

## THE NEW CENTER

Policy Paper

February 2022



# 10,000 Charters:

A BOLD PROPOSAL TO REVITALIZE K-12 EDUCATION



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## **A BOLD PROPOSAL TO REVITALIZE K-12 EDUCATION**

*February 2022*

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### **ABOUT THE NEW CENTER**

American politics is broken, with the far left and far right making it increasingly impossible to govern. This will not change until a vibrant center emerges with an agenda that appeals to the vast majority of the American people. This is the mission of The New Center, which aims to establish the ideas and the community to create a powerful political center in today's America.

### **THE NEW CENTER**

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# NEW CENTER SOLUTIONS

\$100 Billion for 10,000 New Charter Schools  
in the Next 10 Years



Create Win-Win Incentives for Charters  
and Traditional Public Schools



Use the Department of Education to  
Incentivize States to Lift Caps on  
Charter Expansion



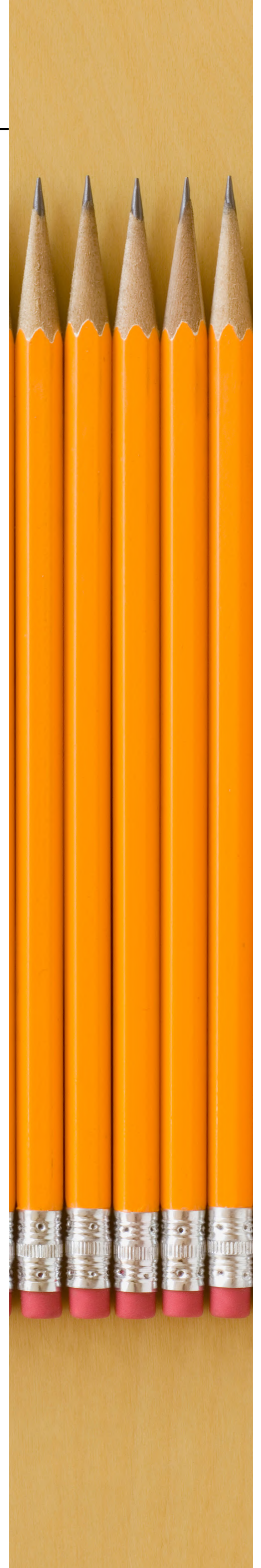
Stop the Funding Discrimination  
Against Charters



Make Federal Title I Funding  
Transparent



Hold Local Authorizers Accountable





# INTRODUCTION

The American K-12 education system has been failing too many students for too long. And the problem has only gotten worse amid pandemic-era school closures and remote learning.

Increasingly, parents are venting their frustration at local government bureaucracies and teachers unions that they believe have too often failed to put the interests of kids first—and some are voting with their feet.

Throughout Covid-19, traditional public school enrollment has dropped by 3.3% (1.45 million students) while charter school [enrollment](#) has increased by 7.1% year over year (237,000 students). Families are increasingly taking advantage of other non-traditional schooling options as well: according to the [U.S. Census Bureau](#), the rate of homeschooling nationwide increased by 5.6 percentage points between April and October 2020.

The American people continue to support the existence of a robust public school system, and many parents are satisfied with the traditional public schools that serve their children. In a January 2022 poll, [79% of parents](#) with children enrolled in traditional public schools reported being satisfied with their children's schools. In the same poll, when asked what type of school they would choose in order to obtain the best education for their children, more parents selected traditional public school than any other type of school.

And yet, they are also hungry for improvement to the status quo and fixes to public schools that aren't preparing some kids—particularly those from disadvantaged communities—for the future.

Until about a decade ago, there was an emerging bipartisan consensus that charter schools had an important role to play both in serving children who did not have access to good traditional public schools and in spurring innovative new practices to help prepare our kids for the future.

In 2000, the Democratic Party and their presidential nominee Al Gore endorsed [tripling](#) the number of charters in the U.S.—which at that point was around 1,700 schools. Gore's Republican opponent, then-governor George W. Bush, generally agreed with him on this issue and [pledged](#) to double the amount of charter schools over just three years.

When Barack Obama entered the White House, he nominated a charter school advocate, Arne Duncan, as his first Education Secretary, and the school systems in cities like New York City and Washington, D.C. were led by reformers who held similar views. In 2016, [Obama wrote](#), “Charter schools have been at the forefront of innovation and have found different ways of engaging students in their high school years—including by providing personalized instruction, leveraging technology, and giving students greater access to rigorous coursework and college-level courses.”





Obama’s Secretary of Education Arne Duncan also expressed his support for charters: “[high-performing](#) charter schools have convincingly demonstrated that low-income children can and do achieve at high levels—and can do so at scale.”

This bipartisan consensus remains among parents. American parents across the political spectrum are broadly supportive of charters (73% of parents with school-aged children expressed their approval of charter schools in a [recent poll](#)). But it has collapsed among Democratic elected officials, with federal, state, and local leaders increasingly seeking to reduce funding support for charters or to cap their growth. Support has also waned among many prominent Republican officials who have increasingly focused on undermining the entire concept of public schools by favoring vouchers, homeschooling, and other similar approaches.

In this paper, The New Center investigates why this is happening. We examine the concerted effort by major public-sector teachers unions to use their political influence to undermine access to charter schools and illustrate how Republican support for the broader “school choice” movement hurts charters too. We also highlight why the abandonment of charter schools has been so damaging to American students, and why the political center must not only revive support for charter schools in communities across the country, but set an ambitious new goal for building 10,000 charter schools in America over the next 10 years.

## THE STATE OF AMERICAN EDUCATION

Our education system is failing to prepare American students for the future. Of the 78 countries that administered the Programme for International Student Assessment (PISA) exam, which tests high school students in math, science, and reading, [the U.S. ranked 25th](#) in 2018.

While this has been a longstanding issue, Covid-19 and remote learning have certainly exacerbated it. According to [McKinsey](#), students experienced roughly half a year of learning loss in 2020, a majority of which they attributed to Covid-19 school closures and online learning.

According to the Organisation for Economic Co-operation and Development ([OECD](#)), this learning loss was especially prevalent among low-income students. They found that six months of learning loss translates to a 4.6% decrease in lifetime earnings for American students.





While it is true that some poor performing schools in the U.S. do suffer from a lack of funding, it is hard to argue that more money alone would be a panacea given that the U.S. [ranks fourth](#) in per-pupil expenditures among OECD countries, investing 37% more than average. Changing the status quo will require, among other interventions, providing students and parents with a wider variety of alternatives to traditional public schools.

### Why More Money Won't Solve Everything: State Per-Pupil Spending vs. Educational Outcomes

State	Per-Pupil Funding	State Ranking - Per-Pupil Funding	State Ranking - Reading	State Ranking - Math
New York	\$23,321	1st	35th	28th
Washington, D.C.	\$22,800	2nd	46th	45th
Florida	\$9,616	42nd	6th	4th
Alabama	\$9,752	41st	49th	51st

Sources: [Education Data Initiative](#); [The Nation's Report Card](#). Reading and math rankings are based on NAEP exam scores among eighth graders in 2019.

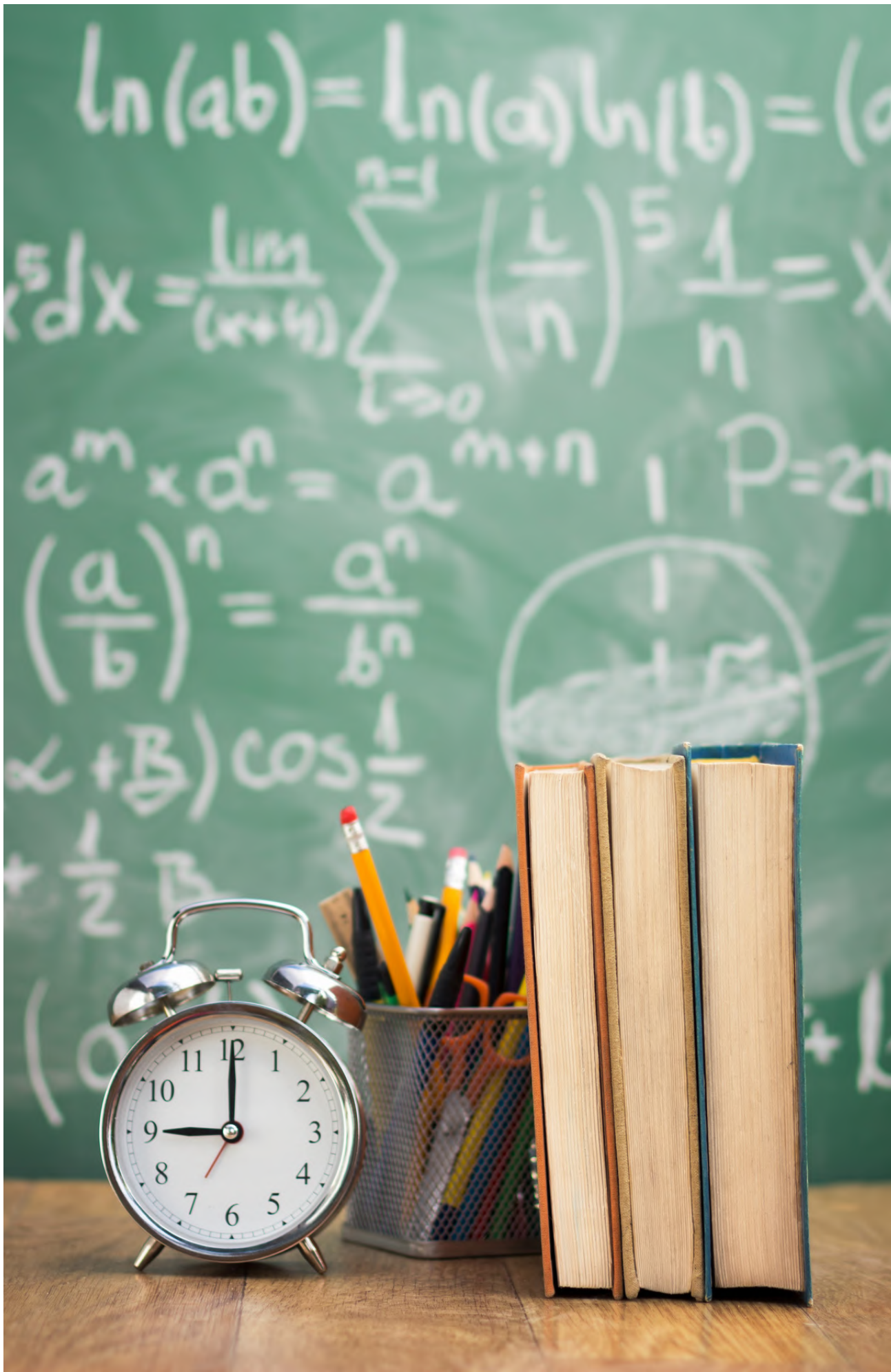
### What is a Charter School?

A [charter school](#) is a public school (tuition-free and funded by taxpayers) that operates independently under a charter—a contract outlining the school’s mission, goals, schedule, and methods of instruction and assessment.

The appeal of charter schools is due in part to their ability to experiment in ways traditional public schools cannot—by extending the school day or altering the curriculum, for example. But, for charter school administrators, more autonomy can come with extra accountability—a charter school may be shut down if it does not meet the [performance standards](#) set forth in its state charter.







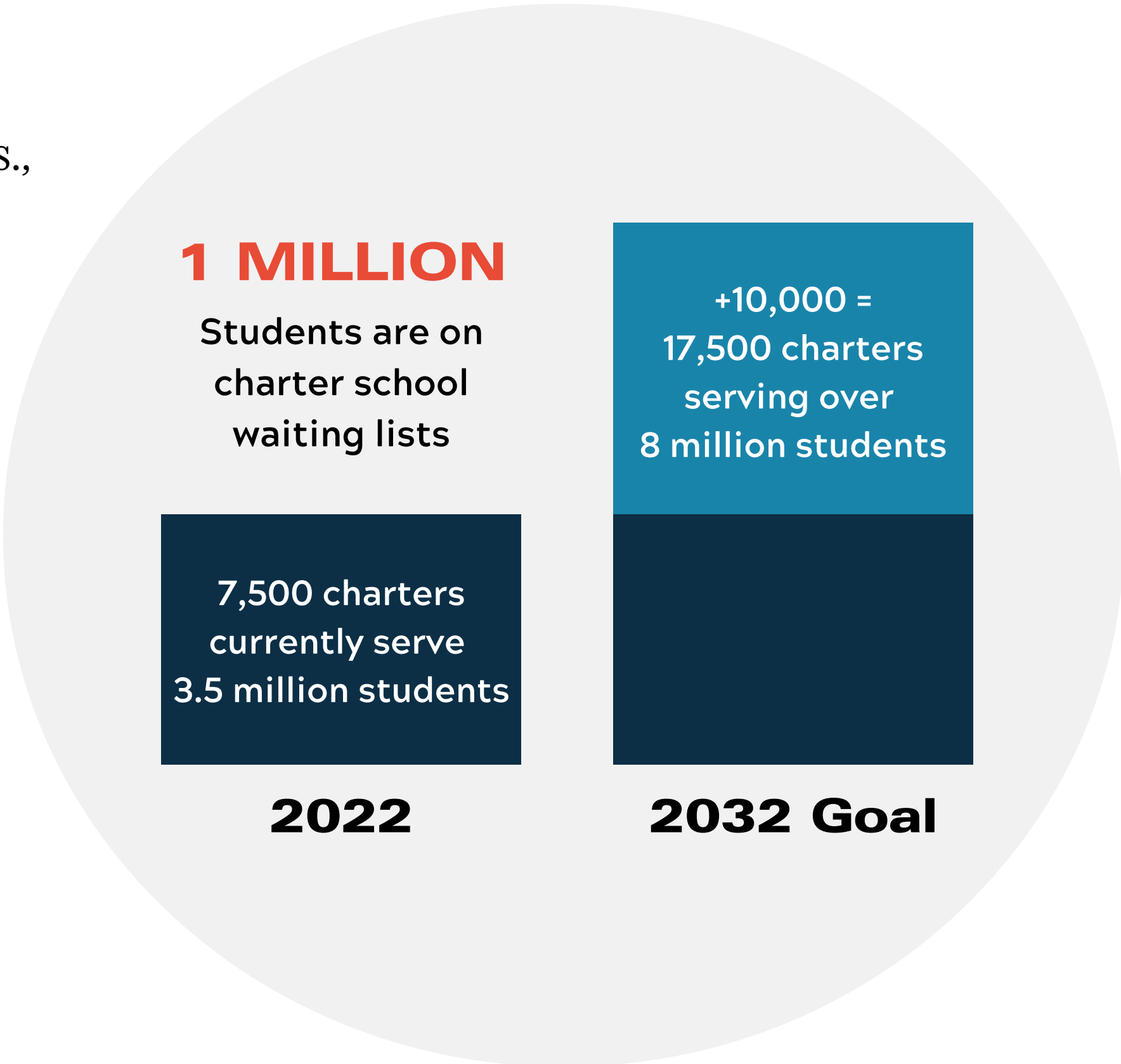
## What Can Charter Schools Do?

Unlike traditional public schools, charter schools can...

- Set flexible hours/days
  - Must meet minimums for certification, but can go longer if desired
- Set a customized curriculum
  - Can focus on specific subjects like STEM or arts, or can be immersive in a foreign language
- Make merit-based personnel decisions
  - Union contracts usually prioritize seniority
- Set standards for student conduct/discipline
- Control class sizes and teacher-student ratios

## By the Numbers

Today, there are about [7,500 charter schools](#) in the U.S., up from less than 2,000 in 2001. About [3.5 million](#) students attend charter schools (out of [48.1 million](#) total public school students), with another million on waiting lists (although this number could be somewhat inflated because one student can be on multiple waiting lists, or enrolled in one charter but on a waiting list for another). The National Association for Public Charter Schools [estimates](#) that demand for charter schools is almost three times higher than the current supply. This means five million more students would attend charter schools if one were more available to them.





There is clearly a demand from parents and kids for charter schools, but it often cannot be met due to artificial caps on supply. As of early 2021, [20 states](#) cap the number of charter schools allowed to operate in their states. And some places—including New York City, Chicago, and Massachusetts— have sub-caps, limits on the number of charters that can be located in a specific city or on the various kinds of charter schools. While some of these states set their caps high enough to allow for sufficient charter school growth, five of them are so strict that they are significantly inhibiting growth or allowing no room for growth at all.

Further, [five states](#)—Montana, Nebraska, North Dakota, South Dakota, and Vermont—do not have charter school laws, meaning charters are not allowed to open in these states at all.

Charter school supply is not meeting demand. According to the Thomas B. Fordham Foundation, the average number of “[charter school deserts](#)” per state is 10.8. They define a charter school desert as “three or more contiguous census tracts that have poverty rates greater than 20 percent but that have no charter schools.” (Census tracts are regions defined for the purpose of taking a census, and they often coincide with city or town boundaries.)

This is a problem because it means students are missing out on the benefits charter schools have proven to offer. There have been several different studies in recent years attempting to measure the gains that students can make in charter schools versus traditional public schools, and most show charters consistently performing better, particularly in urban areas.

According to a 2015 [Stanford University study](#) comparing urban charter school students to their traditional public school peers, charter school students made learning gains equivalent to 40 additional days of instruction in math and 28 days in reading. Gains were even more significant for Black, Hispanic, and low-income students.

In 2016, Massachusetts voters were presented with a ballot initiative that would have raised the cap on the number of new charter schools permitted to open each year. A [Brookings study](#) published two months before the vote examined the differences in student achievement between Boston charter school students and their traditional public school peers. The public school students studied were ones who wished to attend charter schools but were not selected in the school’s random lottery—a method employed to avoid any selection bias.





The researchers found that the charter school students performed significantly better than their public school peers on math and language arts tests as well as the SAT. The charter school students were also significantly more likely to attend a four-year college. Despite this, the ballot initiative failed to pass by a vote of [37% to 60%](#). The Massachusetts cap, which allows charter schools to enroll [no more than 4%](#) of the state's student population, remains in place today.

There is also some evidence that the presence of charter schools might improve outcomes for the school district as a whole. According to a [Fordham Institute](#) study, urban and rural (but not suburban) school districts with higher shares of Black and Hispanic students attending charters saw improved achievement among all Black and Hispanic students in the district. The researchers concluded that most of this improvement likely came from the students who were actually attending charter schools, but that competition from these charter schools might provide a slight boost to public schools in the district as well.

Similarly, an [analysis](#) conducted by Temple University professor Sarah A. Cordes found that students at New York City public schools performed better if there was a charter school nearby (within a mile)—the closer the charter, the better those students performed.

Stanford University's Center for Research on Education Outcomes (CREDO) [found](#) that the quality of public schools in Washington, D.C. increased as competition from charters increased. They found that facing above-average competition was associated with the equivalent of several additional weeks of learning gains in math and reading.

While the cognitive benefits of charter schools appear to be concentrated in urban areas, a [Progressive Policy Institute](#) report makes the case for the value of charter schools in suburban areas. They write, "Test scores are narrow performance measures, which can devalue schools that are increasing student achievement and engagement in creative ways. Many suburban parents are drawn to schools with unique pedagogies, but the benefits of these schools aren't necessarily reflected in state test scores... For suburban parents, public charter schools aren't usually a means to escape failing public schools; they're an alternative to an education system that is not innovative, engaging, or specialized."

Charter schools enjoy broad support from the public. In a [January 2022 survey](#) of parents of school-aged children conducted by the nonprofit EdChoice and Morning Consult, 61% of respondents expressed their approval of charter schools. This number rose to 73% when the question was prefaced with an explanation of what charter schools are and how they can operate, and it included 77% of Republicans, 74% of Democrats, and 69% of Independents.

It is important to note that, like traditional public schools, charters can vary in quality. Some charters fail to improve student performance and others have failed entirely.





But when charter schools fail, it tends to be for the same reason: They operate in a state or locality with insufficient authorizing standards, which can invite charlatans or otherwise unqualified people to try to open up schools of their own. That is why authorizers— organizations (school districts, education departments, etc) that grant charter school licenses and decide whether to renew or terminate contracts— are important predictors of charter school quality.

According to New York Magazine columnist and charter advocate [Jonathan Chait](#), “weak and lethargic authorizers tend to have the lowest-performing charter sectors. And authorizers with a heavy hand, armed with quality data about student achievement, attendance, and reenrollment, produce outcomes that are consistently excellent.”

## Covid-19 and Charters

While Covid-19 dealt a major blow to students nationwide, the effectiveness of charter schools in adapting to this unprecedented hardship serves as a testament to their immense value.

Although charters did not necessarily return to in-person learning any more quickly than traditional public schools in 2020, the [National Association for Public Charter Schools](#) found that charters handled the initial transition to virtual learning more effectively, mitigating learning loss. For example, when schools closed at the outset of the pandemic, charter schools were quick to adapt and resume instruction virtually, while many students at traditional public schools went without any form of instruction.

Following the initial school closures in the spring of 2020, 74% of charter schools required their teachers to continue providing some form of virtual instruction, as compared to only 47% of traditional public schools.

[Charter schools](#) were also more likely than traditional public schools to require their teachers to provide real-time instruction (as opposed to recorded lessons), check in with their students, and track attendance.

The pandemic has given students and parents a chance to observe the beneficial value of charter schools in real time, which has led to significant migration of students out of traditional public schools and into charters. Since the onset of the Covid-19 pandemic, charter school [enrollment](#) has increased by 7.1% year-over-year (237,000 students) while traditional public school enrollment has dropped by 3.3% (1.45 million students).

It is clear that charter schools are a valuable option and should be easily accessible to families. Unfortunately, at precisely the moment when parents are asking policymakers to do more to encourage charters, Democratic and Republican public officials and interest groups have mobilized against them.





## TEACHERS UNIONS WAGE BATTLE AGAINST CHARTERS

Despite the relative success of the charter experiment, major teachers unions have used their significant political influence to escalate their fight against them in recent years. The two largest teachers unions in America—the National Education Association (NEA) and the American Federation of Teachers (AFT)—both have taken official positions [supporting](#) caps or moratoriums on charter expansion and for the defunding of existing charter schools.

Teachers unions claim that charter schools draw students, and therefore funding, from traditional public schools. In one [brief](#), the NEA says: “Any program that diverts resources from the traditional public schools that 90 percent of American students attend by definition undermines the promise of public education.” But this is a misguided interpretation of the purpose of education, public or otherwise. Resources are not “diverted” when families choose a better-performing charter school; they are still applied toward the best outcome for the student.

Another oft-cited reason is that charter schools lack transparency and accountability. But this charge does not necessarily hold up either, as charter authorizers have the power to shut down schools that do not meet the standards outlined in their charters (and good authorizers regularly do).

But in recent years, teachers unions have not been keen on improving charter schools, instead opting to use their political influence to crush them. And that political influence is growing.

According to [data](#) from OpenSecrets, teachers unions contributed \$66.4 million to election efforts in 2020, shattering the record they set in 2016. Teachers unions are regularly among the top political contributors in each election cycle, and were the [number one](#) hard-money contributor to federal campaigns between 1989 and 2009 according to Stanford University political scientist Terry Moe. He also notes that teachers union members usually make up at least ten percent of delegates at the Democratic National Convention.





For all these reasons and more, Moe has described teachers unions as one of the “most powerful interest groups of any type in any area of public policy.” Even Democratic leaders who are often allied with the unions have expressed concern about their outsized influence, with Chicago mayor Lori Lightfoot calling them “akin to a political party” in a New York Times [interview](#).

One recent case illustrating the growing political influence of teachers unions involves school closures and reopenings in response to Covid-19, where the strength of a local union was the strongest determinant of a school district’s policies. According to a 2020 working [paper](#) from researchers at Brown University, school districts with strong teachers unions were ten percentage points more likely to begin the 2020 academic year remotely. This is even after controlling for Covid-19 rates within the district and other factors like urbanicity or partisanship.

When it comes to wielding their political power against charter schools, teachers unions take a three-pronged approach.

## 1. Intervention in Ballot Measures

In many states, the number of approved charter schools is set in the state constitution and requires a majority of voters to support any changes. These ballot measures are often heavily contested, as teachers unions exert enormous resources to persuade the public against charters. In November 2016, Massachusetts voted on a [measure](#) that would have allowed up to 12 new charter schools or expanded capacity at existing charter schools each year. This was the most expensive ballot measure in state history until [2020](#), with national and local teachers unions spending [\\$14 million](#) to successfully defeat the proposition.

In Washington state, voters have addressed the charter school question multiple times in the past 30 years. In [1996](#), [2000](#), and [2004](#), the Washington Education Association (WEA) mobilized to defeat measures that would have allowed charter schools within the state.

In 2012, a majority of Washington voters [approved](#) of charter schools for the first time as teachers unions were “focusing more attention on the governor’s race.” But the WEA [challenged](#) the measure in court, and the Washington Supreme Court ultimately ruled in their favor, striking down the law as unconstitutional. It would take until 2016 for the Washington state legislature to prioritize democracy over unions and [allow](#) up to 40 charter schools.





## 2. Lobbying

Not every charter school decision is put up to a popular vote. Many states can create, abolish, expand, or limit charter schools through the legislature. Legislatures can also control charter school funding, modify requirements for re-authorization, and determine a range of regulations the schools must follow.

Teachers unions spend tens of millions of dollars on lobbying efforts to shape the debates around this legislation. In 2019, the California Teachers' Association was the state's [top spender](#) on lobbying with over \$4 million contributed. In 2018 and 2019, the Chicago Teachers Union used \$1.5 million of [members' dues](#) to pay for lobbying and other political activity.

In New York, the United Federation of Teachers (UFT) and the New York State United Teachers (NYSUT) [combined](#) for over \$7 million spent on lobbying in 2019, good for a spot among the Empire State's top-ten highest political spenders. And by all accounts, union lobbying is effective. Although 60 percent of Democratic voters in the state expressed their support for charter expansion in a 2021 [New York Post poll](#), the legislature has [refused](#) to act. Assemblyman Michael Benedetto, chairman of the Assembly Education Committee and ardent opponent of charter schools, admitted to the Post: "I would be lying if I didn't say we consulted with the NYSUT and the UFT. They are a force in New York state politics."

## 3. Strikes and Demonstrations

When ballot measures and lobbying fail to curb charter schools, unions have sometimes resorted to strikes and demonstrations.

In 2019, over half a million students were kept home for a week as 30,000 Los Angeles teachers went on [strike](#) to negotiate a better labor agreement with the city. While the [deal they won](#) included increased resources, smaller class sizes, and standardized testing reform, union leaders also won a commitment from the city's Board of Education to a resolution calling for statewide caps and increased regulation of charter schools.

Shortly after the Los Angeles strike, teachers in Oakland staged their own [walkout](#) and earned similar concessions to those in Los Angeles: more staff, better pay, and support from the school board for a statewide moratorium on new charter schools.

In February 2019, teachers in West Virginia staged a [two-day strike](#) to oppose a bill that would have allowed for the state's first charter schools along with a private school voucher program in exchange for higher teacher salaries. The sponsors of the bill in the state legislature withdrew it almost immediately after the strike began. Although charter schools would be approved later that year, [delays from the strike](#) and other roadblocks mean the first charter schools in West Virginia are not expected to open until fall 2022 at the earliest.



In 2014, members of the Chicago Teachers Union [protested](#) outside of the Chicago Public Schools office in opposition to the approval of new charter schools. While seven schools were eventually approved, the tally is much lower than the 17 that were on the docket prior to the protest. And in the following years, under pressure from the Chicago Teachers Union, charter [approvals](#) in the city fell off dramatically with just one new school earning approval between 2016 and 2019.

## Harnessing Union Power for Good

It is important to separate out the unfortunate ways in which teachers unions have often used their political influence to undermine charters from the work they do overall. Teachers unions are often working to increase teacher pay, and researchers at [Stanford University](#) found that raising teacher salaries in one underperforming San Francisco school district resulted in a larger and more qualified pool of teacher applicants. The unions are also advocating for manageable class sizes and safe work environments, both of which can benefit students. Charter school advocates need not and should not make unions out to be villains. In fact, some charter schools have tried to harness the benefits of teacher unionization that protect teachers without some of the drawbacks that limit the school's flexibility and ability to innovate.

In an [analysis](#) of collective bargaining agreements across eight districts, the Center on Reinventing Public Education (CRPE) found that these contracts are often so complex and prescriptive that they have deterred principals and other school leaders from even attempting to enact reform. CRPE found that the average length of an agreement was more than 200 pages and many were overly “detailed, unwieldy, complicated documents that regulate and dictate countless aspects of schools.” This complexity ultimately discourages innovation as stakeholders may not want to spend the time and effort to design, build support for, and implement even a minor reform just to discover the collective bargaining agreement prohibits it.

CRPE then conducted a similar contract analysis specifically on [unionized charter schools](#), and the results were promising. First, charter school collective bargaining agreements are “thin” and usually establish a basic framework for running the school rather than micromanage every aspect of education. Charter union contracts usually allow for a longer, more flexible school day and year than what is outlined in the local district's agreement; shorter grievance periods to reprimand underperforming teachers; and more in-depth evaluations of teachers and staff. But at the same time, these contracts limit teacher workload, provide a healthy amount of job security and salary guarantees, and establish a formal role for teacher input in decision making at the school.





Charter school collective bargaining agreements prove that there is a middle ground to be found in school unionization. Teachers do not have to sacrifice all of their workplace interests in order for a school to be innovative. And if a charter school is interested in capturing some of the benefits provided by unions, they must be allowed—and maybe encouraged—to unionize at their own pace in ways that make the most sense for them.

## HOW THE "SCHOOL CHOICE" MOVEMENT HURTS CHARTERS

While the political influence of teachers unions is perhaps a larger barrier to charter school expansion, some conservative groups and Republican leaders have also been complicit in the disintegration of the bipartisan consensus on charter schools. Republican support for charter schools has come in the form of the broader “[school choice](#)” movement, which lumps charter schools together with vouchers that low-income families can use to send their children to private schools. Charter schools and private voucher schools are direct competitors vying to attract families that are unsatisfied with traditional public schools, but the two are typically sold to the public as a “school choice” package deal.

Charter schools generally receive broader public support than vouchers, by a margin of 57% to 48% according to a December 2021 [Morning Consult poll](#). Perhaps this is because voucher programs often entail giving taxpayer dollars to religious schools ([two-thirds](#) of all U.S. private schools are religiously affiliated) and to schools that are [not fully bound](#) by antidiscrimination law in their admissions and hiring practices. And, in general, voucher programs are less effective than charter schools. In 2017, the [Department of Education](#) released a study of Washington, D.C. students who were selected for a private school voucher program compared to students who were not selected. Students in the program performed worse in math and reading than their peers who remained in public schools. Studies conducted in [Louisiana](#), [Indiana](#), and [Ohio](#) produced similar results. The charter movement would be better positioned to succeed if policymakers and advocates discussed charter schools and vouchers separately.

Also damaging to the charter school brand is the fact that, during Trump’s presidency, education secretary Betsy DeVos came to be known as the face of the school choice movement. In a 2019 survey of registered voters, participants ranked DeVos as the [most unpopular](#) official in the Trump administration, with 39% of respondents indicating their disapproval and just 28% indicating their approval. DeVos’s unpopularity could be due to the fact that she, along with other high-ranking Republicans, has taken a more significant turn against the very idea of public education.





While claiming to support charters as part of the school choice movement, DeVos clearly favored vouchers at the expense of public schools (including charters) even despite the disappointing results of studies conducted by her own department. DeVos's views were reflected in President Trump's 2020 budget, which [proposed cuts](#) to federal charter school funding and diverted some of the money to additional voucher and tuition credit programs.

## NEW CENTER SOLUTIONS – \$100 BILLION FOR 10,000 CHARTERS OVER THE NEXT 10 YEARS

There is now an overwhelming body of research suggesting that well-regulated charter schools can improve student performance. It is also clear that demand for charters far exceeds supply, given the legions of families who are sitting on waiting lists hoping there will be an opening for their child to attend a charter.

Fixing this imbalance—and inequity—requires a bold goal, which is why The New Center believes Americans should rally behind a goal of creating 10,000 new charter schools in the next 10 years. This would more than double the current total of around 7,500 charters, and result in a 133% increase in the number of schools compared to the 72% increase during the [10-year period](#) between the 2008-09 and 2018-19 school years.

### Costs

Creating a charter school can be expensive. Some could be placed in existing spaces—perhaps among the record-level [vacant retail buildings](#) in the aftermath of Covid-19. But turning a retail building into a school still involves significant construction costs. And many of the 10,000 new charters would need to be built from the ground up. Regardless, all would require investment for construction, supplies, furniture, staff salaries, and other necessities. Creating 10,000 new charter schools would require an ambitious investment from governmental and philanthropic sources.

Calculating the exact cost of establishing 10,000 new charter schools is necessarily an approximation as prices vary by location, size, sponsor organization, and many other factors. But after observing a range of figures, and consulting with experts, The New Center believes \$88 billion is a reasonable estimate of the building and start-up costs for 10,000 new charter schools.





## The Math

Bellwether Education Partners [estimates](#) the average building cost of a charter school to be around \$10 million. This estimate is based on suggestions from nonprofits [Building Hope](#) and [ExED](#) that building costs should be around \$20,000 per student, assuming 100 square feet of space per student. A student body of 500, which is typical for a charter school, produces the \$10 million figure.

Separate from building costs are start-up costs—costs associated with the services and other necessities required to start operating as a school. These include, for example, the costs of hiring staff, completing charter school application materials, and complying with local zoning inspections. Based on the size of typical Charter Schools Program [grants](#) and consultation with experts, we estimate charter school start-up costs to be around \$1 million per school.

Further, according to the National Charter School Resource Center, [about 22%](#) of new charter schools operate in district facilities, which eliminates the need for new buildings in these cases. For this proportion of our 10,000 new charter schools, we can assume that start-up costs will be the only initial costs involved. Using our \$1 million figure, the total costs to start these 2,200 charter schools would be \$2.2 billion. The remaining 7,800 schools would cost around \$11 million each, which includes both start-up and building costs, for a sum of \$85.8 billion. In total, we estimate a cost of \$88 billion for all 10,000 schools.

In addition to these building and start-up costs, we propose several grant- and stipend-based charter school expansion incentives below. To account for the costs associated with these incentives and correct for any underestimations above, we estimate that it would take about \$100 billion to make our goal of 10,000 new charter schools possible.

\$100 billion over ten years is a significant investment in public education, but it must be considered in context. Federal, state, and local governments spend [\\$640 billion](#) on public K-12 education each year. Our 10,000 charters goal would add roughly \$10-20 billion to that per year, an increase of 1.56% in annual spending. But that is not an unprecedented increase. Education spending increased by at least 3.4% annually in [2016](#), [2017](#), [2018](#), and [2019](#), according to the U.S. Census Bureau. Even if spending levels fluctuate, the proposed increase is well within the acceptable margins. This is a doable and vital improvement to American education, but governments must enact policy reform to catalyze it.





There also may be ways to lower the costs. Professor Benjamin Scafidi, Director of the Education Economics Center at Kennesaw State University, suggested to the New Center that economies of scale could improve cost efficiency. Larger charter management organizations usually prefer to establish several new schools at a time, according to Dr. Scafidi. But authorizers often refuse to approve many new schools at once, which raises costs per school and discourages growth.

Dr. Scafidi also pointed to the long-term fiscal impacts of 10,000 charter schools. Charter schools receive less money per pupil than traditional public schools do. A 2020 [analysis](#) of charter school funding in 18 urban districts by the University of Arkansas found that traditional public schools received 33% more per-pupil funding from the government than charters did. While we advocate for fairer funding for charter schools below, it seems unlikely that per-pupil funding for charters will reach traditional public school levels in just ten years. But even if charter schools received just 10% or 20% less than public schools, there would still be savings in the long run as a larger share of students attend charters. These savings could either be returned to taxpayers or re-invested into traditional public schools.

Sam Duell, the Policy Director for Charter Schools at ExcelinEd, told the New Center that charter school start-up costs have increased noticeably in the past decade. Duell attributes this at least in part to the increasing time it takes to earn approval, which could now be up to five years. It still costs money to manage these organizations while they await approval, leading to higher total costs for each project.

Even if \$100 billion is made available, there are also several other procedural and regulatory steps that would need to be taken to actually get 10,000 charters built. Here are several of them.



## Create Win-Win Incentives for Charters and Traditional Public Schools

Critics of charter schools often argue that they divert money away from traditional public schools. Because funding is determined by a school's enrollment size, losing students to a new charter means the original school receives less money from the government. But there are still fixed costs (utilities, pensions, etc.) that schools bear regardless of enrollment size, so losing students adds pressure to their budgets. One way to combat this—and make the idea of charter expansion more palatable to critics—would involve staggered reimbursements for public schools that lose students to charters, paid for in part by the savings from switching to charters.

Massachusetts has such a program in place, and research shows that traditional public schools are using these reimbursements in productive ways. [MIT economists](#) found that increased enrollment in Massachusetts charters was associated with higher spending among traditional public schools on instruction and teacher salaries rather than support services.





## Use the Department of Education to Incentivize States to Lift Caps on Charter Expansion

Too many states inhibit charter school growth by placing arbitrary caps on charter school expansion. Sub-caps on types or locations of charter schools are also limiting expansion. The Department of Education should address this barrier by establishing additional start-up and facilities grants through the Charter School Program (CSP) for states that do not have caps or sub-caps on charter schools.



## Stop the Funding Discrimination Against Charters

President Biden's original FY2022 budget proposal included \$440 million for the federal Charter Schools Program, the same amount as the previous year. But the House version of the bill, if enacted, would cut [\\$40 million](#) from the program, despite the fact that it proposes a 40% increase in federal education spending overall. \$440 million is still not enough—it represents [less than](#) one percent of the federal education budget despite the fact that six percent of public school students attend charter schools. And charters certainly cannot afford to lose ten percent of their already insufficient federal funding at a time when schools must dedicate extra resources to adapt to Covid-19.

The pandemic and the transition to virtual learning have exposed a digital divide between high-income students who have high-speed internet connectivity at home (and the devices required to access it) and low-income students who do not. This issue is especially pressing for charters, which serve a higher percentage of low-income students than traditional public schools. A [report](#) from the National Association of Public Charter Schools suggests that it would take \$243 million for charter schools to address the digital divide alone. The digital divide is just one reason among many that now is not the time to defund charter schools.

Ultimately, the CSP budget should be proportionate to the share of students in charter schools. State authorities should also fund charter schools proportionately, both for equity and for growth. The Foundation for Excellence in Education's Sam Duell told us that higher per-pupil funding attracts larger charter management networks, new talent, and more entrepreneurial leaders to develop more schools.





## Make Federal Title I Funding Transparent

The Department of Education oversees [Title I](#) funding, which provides financial assistance for school districts with high rates of children from low-income families. The Department uses Census data to allocate the funds for each district, but states may make adjustments to the initial allocations to account for the presence of charters or other schools that serve different subgroups of students in a given district and thus require different levels of funding. But states are not required to report such adjustments, so it is impossible to know if charters (or any schools) are being appropriately funded. States should be required to report any adjustments they make to the Department of Education, who should ensure states are accountable for equitable school funding.



## Hold Local Authorizers Accountable

The quality of a charter school is largely determined by who is in charge. Charter authorizers are responsible for granting new charters and promoting the expansion of high-quality schools. But they also must be judicious, holding charter applicants to high standards and shutting down charter schools that fail to meet the mark. Charter critics often justify their opposition by pointing to examples of failing charter schools, and even when many charters are highly successful, the presence of such schools only serves to hurt the case for charter school expansion.

The Department of Education should incentivize states to create clear authorizing standards to promote the opening of new, high-quality charters and the closing of low-performing charters. A smart incentive structure would reward states for developing an expedited approval process for replication schools from successful charter management organizations already authorized in the state, authorizing bodies at both the district and state levels (abiding by the standards we have laid out), and a plan to recover students from schools closed by authorizers.