figure 8 shows the trends in real per pupil expenditure and performance indicators. It also includes the trends in enrollment and in school personnel. The figure further shows how much each of the variables has changed every year since 2004.

Figure 8 shows that performance indicators (average ACT scores) have remained relatively flat as real per pupil expenditure has steadily increased. Similarly, full-time teachers and staff have increased, but education outcomes have not improved. Rather than relying on increasing K – 12 funding as strategy to improve students' performance, the state should encourage competition which will encourage the efficient use of resources.

FIGURE 8. TRENDS IN ARKANSAS PUBLIC SCHOOLING SINCE 2004



Source: Constructed using data from the National Center for Education Statistics and the Arkansas Department of Education.



MYTH 5

TRADITIONAL PUBLIC SCHOOLS WILL BE FORCED TO SHUT DOWN BECAUSE THEY CAN'T COMPETE WITH OPEN ENROLLMENT CHARTER SCHOOLS.

TRUTH 5

DATA ON PUBLIC SCHOOL CLOSURES AND CHARTER SCHOOL TRANSFERS FOR THE 2015–16 SCHOOL YEAR SHOWS NO EVIDENCE THAT CHARTER SCHOOLS IN ARKANSAS ARE CAUSING TRADITIONAL PUBLIC SCHOOLS TO SHUT DOWN.

When a charter school opens in the vicinity of a traditional public school, some people fear that the decreased enrollment caused by students transferring will force the traditional public schools to shut down. When a public school shuts down, children are assigned to other schools, which they and their parents may or may not like. This fear about charter schools is based on the assumption that traditional public schools cannot adjust to the competition by improving their standards.

Data from the Arkansas Department of Education show that in the 2015–16 school year, 18 out of 1,037 traditional public schools closed down.²¹ Two out of the 18 closed schools were in a district that did not have a single student transfer to a charter school. Nine of the 18 schools were in districts that saw less than 1 percent

of their students transfer to open enrollment charter schools. Pulaski County School District had the highest percentage of students leaving for charter schools, at 14 percent. The school district, however, closed only two out of its 38 traditional public schools. The reason for the closure was the separation of the Jacksonville School District from the Pulaski County School District, which meant consolidation of some schools.²²

No evidence shows that charter schools in Arkansas are causing public schools to close down. Traditional public schools are able to adjust and offer an alternative to open enrollment charter schools. Rather than harming traditional public schools, open enrollment charter schools are helping traditional public schools to improve students' performance.

An empirical evaluation of charter schools in Arkansas by Ritter and others published in 2016 shows that open enrollment charter school students perform better than comparable students in traditional public schools in both math and literacy.²³ While this outcome is a positive one for charter schools, it is not as gratifying if, in the process, open enrollment charter schools cause academic harm to students in traditional public schools. Some argue that open enrollment charter schools draw the best students from traditional public schools, leaving behind hard-to-teach students and leading to the loss of the positive peer influence from the good students. Others argue that the opposite is true: open enrollment charter schools mostly draw students who might not perform as well in a traditional public school setting and who might have a negative effect on their classmates. However, research shows that the entry of charter schools into the public school system is actually associated with improved performance for traditional public school students.

A study in Texas by Booker and others published in 2008 examines the effect of charter schools on student performance in traditional public schools.²⁴ The researchers found higher test scores for traditional public school students when there was a greater percentage of students leaving traditional public schools for charter schools. Similarly, a forthcoming study by the Arkansas Center for Research in Economics examines how the entry of open enrollment charter schools affects the

performance of school districts in Arkansas. The results show that traditional public schools that face higher levels of competition from open enrollment charter schools experience improved test scores.

The introduction of charter schools in Arkansas creates a win-win outcome benefiting both charter school and traditional public school students. An added advantage of improved traditional public school performance is that students enrolling in traditional public schools will not have to compromise on their academics to have the opportunity to engage in extracurricular activities, such as football, that may not be available in charter schools.

Healthy competition among schools should be embraced. It incentivizes schools to provide a better quality education, and students enrolled in both open enrollment charter schools and traditional public schools benefit. Concerns about increasing competition are well-meant, but data show that we have much more to gain than we have to lose.

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CONCLUSION

Open enrollment charter schools are created to provide quality alternative learning and teaching environments. They have more autonomy than traditional public schools, but they also have greater accountability for their performance. They are not intended to compete with traditional public schools, but to complement them. With different options available for different needs, each student has an opportunity to reach his or her full learning potential through choosing a school that provides the right fit.

In this booklet, the Arkansas Center for Research in Economics has used data from the Arkansas Department of Education and empirical studies by academic scholars to dispel five common myths about open enrollment charter schools in Arkansas.

Myth 1: Open enrollment charter schools don't enroll many black or Hispanic students.

Truth 1: No matter how you look at the data, charter schools enroll a greater percentage of minority students than traditional public schools do.

For the 2015–16 school year, charter schools consisted of about half black and Hispanic students and about half white and Asian students. Traditional public schools consisted of about 64 percent white and Asian students and about 32 percent black and Hispanic students. Arkansas's open enrollment charter schools are affording students of all races the opportunity to choose the best school for their needs.

Myth 2: Education outcomes at open enrollment charter schools are worse than those at traditional public schools.

Truth 2: Open enrollment charter schools are performing better than traditional public schools, and when they aren't, they are at risk of being closed as required by law.

On the 2014–15 exams, traditional public schools performed better in math by 1 percentage point, while in literacy, charter schools performed better by 3 percentage points. Arkansas changed the exam type from PARCC to ACT Aspire for the 2015–16 school year. This new exam shows the percentage of students that met readiness benchmarks in math, English, science, reading, and writing. In all subjects, open enrollment charter schools on average performed better than public schools on the 2015–16 exams by one to four percentage points. In addition, a detailed analysis that compared open enrollment charter school students with traditional public schools students who were similar in socioeconomic background, motivation level, and other characteristics found that the open enrollment charter school students performed significantly better than the traditional public school students.

Myth 3: Open enrollment charter schools hire underqualified teachers.

Truth 3: By the ADE's definition of highly qualified teachers—those who are licensed, have demonstrated subject-matter competence by passing a content knowledge test, and hold at least a bachelor's degree in the subject being taught—the worst affected schools in Arkansas are traditional public schools.

A total of 215 Arkansas schools have core academic classes that are not taught by highly qualified teachers. Ninety-one percent of these schools are traditional public schools; 6 percent are open enrollment charter schools; and the other 3 percent are conversion charter schools. While some charter school teachers follow a nontraditional path to becoming licensed, those teachers are not underqualified. All have college degrees and professional experience in teaching or in the subject they teach. Further, research has found no difference in classroom management skills between traditionally and nontraditionally licensed teachers, and both open enrollment charter schools and traditional public schools continuously evaluate their teachers' effectiveness.

Myth 4: Open enrollment charter schools receive more public funding than traditional public schools.

Truth 4: Open enrollment charter schools actually receive less money per pupil than traditional public schools.

Open enrollment charter schools do not receive any additional local revenue that school districts raise on top of the minimum property tax rate, while traditional public schools do. And when a traditional public school district student transfers to an open enrollment charter school, the traditional public school district does not lose more money than the minimum cost to teach the student. In addition, it receives money for the decline in enrollment. From 2006 through 2015, open enrollment charter schools have spent \$7,480 per student on average compared with traditional public schools' \$8,850, a difference of \$1,370 per student.

Myth 5: Traditional public schools will be forced to shut down because they can't compete with open enrollment charter schools.

Truth 5: Data on public school closures and charter school transfers for the 2015–16 school year shows no evidence that charter schools in Arkansas are causing traditional public schools to shut down.

Further, traditional public schools can adjust to the competition from open enrollment charter schools by improving their standards. Research shows that the entry of charter schools into the public school system is associated with improved performance for traditional public school students, creating a win-win outcome for all students. (Keep an eye out for ACRE's forthcoming study on this phenomenon in Arkansas.)

Parents, teachers, lawmakers, and other community members are right to ask tough questions about how well the school system is working for students. Fortunately, the data show that five of the most common myths surrounding open enrollment charter schools are false. While Arkansas's public school system is far from perfect, competition between open enrollment charter schools and traditional public schools helps, not hurts, all students.

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ABOUT THE AUTHOR

MAVUTO KALULU

Mavuto Kalulu is a Policy Analyst with the Arkansas Center for Research in Economics (ACRE). Prior to joining ACRE, Dr. Kalulu was an economics instructor at the University of Mississippi. He earned his MBA from Lincoln University in Missouri and a PhD in Economics from the University of Mississippi. His research interests include K – 12 education, transparency, and good governance. His work on K – 12 education has been featured in the *Arkansas Democrat-Gazette*, *Jonesboro Sun* and the *Log Cabin Democrat*. His work on corruption has been published in the *Journal of Development and Communications*.



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ARKANSAS CENTER FOR RESEARCH IN ECONOMICS

UNIVERSITY OF CENTRAL ARKANSAS

211 College of Business
201 Donaghey Avenue
Conway, Arkansas 72035

501.852.0665
<http://uca.edu/acre>

