



New study: Urban charter schools draw nearly a third of their students from private schools

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A new study released today by the **Cato Institute** Center for Educational Freedom examines a question that hasn't garnered any attention in the charter school debate here in Georgia: Where do public charter schools get their students, from traditional public schools or private schools?

I hope to talk today to the economist who authored the Cato study, [Richard Buddin with the RAND Corporation](#), but here is the essence of his surprising findings: Despite their intention to target poor and under-served students, charters schools draw nearly a third of their elementary school enrollments from students who would have attended private, not public schools. This exodus from private schools to public charter schools costs taxpayers \$1.8 billion a year, according to the study.

The study found:

Charters serving primary students in highly urban districts take almost one third of their students from private schools, on average. Urban charters draw nearly one quarter of their middle school students and over 15 percent of their high school students from the private sector. Even in non-urban districts, charters pull between 7 and 11 percent of all their students from private schools.

“On average, charter schools may marginally improve the public education system, but in the process they are wreaking havoc on private education. Charter schools take a significant portion of their students from private schools, causing a drop in private enrollment, driving some schools entirely out of business, and thereby raising public costs while potentially diminishing competition and diversity in our education system overall. I call this mix of intended and unintended consequences the ‘Charter School Paradox,’” said Cato policy analyst and project supervisor Adam B. Schaeffer in an email.

In a companion analysis released with the study, Schaeffer explores how Buddin's findings influence what Cato considers the [critical element to improving education](#): Limiting government so the free market can work. The libertarian Cato Institute advocates for an independent system of schools competing for students.

Schaeffer writes:

1) What is the impact on overall competition and achievement if charter schools are driving private schools out of business?

- Although charter schools increase competition within the government school system, it seems likely that they decrease competition from the private sector in some areas. The private market is in turn vital for innovation and as competition for the government sector. More research needs to be conducted to determine whether or not there is a net increase in competition and achievement when considering these substantial, if unintended, consequences of charter schools for the private education market.

2) What is the true cost of expanding public charter schools when the formerly private school students are properly counted as a new expenditure?

- Based on Buddin's numbers, the direct public cost of charter students who migrated from private schools is about \$1.8 billion a year. Since the most recent data available for the analysis are from 2008, that figure is likely much higher today.

- Moreover, state governments typically spend more per charter school student than they do for students in regular schools, adding to the total cost at the state level. Local governments, however, usually spend far less or nothing at all on charter school students. The cost, in other words, is borne by state governments and the total costs or savings across both levels requires a detailed state-by-state analysis.

3) Is there any way to mitigate these negative, unintended consequences of charter school reform?

- Thankfully, yes; by enacting good private school choice reform, such as education tax credit programs. This will prevent the erosion of private educational options while driving greater competition across the board.

4) Is there any way to avoid the Charter School Paradox without private choice reform?

- Unfortunately, that seems unlikely. If the heavy burden of government school taxes continues to weigh down families struggling to pay out of pocket for private education, then charter schools will continue to cannibalize the private sector, increase public costs, and decrease options and competition. Communities must open up all educational options to families if there is to be real and sustainable improvement in education overall.

Anecdote and conjecture about the impact of charter schools now has rigorous empirical support; public charter schools are seriously damaging the private education market, adding to the taxpayer burden, and undermining private options for families and healthy competition in the education sector.