# NEPC Review: Are Charter Schools Safer than District-Run Schools? (Reason Foundation, April 2020) and Effect of Charter School Competition on District School budgeting Decisions (Annenberg Institute at Brown University EdWorkingPaper Series, February 2020)


Reviewed by:

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June 2020

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## Executive Summary

Tandem papers by researchers based at the Reason Foundation ask, respectively, whether levels of student misbehavior range lower in Pennsylvania charter schools compared with traditional public schools, and whether the competitive threat from new charters alters how public school principals in Texas allocate campus budgets. In the first paper, we learn that rates of low-incidence student infractions are less in charters, on average, but it remains unclear whether these differences stem from selection of certain kinds of families into charters or from distinct organizational practices. The lower incident rate in charter schools pertains to campuses in Philadelphia County, serving large shares of disadvantaged elementary and high school students, but not in other parts of the state. The second paper aims to show that competition from an imagined nearby charter school opening can increase principals' preference for budget autonomy, along with how they allocate campus budgets to differing positions and instructional resources. Yet few statistically significant effects, including any impact of the hypothetical "treatment," could be discerned for either of the two outcomes. Generalizability of any findings from this paper remains low: Only 8% of Texas principals chose to participate in this statewide survey. Overall, the authors pose provocative questions about the possible advantages of charter schools, worth testing empirically, while falling short in building evidence to back their claims.

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## I. Introduction

Scholars increasingly press to identify organizational features of charter schools that may explain their popularity among parents or uneven benefits in raising pupil achievement. This is a welcome development that moves beyond the summative Olympics in which researchers and policymakers have fought with evidence and ideology over which sector is more potent in lifting student learning: charters or traditional public schools (TPS)?

After all, as the charter movement has matured, we have learned that differences among charters equal the wide variation in effectiveness shown by traditional public schools.[1] Much remains to be learned about the practices that contribute to the efficacy of charters in their continuing appeal for many families, and what is operating inside that motivates students and teachers. The policy question is no longer whether to expand charter schools (growth has leveled off in many states).[2] The challenge is how to make them better and share these lessons with all public schools.

Against this backdrop, Corey A. DeAngelis, Director of School Choice at the Reason Foundation, puts forward two papers examining a pair of organizational dynamics presumably animated by charter schools. Neither manuscript has been peer-reviewed. The first study, *Are Charter Schools Safer than District-Run Schools? Evidence from Pennsylvania* (herein, "*Charter Safety*" paper), compares the incidence of pupil discipline problems in brick-and-mortar and virtual (online) charter schools relative to TPS.[3] The second paper, *Effects of*

*Charter School Competition on District School Budgeting Decisions: Experimental Evidence from Texas* (with Christian Barnard) (herein, "*Budgeting Under Competition*" paper) asks how principals would gauge budgetary freedom or consider allocational changes at their campus if (hypothetical) competition from a nearby charter school came over the horizon.[4] The former paper is published by the Reason Foundation, the latter distributed by the Annenberg Institute for School Reform, Brown University.

## II. Findings and Conclusions of the Reports

The first study, *Charter Safety,* compares the incidence of 58 differing "school climate" (discipline) problems reported by elementary, middle, and secondary principals in Pennsylvania. Delinquent or unsafe behavior includes infractions such as: student fights, threatening a school official, academic dishonesty, or bringing a gun to campus. Only four of these were reported more than once per 100 students in 2018-19, the year on which this cross-sectional study focuses. The most common infraction, violating the school's "academic or code of conduct," does not necessarily infringe upon safety, yet may indicate threats to a positive school climate. The author reports mean incidence rates in the single year for 15 virtual charters, 162 brick-and-mortar charters, and 2,968 TPS. Almost all schools report these numbers under state regulation in Pennsylvania.

The incidence of student discipline problems is significantly higher in brick-and-mortar charter schools, on average, relative to TPS for two of the four infractions in which the occurrence rate exceeds one report per 100 students enrolled, prior to controlling for student background characteristics. These two indicators center on academic misconduct. But mean differences for most of the remaining 54 types of discipline problems favor brick-and-mortar charter schools, compared with incidence rates in TPS. These discipline issues almost never arise in virtual charters, an obvious point, since the infractions require the presence of another student or adult.

The lower rates of low-incidence pupil infractions in charter schools includes fewer student arrests by police authorities (two times per 1,000 students during the year in TPS, relative to two per 10,000 students in charters annually); threatening a school official (three per 1,000 versus two per 1,000, respectively); bomb threats (five per 10,000 versus three per 10,000, respectively). The overall charter advantage is notable in light of differences in student composition. Brick-and-mortar charters are concentrated in Philadelphia County, which enrolls larger shares of low-income students (68%), compared with TPS (44%), and nonwhite pupils (79% and 32%, respectively).

The incidence of discipline problems remains higher in TPS after taking into account student background. This stems, in part, from the fact that charter students of low-income families, those we might expect to display greater misbehavior, actually display less in Philadelphia charter schools, a provocative finding. Mean differences vis-à-vis TPS are not observed at statistically significant levels for brick-and-mortar charters outside Philadelphia County. Data are aggregated to the school level and across all grade levels for all descriptive compar-

ison and initial regression estimates of incidence rates.

The second paper, *Budgeting Under Competition*, tries to understand whether public school principals would desire greater fiscal autonomy (presumably from their district and state) if *perceived* competitive pressure arose, stemming from an imaginary charter school founded nearby. The authors employ an increasingly popular method, at least among some economists, to approximate an experiment by randomly assigning a piece of information that allegedly triggers a differing response than that expressed by the control group. This study also examines whether this exogenous stimulus of a hypothetical charter school opening nearby affects forecast changes in the school's budget, as reported by the principal.

The authors sampled 2,325 schools in Texas, then split them between treatment (competition induced) and control schools (including all grade levels). The treatment group received a survey that began with the stimulus, " Imagine that a new charter school is expected to open in your district next year."[5] Control principals received no such statement. All principals then responded to a variety of questions pertaining to their views of site-level budget autonomy, and how they preferred to distribute budget resources among differing staff positions and instructional resources. Principals also reported on various attributes of their schools and students, which serve as control variables when trying to isolate treatment effects. Less than one in 12 principals contacted responded to the survey. The report understates the limitations on the study's integrity that this low response rate presents when they write: "It is possible for a relatively low response rate to lead to weak external validity."[6] Three percent of the respondents headed charter schools, which presents a small dose of contamination to the same: they presumably already exercise budget autonomy.

The authors find no statistically significant effects of induced competition on the desire of principals to gain greater budget autonomy, after running six different estimation models with proper controls on school characteristics (at $p<.05$ or better). The majority of principals (57%) reported wanting more fiscal freedom at baseline, whether in the treatment or control group. But the imagined charter school (treatment) did not significantly alter the desirability of fiscal autonomy at the principal's school site.

Principals responding to induced competition did report a greater desire to reduce spending on support staff (facility maintenance and school administrators), compared with principals in the control group. These effects equal "45 percent of a standard deviation reduction for spending on maintenance, a 31 percent of a standard deviation reduction for spending on administrators." The authors seem to mean 0.45 and 0.31 of one standard deviation differences between treatment and control principals.

This isolated finding must be viewed in the context of 17 additional estimation models – pertaining to other spending items that principals might alter when faced with hypothetical competition—which yielded no significant effects from the treatment (even before school-level controls were added). These overwhelmingly null effects appear in sharp contrast to the interpretation in the report's abstract: "We find the first experimental evidence to suggest that anticipated charter school competition has large negative effects on school leaders' reported spending on certain categories of support staff." This one significant regression coefficient surfaces among 17 parallel null effects. More experienced principals were more likely to re-

port hypothetical reductions in facilities and maintenance costs.

We do learn a bit about the organizational behavior of charter schools and their potential impact in the competitive field of public education. The *Charter Safety* paper finds a safer school climate relative to TPS in Pennsylvania, on average, at least for low-incidence problem behaviors. The *Budgeting Under Competition* paper finds that public school principals already desire greater fiscal autonomy, but that charter competition holds no consistent effect on how principals reported desire for budget autonomy or budget changes that might be made when faced with competition.

## III. The Reports' Rationales for Their Findings and Conclusions

Each study is rooted in the assumed benefits of individual rationality and idealized gains that stem from market competition among public schools. This certainly reflects the Reason Foundation's motto: "free minds, free markets."[7] Similarly, the *Charter Safety* paper leads with a pro-market assertion: "Access to public charter schools could theoretically reduce school climate problems by increasing competitive pressures, improving matches between schools and students, enhancing discipline policies, and allowing students to relocate to peer groups and cultures that discourage risky behaviors."[8]

What is convoluted in the rationale is whether charters, as distinct social organizations, find ways to better engage students and thereby reduce discipline problems. That is, are their *institutional practices* more effective than TPS? The authors tacitly recognize their question is tied to organizational mechanisms by suggesting that high schools might differ from elementary schools, along with the concentration of charters in urban Philadelphia County, somehow offering a different context in which charters have flourished.

A compelling alternative rationale, however, is that charters simply allow certain parents—say, those whose children *already* less often engage in delinquent behavior—to *sort into* charter schools, while others remain in TPS. The logic that charter schools help parents fit into "cultures that discourage risky behavior," ignores the obvious:[9] white or materially advantaged families (of any ethnicity) often seek mostly segregated schools to ensure safety or academic quality. And many schools welcome these families with open arms. The authors seem oblivious to this stratifying downside of idealized market dynamics.

A related rationale is that "free minds" operate within unfettered institutional contexts. But why are Philadelphia charters serving large shares of disadvantaged students, while suburbs are not? Why might less troubled children sort into charters, while other poor kids remain in TPS? Do school principals already desire great budget autonomy with or without charter competition? That is, institutional structuring—whether the political economy of cities or the bureaucratic character of school budgeting—constrains the capacity of "rational actors" to innovate or break free of racialized class positions.

Pro-charter scholars' ideology rightfully speaks to reducing such bounded rationality when

it limits the capacity of principals to run safe or effective schools. But sociologists and institutional economists have exposed (since the 1930s) the naiveté of assuming that market dynamics—"freeing the minds" of parents to sort about stratifying organizations, or liberating school principals to control their isolated fate—will somehow improve the efficacy of schools inside.[10] Why are charter schools so unevenly effective in lifting children's learning curves, even inside relatively free markets, as seen in Los Angeles or New Orleans?

Or, take the institutional dynamics that arise when better-educated parents more often express demand for charter schools, even within low-income and working-class communities.[11] This "creaming" of more committed families and less troubled children occurs through self-selection, a novel form of organizationally fostered stratification. Charter schools may then host engaging practices that reduce risky behaviors. But they start with children who have very different profiles.

## IV. The Reports' Use of Research Literature

The authors review how charter schools in many states do *not* outperform TPS when it comes to pupil test scores, including those located in Pennsylvania. So, the authors' fallback position is that "…it is also possible that families choose schools based on multiple dimensions of quality," specifically the safe or positive school climate that charters provide.[12] Several studies are then cited to help argue that parents selecting private or charter schools report greater safety, relative to families that remain in TPS. If charters do not raise test scores more than regular publics, at least they offer a more favorable school climate, the authors argue.

We also see the collateral argument that "[A]ccess to public charter schools could also reduce school climate problems by improving matches between schools and students."[13] But no prior work appears to substantiate how *a priori* preferences of parents compare with their post-enrollment perceptions of climate, or whether the two are truly separable.

We do learn from the literature reviewed in the *Budgeting Under Competition* paper that studies show how *actual competition* from charters affected budget allocations by school principals, for example, as the threat of vouchers in Florida moved school-level adaptations.[14] It is unclear how these studies inform entirely hypothetical inducement to alter behavior. The authors assume that competition from private schools is viewed similarly to the charter threat. But do public educators feel they are competing with private schools that serve affluent families? We gain little understanding of how parents or principals *actually see* their options, the limits of their information or discretion.

## V. Review of the Reports' Methods

Two methodological issues plague the *Charter Safety* paper. The 58 types of student infractions were not reduced to simpler set of constructs, say academic or personally intimidating

transgressions, or low- versus high-incidence delinquencies. Reporting each of the 58, then contrasting charter and TPS levels, offers a detailed breakdown. But then regression models are run with 14 predictors for each of the 58 types—resulting in the estimation of 840 separate parameters. This means that at least 42 of the "significant" findings are due to chance.

The second problem is that the author is eager to reach inferences about why *individual* parents select into charter schools. But the entire analysis is conducted with *school-level* means for the predictors and 58 delinquency outcomes. A sophisticated analysis would first estimate what kinds of parents are selecting into charter schools, and then model the charter organization's capacity to suppress misbehavior—requiring data on individual children and families. Instead, this paper ignores *a priori* selection effects, leaving us unable to infer much about the organization-level influence of charter schools.

The main weakness of the *Budgeting Under Competition* paper is that we don't know whether principals, presented with a hypothetical scenario of a single charter opening nearby, are discernibly worried (principals who, on average, already desire greater autonomy). When a null effect is discerned for this outcome, the authors turn to hypothetical budget shifts, which display mostly insignificant effects as well.

## VI. Review of the Validity of the Findings and Conclusions

Given these methodological shortcomings and the 8% response rate to the principal survey, the *Budgeting Under Competition* paper tells us little that is generalizable. A better approach would be to record when each charter school opened in Texas, then trace shifts in district- or school-level budgeting. This becomes feasible with school-by-school reporting under the federal Every Student Succeeds Act.

The *Charter Safety* paper offers greater validity, useful in understanding differing rates of misbehavior between charter and TPS campuses, at least for low-incidence infractions. But the findings—stemming from school-level averages—do not allow the reader to get back to the rationales exercised by individual parents, their presumed desire for warmer school climates and capacity to discern differences. Nor can we validly tell from the paper's results whether lower degrees of risky behavior stem from prior family background or the practices of charter organizations. Ideally, we can learn how both dynamics, at individual and organizational levels of analysis, operate in urban and suburban regions.

## VII. Usefulness of the Reports for Guidance for Policy and Practice

Despite the methodological blemishes, the *Charter Safety* paper poses important questions. Why do delinquency rates vary between charter and TPS schools? Do other types of schools—charters, magnets, or small high schools—differ systematically in addressing dis-

cipline problems? Efforts to engage in restorative justice following conflicts inside schools, or shifting the mindset of punitive teachers, have been growing in many states.[15] It may also be that smaller enrollments in charters, or younger teachers of color, help reduce misbehavior. The paper opens up these key questions, while failing to discern whether *a priori* family attributes or practices tied to the school organization explain important variation in delinquent behavior. The category of *charter school* may not be less telling, relative to heterogeneity in organizational practices found among schools within any particular type of institution.

# Notes and References

1 This offers a major finding, for instance, of the numerous state studies of charter schools conducted by Margaret Raymond and the CREDO center at Stanford University. Available at https://credo.stanford.edu/

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7 The group's website, as of this writing, features a piece arguing that the FAA has no authority to require that airline passengers wear facemasks amidst the deadly Covid-19 pandemic. Scribner, M. (2020). *Does the FAA have authority to require passengers to wear masks?* Washington, DC: Reason Foundation. Retrieved May 3, 2020, from https://reason.org/commentary/does-the-faa-have-authority-to-require-passengers-to-wear-masks/

8 DeAngelis, C. (2020). *Are charter schools safer than district-run schools? Evidence from Pennsylvania*. Washington, DC: Reason Foundation, p. 1.

9 DeAngelis, C. (2020). *Are charter schools safer than district-run schools? Evidence from Pennsylvania*. Washington, DC: Reason Foundation, p. 1.

10 For review of debate between idealistic free-market proponents and institutional scholars, see Scott, W. (2013). *Institutions and organizations: Ideas, interests, and identities*. Thousand Oaks, CA: Sage.

11 In the case of Los Angeles, home to more charters than any other city: Shin, H., Fuller, B., & Dauter, L. (2017). Heterogeneous effects of charter schools: Unpacking family selection and achievement growth in Los Angeles. *Journal of School Choice*, *11*, 60-94.

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13 DeAngelis, C. (2020). *Are charter schools safer than district-run schools? Evidence from Pennsylvania*. Washington, DC: Reason Foundation, p.4.

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15 For review, Wilson, D., Olaghere, A., & Kimbrell, C. (2017). *Effectiveness of restorative justice programs: OJJDP-funded research in brief*. Washington, D.C.: Office of Juvenile Justice and Delinquency Prevention. Retrieved April 26, 2020, from https://www.ncjrs.gov/pdffiles1/ojjdp/grants/250872.pdf