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**Charter Schools: The Smiling Face of Disinvestment**

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# Charter Schools: The Smiling Face of Disinvestment

By Alex Molnar

Charter schools are hot. But will commercial motives, money problems, and unproven boasts about student gains cool down the education reform of the '90s?

Everyone, it seems, loves charter schools. Time magazine has called them the "New Hope for Public Schools" (Wallis 1994). The New Democrat, the Democratic Leadership Council's journal, says charter school advocates are "Rebels With a Cause" (Mirga 1994). And The New York Times (in an unusual note of irony) calls them the "Latest 'Best Hope' in U.S. Education" (Applebome 1994).

American Federation of Teachers President Albert Shanker launched the movement when, in a 1988 National Press Club speech, he called for empowering teachers by creating "charter" schools that focused on professional development and had a clear commitment to improving student achievement (Sautter 1993). Since then, the rise of charter schools to the top of the educational reform agenda has been spectacular.

To many educators, parents, and politicians, the charter school idea represented a public education alternative to private school voucher proposals. It was an idea they could embrace enthusiastically because it seemed to protect public education as an institution and at the same time provide for fundamental reform and systemic "restructuring." As a bonus, charter schools had more media sex appeal than, say, site-based management.

## **Zealots, Entrepreneurs, Reformers**

Tom Watkins (1995), the director of the Detroit Center for Charter Schools, says charter school advocates are usually one of three types:

1. Zealots, who believe that "private is always better than public," market systems are always superior to public systems, "unions are always the problem," and students at private and religious schools outperform their public counterparts. Neoconservative supporters, such as Hudson Institute Fellow Chester Finn and former Secretary of Education William Bennett, probably fit most comfortably in this category.
2. Entrepreneurs, who want to make money running schools or school programs. Edison Project charter schools operating in Boston, Michigan, and Mt. Clemens, Michigan are examples of private entrepreneurs using charter school legislation as an opportunity to turn a profit.
3. Reformers (child-, parent-, and teacher-centered), who want to expand public school options and provide the sort of creative tension they believe will help improve all schools. It is this group--perceived as representing a kind, moderate, educational middle--that generates most of the favorable press reports about dedicated individuals struggling to make a difference in the lives of America's schoolchildren. These are the people (and Watkins places himself here) who have given the charter school movement its air of mainstream respectability.

Despite the rosy image provided by the child-centered reformers, most of the money and political influence driving the charter movement have been provided by the zealots and the profiteers.

## **Prairie Fire Reform**

Charter school reformers aim their rhetorical firepower at those ever-popular sources of evil in American public education: overregulation and unresponsive bureaucracies. Remove the regulation and dismantle the bureaucracies, their

logic goes, and--voila thousand flowers cultivated by the unfettered ingenuity, energy, and commitment of parents and teachers will bloom. The idea is simple, direct, and appealingly libertarian.

In 1991, Minnesota became the first state to pass a charter school law. The Minnesota legislation enabled school districts to "charter" schools organized by teachers. These schools were freed of most state and local regulations and operated as nonprofit cooperatives that were legally autonomous. Existing nonsectarian private schools also were allowed to apply for charter status. For the most part, the Minnesota legislation met Shanker's criterion of empowering teachers.

Within four years, charter school laws had been adopted from one end of the country to the other. At the end of 1994, 11 states had some form of charter school law on the books and 134 charter schools had been approved. By late summer 1996, 25 states and the District of Columbia had passed laws. The number of charter schools approved had jumped to 246, of which 110 were up and running.

An August 1995 survey of these 110 charter schools found that about 27,500 students were enrolled. Most of these schools were small (about 250 students on the average--only 140 if California schools were excluded). The schools were most often located in leased commercial space (in Hull, Massachusetts, for example, this meant eight rooms in the Seashore Motel). Two-thirds wanted to attract a cross section of students and about half were intended to serve at-risk students. Their academic focus was primarily on "integrated interdisciplinary curriculum" or "technology" or "back to the basics" (University of Minnesota 1995).

Clearly as a result of the political struggle among charter school advocates with different agendas, the practical meaning of the term varies considerably from state to state. At a minimum, however, all states defined charter schools as

public schools that operate under a special contract or charter. Depending on the state, the sponsor granting that charter could be a school district, a university, a state education board, or some other public authority. Most, but not all, states place limits on the number of charter schools allowed.

Instead of having to meet most state or district regulations, charter schools are accountable for such matters as educational programming, academic results, and fiscal affairs under the terms of their contract with their sponsoring organization (Bierlein and Mulholland 1995). The sponsor is in turn responsible for guaranteeing compliance with the contract. In almost all cases, charter schools have been designed to be nonselective, tuition-free, nonsectarian, and based on choice. Funding depends directly on the number of students enrolled.

### **Laws Weak and Strong**

One of the most significant differences among the various charter school laws is the degree of autonomy they grant the schools. Arizona, California, Colorado, Massachusetts, Michigan, and Minnesota have what are sometimes characterized as "strong" charter school laws because they allow these schools to operate as legally independent entities with a high degree of autonomy. In contrast, the so-called "weak" charter school laws passed by Georgia, Hawaii, Kansas, New Mexico, and Wyoming grant charter schools little more autonomy than other public schools (U.S. General Accounting Office 1995).

Obviously "strong" and "weak" are in the eye of the beholder. Given the variety of reasons offered for embracing the charter school concept--to encourage innovative teaching, to create new professional opportunities for teachers, to promote community involvement, to improve student learning and to promote performance-based accountability, among others (U.S. General Accounting Office 1995)--it is not surprising that charter school legislation has varied considerably.

## **Free-Market Accountability**

As yet, no national evaluation of the effectiveness of charter schools has been completed. The Pew Charitable Trusts have funded a study to be conducted by Chester Finn and Louann Bierlein at the Hudson Institute. And the U.S. Department of Education has commissioned a study that should begin to provide some data in the next two or three years.

In the meantime there are a few clues about the impact of the reform. A 1995 report issued by the Indiana Policy Center, "Charter Schools: Legislation and Results After Four Years," found little in the way of systematic evidence that charter schools increased student achievement (Indiana Policy Center 1996).

In December 1994, the Minnesota legislature released a report on charter schools in Minnesota. The authors did not try to judge the success or failure of the charter experiment; they felt it was too early for that. They did, however, highlight a number of problems that threw into question the idea that charter schools would provide a model for public school reform (Urahn and Stewart 1994).

Because Minnesota charter schools were free of all legal requirements placed on public schools, except those clearly spelled out in their charters, the charter schools didn't necessarily have to operate in open meetings or otherwise be open to public scrutiny. That made it difficult for the public to hold them accountable for proper and efficient conduct of their activities. Accountability was further complicated by a finding that some school boards granting charters were unwilling or unable to adequately evaluate charter school outcomes or student success.

One of the biggest problems Minnesota charter schools faced was financing. Thus, in order to reduce class size and afford other reforms, the schools relied on experienced teachers to accept low salaries and take on administrative and other responsibilities. The schools also had difficulty finding facilities and paying for

even the most basic equipment--books and desks--without additional income from private sources that could not be relied upon for continuing, long-term support.

These problems are not unique. In a recent survey of charter schools around the country, financial support and the lack of start-up funds were the most frequently mentioned problems (University of Minnesota 1995). The authors of the Minnesota legislative report concluded that without increased support, "it is not clear that charter schools will be able to function as anything but educational reform 'on the margin' " (Urahn and Stewart 1994).

Despite the report's perfectly reasonable conclusion, most charter school supporters would be the last ones to admit publicly that they are backing a reform that has neither a logical nor a demonstrated relationship to increased academic achievement and that will cost someone lots of money to get off the ground and keep afloat. Most would rather claim that the market will somehow provide.

For this reason, charter school advocates often prefer to frame the issue of accountability the way voucher supporters do. Real accountability, they say, is imposed by competition in the marketplace. Parents who "know what they like" and who are "empowered" to choose the school their children attend will send their kids to a charter school if they think its program is good; and if they don't, they won't. This view assumes parents know an effective school program when they see one and that they could not possibly be satisfied with an ineffective school.

Undeniably, this position has populist appeal. In practice, however, parents' decisions about where to send their children are much more complex than a simple judgment about a school's academic program. Considerations such as proximity to the school, work schedules, availability of after-school care, and extracurricular activities get thrown into the mix. Also, the ability of parents to choose the best school for their children requires more than the freedom to walk

away from schools they don't like: they also must be able to get their children into schools they like better.

The chance of a market creating a multitude of options for all parents, especially those in the most impoverished urban areas, is so small as to be nonexistent. Obviously that is why no one has yet explained in practical terms how to create the surplus educational capacity needed to give parents such an opportunity. Should a dissatisfied parent decide to switch schools, who pays to keep a vast network of partially filled schools at the ready? In the real world, financing limits parents' choices. Charter schools do nothing to change that basic fact.

### **Real-World Money Problems**

If the popularity of charter schools demonstrates anything, it is America's enduring faith that major educational reforms can be accomplished on the cheap. Charter school reformers in Massachusetts and elsewhere have sold the idea that charter schools won't cost anyone anything--a real win-win reform. This fiscal miracle is accomplished by a budgetary sleight of hand in which the money to educate charter school students is, for the most part, taken out of state aid to the district in which the student lives. In the case of hard-pressed urban school systems such as Boston's, such financing further undermines the district's ability to serve the children attending its schools.

Raising the necessary money is one problem; keeping track of it after it has been raised is another. Few of the institutions legally empowered to grant charters are likely to have the expertise or the resources to monitor and enforce those charters. If educational performance contracting during the Nixon administration and the more recent contract problems between Education Alternatives Inc. and the Baltimore and Hartford school systems are any indication, we will soon be reading stories of mismanagement and educational short-sheeting at charter schools.



In fact, in 1994, one California charter school, Edutrain, went belly up with more than \$1 million in public money unaccounted for. Apparently the school administration had been spending money to help pay the principal's rent, lease the principal a sports car, hire a bodyguard, and fund a \$7,000 staff retreat in Carmel--this while teachers lacked textbooks and supplies (Schmidt 1994).

To some charter school supporters the failure of Edutrain was an example of the educational market imposing its discipline. The problem with their logic is this: An educational "market" does not punish the people who set up a school the way a financial market punishes investors in stocks and bonds when share prices plummet or a bond issuer defaults. In the Edutrain fiasco, the people punished were the students who had their education disrupted and the taxpayers and students in the Los Angeles Unified School District who were out of education money and received nothing in return. In the charter school market, the financial risks are socialized, while the financial gains are privatized.

### **Demonizing Teachers**

The lack of a common educational vision helps assure that the argument for charter schools is dominated by economic, not educational, ideas. Central to the logic of charter schools is the idea that competition will force public schools, which now have a monopoly in providing educational services, to improve or perish as parents choose to send their children to better schools. Unfortunately, how competition will result in better teaching and more learning is never specified.

The assumptions are that educators have grown fat and complacent in the warm embrace of a government monopoly and that a threat to their now-secure futures will force them to figure out how to do better. In this scenario, teachers unions are considered self-interested culprits responsible for driving up the cost of education without accepting accountability for student achievement.

Neoconservative charter school zealots, such as Chester Finn and the Center for Educational Reform's Jeanne Allen, ridicule the idea that schools (particularly those in poor, urban districts) might need more money to improve. Any increase in funding would, from their perspective, be throwing good money after bad. In what has become the conventional wisdom in the charter school movement, the enemies of school improvement are rigid union contracts; bloated, unresponsive bureaucracies; and overregulation, not fiscal constraints.

Hostility toward teachers unions and the teacher certification requirements they have achieved is built into some so-called "strong" charter school laws, including those in Arizona, California, Colorado, and Massachusetts. Under those laws, virtually any adult with "qualifications" is allowed to teach in a charter school, or administer one for that matter, without the need for certification. It's an approach that is in some ways analogous to trying to solve the problem of access to health care by allowing anyone who can attract patients to practice medicine.

### **"Edventures" in Exploitation**

The surge of interest in charter schools seems to have energized a fledgling movement that wants to increase the number of what it calls "teachers in private practice." This is billed as a movement for teachers who want to work as entrepreneurs instead of employees. The idea of teachers as entrepreneurs is couched in the language of greater professionalism and independence for teachers freed to work when and where they want, even free to set their own fees. To those who contend that good teachers are too often yoked to incompetents by union protections, the idea also is presented as a chance for good teachers to take their competence to the marketplace and receive the greater rewards their talent will command.

In practice, however, the ability of professionals to set their own fees depends on how many others are competing in the marketplace. Because the money

available for public education is constrained by political decisions, cost, not competence, will often be the most decisive factor in hiring.

Changing state laws to make it easier to be a private practice teacher would most likely result in large numbers of teachers finding themselves shut out of the more highly paid positions with fringe benefits they might have had as school district employees. These teachers would be involuntary teachers in private practice, with the freedom to do the same work for lower wages and few opportunities to raise their incomes, whatever their competence.

This mirrors what has happened at public universities over the past two decades. As money to hire professors in positions leading to tenure has steadily diminished, schools have hired more adjuncts to work on year-to-year contracts at low pay with few, if any, fringe benefits (Judson 1996). They are, as the outside critics argue, free to change careers. But a system that consistently turns away talented people undermines the quality of higher education in the long run.

Certified and uncertified teachers in private and religious schools are already in this battered boat. That's why large numbers leave those mythically superior schools as quickly as they can find a decent-paying job in a public school system. Anyone who thinks about it quickly realizes that charter schools can never occupy more than a very small corner in American public education without drastic reductions in wages or huge increases in education spending.

For the zealots and profiteers, charter schools are as much a vehicle for breaking up teachers unions and lowering wages as an education reform strategy. That is why so much of their rhetoric demonizes teachers unions and paints them as self-serving enemies of reform. They attack teachers unions for backing "weak" charter laws (for example, those that keep charter schools clearly accountable within the structure of public education). As in universities, a continuing erosion of teachers' wages could drive many of the best prospective teachers into other

occupations. This most likely would lower the quality of public education, inevitably harming the poorest children the most.

### **Storefront Education**

One of the most hotly contested aspects of charter schools is who will run them. As originally proposed by Albert Shanker, the idea was to "empower" certified teachers by freeing them from regulations so they could run their program more effectively. But charter school laws in states that allow private and for-profit schools to operate without certified teachers open the door to some strange possibilities.

Many people who start charter schools will work long and hard to accomplish their goal and some will have good results. Many of these schools, however, won't last long. People burn out, they move on, their kids grow up, and for any number of reasons the effort collapses.

The quick-buck operators, on the other hand, are likely to be much more durable. Attracted by the lack of regulations, effective fiscal controls, or academic standards, and untroubled by the welfare of their students, they will be free to set up and close down over and over again, milking the system for as much as they can get. Their role models will be the scam artists who bilk post-secondary students out of their college Pell Grant money and student loans by opening up fly-by-night schools of "business" or "technology" or even "hair styling" and "nail academies."

One of the paradoxes of the charter school idea is that the farther the schools are outside the public school system, the more they rely on the idiosyncratic vision of a few people and the more exotic their methods of funding become. As a result, even if there are some individual success stories over the next few years, they may not serve as models elsewhere because their circumstances will be unique.

## **The Public Debate vs. the Real One**

Free-market zealots are likely to continue to claim vindication or argue that their reactionary ideas need more time to work. Supporters of public education will call the experiment a costly failure and marvel at the willingness to spend large sums on unproven alternatives while cutting resources for the public system that serves most children. With an absence of uniform standards, the war of educational anecdotes and misleading statistics will remain "subject to interpretation."

All the while, the desperation of America's poorest children and their families will grow. No state's charter schools, under laws strong or weak, will make an appreciable difference for most of these children. They are failing in public schools. They are failing in Catholic schools. They are going under. That is not because they cannot succeed, but because they have been abandoned in a political and economic debate that masks selfish interests with educational rhetoric.

No amount of entrepreneurial zeal will make up for a lack of sufficient resources to provide for them. Indeed, it is the market that has destroyed their neighborhoods and the livelihoods of the adults they rely on. Unleashing the market on the public schools will only compound the harm.

Charter schools, like private school vouchers and for-profit schools, are built on the illusion that our society can be held together solely by the self-interested pursuit of our individual purposes. Considered in this light, the charter school movement represents a radical rejection not only of the possibility of the common school, but of common purposes outside the school as well. The struggle is not between market-based reforms and the educational status quo. It is about whether the democratic ideal of the common good can survive the onslaught of a market mentality that threatens to turn every human relationship into a commercial transaction.

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