

# Increase the Transparency and Efficiency of Charter Schools in Texas

Support a legislative agenda for *all* Texas students in 2019 and level the playing field for public schools

February 1, 2019



**Teacher groups, school administrators, school board members, and public education advocates have come together to support a legislative agenda that will increase the transparency and efficiency of charter schools in Texas.**

- Recent reports shed light on the unlimited growth of charter schools and raise significant issues about the future and funding of public education. The *House Committee on Public Education Interim Report*, for example, includes information about charters' funding advantages over districts; the need for expanded public notice about charter expansion; and charter schools' ability to exclude certain students. In addition, data from the Legislative Budget Board highlights that charter funding has doubled over five years to about \$3 billion. While charters currently enroll 6 percent of students, they receive one-sixth of all state dollars for public education.
- This legislative agenda provides common sense solutions to level the playing field for public education; ensures that all students have equal access to educational opportunities; provides parents with important information about charter school choices; provides the public with input into decision-making; and closes loopholes to avoid potential misuse of state funds.

## 1. Inform the public about charter school expansion and increase opportunities for public input into the charter application and amendment process.

**Why it's important:** Over 400 new charter schools have been approved in the last six years through the charter amendment process alone with little review and almost zero public notice or community input. For example, charter amendments are not posted on the Texas Education Agency (TEA) website until after they are approved by the Commissioner, so the public is not informed about new charter schools proposed in their community and has no opportunity to contact the Commissioner.

- a) Charter schools will make presentations about expansion amendment requests or new charter school applications at a public meeting of the district School Board where a new charter school will be located and at districts included in the geographic boundary of the new charter within a 10-mile radius of the new school. The charter presentations at the School Board meetings will be conducted before the charter submits its application or amendment to TEA and will allow for public comment.
- b) TEA will post all charter amendments on the TEA website within five business days of submission.
- c) TEA will post information about public meetings conducted as part of the new charter application process at least ten business days before the hearing is conducted.
- d) TEA will standardize the list of individuals and entities that are informed about any charter amendment or new charter application, including: Superintendents and School Board members of districts included in the geographic boundary of the charter; all members of the State Board of Education; and state representatives and state senators that represent any portion of school districts within the charter geographic boundary.
- e) The State Board of Education will have authority to veto a charter amendment that has been approved by the Commissioner in the same manner that it exercises veto authority over new charter applications.
- f) TEA will provide at least an 18-month advance notice to school districts before new charter schools can open to allow for an efficient transition.
- g) Applicants for new charter applications and expansion amendments must indicate the specific school district, geographical area, and zip code within the district where they intend to locate a new charter school, or the specific physical address if it is available, so that both charters and school districts can provide more accurate information to decision makers about the actual impact of the new charter school on district schools and the need for the specific charter school, before the approval of any new charter.

## 2. TEA will create and manage a standard application for charter schools and maintain the charter school wait list of students.

**Why it's important:** Policy and budget decisions are made by the Texas Legislature based on the existence of a large charter wait list of students. Yet, this list is created and maintained by individual charter schools that each use different protocols to manage their own wait list. As a result, the wait list cannot be verified for accuracy or duplication, and it is not available for public review. Creating a standard charter application managed by TEA would allow the agency to maintain the charter wait list, avoid duplication, and provide more reliable information to decision makers. It would be cost efficient and make enrollment easier for parents.

- a) Students will apply for charter schools using a standard application developed and managed by TEA.
- b) TEA will manage the charter school wait list of students and develop operational guidelines.
- c) Student names will be removed from the charter school wait list at the beginning of the next academic year after applications are submitted.
- d) TEA will issue an annual public report by December 31 with verifiable and non-duplicative wait list information for the state, by individual charter school, and for each group of affiliated charter schools that includes: the number of students on the wait list; the number of student applications; enrollment numbers and the demographics of enrollees; current approved charter enrollment capacity, including grade level (if available); and the operational guidelines developed for maintaining the wait list.

## 3. Provide all students equal access to enroll in charters.

**Why it's important:** Charter schools in Texas are not required by law to accept all students. Charter schools are allowed to exclude any student from enrollment who has any discipline history — even for minor offenses — which effectively discriminates against certain student groups that have a disproportionate percentage of discipline actions. Charters also serve an average of 34 percent fewer students with special needs compared to school districts. These exclusions often result in a disproportionate percentage of students with specific challenges enrolled in local neighborhood schools that accept all students.

- a) Delete the discipline exclusion in the law that allows charter schools to exclude students with discipline history from enrollment.
- b) Require charters to observe the same rules and limits as school districts to expel or suspend a student.

- c) Do not allow charters to include questions on the charter enrollment application about the student's special education classifications, language proficiency, or discipline or behavior history.

#### 4. Consider the impact of new charter schools on local school districts and neighborhood schools before any new charter school is approved.

**Why it's important:** *The unlimited growth of charter schools has a fiscal, academic, and program impact on local neighborhood schools and school districts. Yet, charters often open within only 2-3 miles of existing neighborhood schools that are already meeting state accountability standards and have capacity to serve additional students. Locating new charter schools in close proximity to existing neighborhood schools can be an inefficient use of limited public tax dollars.*

The Commissioner will consider the impact of charter schools on neighborhood schools and school districts in the charter approval process for amendments and new applications:

- a) Respond in writing to the concerns from districts that have submitted a "statement of impact" form as part of the new charter application or expansion amendment process.
- b) Issue a public report at least 15 business days before charter amendments are approved and before new charter applicant interviews are held at TEA that includes a summary of district concerns outlined in the "statement of impact" forms submitted by school districts for each new charter request. The Commissioner will also include a fiscal note in the report with TEA estimates of the total cost of each new charter school to the state and to local districts over five years, including recapture payments. This public report must be posted in a prominent place on the TEA website; sent out as a "To the Administrator Addressed" communication from TEA to all school districts in the state; and provided to every State Board of Education member and state legislator who represents any portion of the attendance boundary for the new charter school.
- c) Consider the proximity of proposed new charter schools to existing neighborhood schools and whether local demographics can support an additional new school.
- d) The Legislative Budget Board shall prepare an annual report by December 31 that documents the financial impact of charter schools on the state budget, district public schools, and public education, including the effect on district recapture payments.

#### 5. Disclose charter school financial dealings to the public — leases, mortgages, contracts, and bond debt.

**Why it's important:** *Charters receive almost \$3 billion in state funds annually, yet many charter school financial dealings are*

*not disclosed to the public and not available for public review. Recent disclosures raise serious concerns about how some charters have spent public funds.*

- a) Charters will report ownership of all facilities annually and make copies of lease and mortgage agreements available as an addendum to their annual financial statement.
- b) Close the loophole that allows charters to create an affiliated organization for the purpose of purchasing school facilities that are paid for with public funds. These school facilities should become the property of the state if the charter closes rather than the property of the affiliated organization.
- c) If state funds have been used to purchase any charter facility, the charter operator will file an affidavit with the County Clerk in the county where charter facility is located in order to provide notice that the state of Texas has a financial interest in the deed to the charter property should the charter close.
- d) Charters will report annually to TEA by December 31 providing information about how the \$60 million in facility funding received from the state was expended in the prior year.
- e) Charters will disclose all bond debt annually, and all new charter bonds will require approval from the Texas Bond Review Board.
- f) Charters will be subject to the same contract procurement rules as school districts to increase competitiveness and avoid conflict of interest.
- g) Charters will post information about all contracts on their website.
- h) Charter schools can only use state funds for the same lawful purposes as traditional public schools. For example, charters will not be allowed to make political contributions using state funds or to send political emails through the charter network or charter schools.
- i) Include charter schools in the state whistleblower statute.
- j) Charter schools will conduct the same safety audits required of school districts.

#### 6. Help parents make an informed enrollment choice.

**Why it's important:** *It can be difficult for many parents to make an informed choice about charter school enrollment because important information about charters is generally not posted on charter websites and can be difficult to find. Parents may assume that charters offer the same services, programs, and teacher qualifications as school districts, but that is often not the case.*

- a) Charters will post key information about each charter school in their district on the charter website. Information that should be provided includes, for example: student

performance; alternative accountability status; student demographics including the percent of students enrolled with special education needs; student (and parent) codes of conduct; student suspension, expulsion, and attrition rates; graduation requirements; a list of parental rights and parent participation requirements; student transportation availability; availability of extracurricular activities such as music, arts, and sports; and information about teachers, including: percentage of teachers who are uncertified or assigned to teach outside of their certification, years of experience, annual attrition rate, and average salaries.

## 7. Pay charters the same per student funding as the districts where they are located.

### Why it's important:

- Charter schools receive more per-student funding to maintain and operate schools than schools in districts that enroll 94% of all students in Texas.

- In fact, charter schools receive up to \$2,200 more in per-student funding than some district schools, yet charters pay their teachers an average of \$5,538 less per year than school districts.
  - Charters enroll just 6% of all students, but they receive 1/6 of all state funds for public education.
  - The state would save \$882 million over this biennium if charters received the same per-student funding as the districts where charters have the highest enrollment.
- a) Change state funding formulas to make per-student funding for charters equal to the statewide average per-student funding that local school districts receive.
  - b) Require charter schools to pay the same amount to the Teacher Retirement System (TRS) as school districts pay for teacher salaries over the statutory minimum, which would free up \$25 million in state funds and help to shore up TRS; or create parity that allows school districts to make the same payments to TRS that charter schools make.

The following organizations have agreed to the recommendations in this document but not to any specific bill or legislative proposal.



TEXAS STATE TEACHERS ASSOCIATION



Texas AFT  
A Union of Professionals  
www.texasaft.org



Texas Association of School Boards



Texas Classroom Teachers Association



Pastors for Texas Children



FASTGROWTH  
SCHOOL COALITION

