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# Economic Policy Institute

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EMBARGOED UNTIL: Friday, April 15, 2005

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## CHARTER SCHOOL “ADVANTAGE” PROVES ILLUSORY

Study praised by charter advocates inadequately accounts for income & race differences between students in charters & in regular public schools

Last year a widely-cited study said charter schools do better than traditional public schools at educating students, generating great enthusiasm among charter school advocates and at the Department of Education. A new study released today, which reanalyzes and expands on that study’s data, shows that the charter advantage reported in last year’s study disappears when there are direct controls for the income and racial differences of students.

The new Economic Policy Institute study, by economist Joydeep Roy and EPI’s president, Lawrence Mishel, retraces the steps of the 2004 study, concluding that Harvard researcher Caroline Hoxby reached erroneous conclusions because she failed to factor in key socioeconomic differences between charters and the traditional public schools they were measured against.

Once factors of poverty and race are properly weighted, as today’s study does, the charter school advantage all but evaporates. Taking account of the differences in racial composition alone neutralizes the charter advantage in math proficiency and significantly reduces it in reading. Additional adjustments for differences in low-income status further lower the charter school estimates to the point they are not meaningfully different from zero in either reading or math.

“Hoxby’s study assumes that students at charter schools have essentially the same characteristics as students at nearby public schools,” Roy said, “but, in fact, there are sizeable differences between the two kinds of schools that biased her results.”

“Advantage None: Re-examining Hoxby’s Findings of Charter School Benefits,” shows that charters do not have a significant positive impact in either math or reading overall, nor in any type of location: central city, suburb, town or rural. It also shows that charter students are less likely to be minorities or have low incomes than the students at nearby schools.

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*The Economic Policy Institute is an independent, nonprofit, nonpartisan research institute – or “think tank” – based in Washington, D.C. EPI researches the impact of economic trends and policies on working people in the United States and around the world.*

The Roy-Mishel study examines data nationally and in the 37 states in Hoxby's sample, focusing especially on the nine major charter states with the largest number of charter schools: **California** (200 charter schools), **Michigan** (133), **Florida** (98), **Arizona** (96), **Texas** (90), **Ohio** (67), **North Carolina** (65), **Colorado** (64), and **Pennsylvania** (48).

Highlights include:

- **Demographics:** In general, charter schools have a higher percentage of white students, a higher percentage of black students, and a smaller percentage of Hispanic students than their comparison schools.
- **Income:** Overall, charter schools report a much lower percentage of students who are eligible for free or reduced-price lunch: 49% in charters compared to 64% in the comparison schools.
- In **California**, alone among the nine major charter states studied, did charter schools maintain an edge in reading proficiency over comparison schools (although a smaller one than Hoxby found) after controlling for socioeconomic differences. There was no charter advantage in Michigan, Florida, Arizona, Texas, Ohio, North Carolina, Colorado or Pennsylvania. California charters served a student body that was more white and less Hispanic than the comparison schools, and the share of students eligible for free lunch was 21 percentage points lower.
- **Colorado** charters serve more white students (75% vs. 64% in traditional schools) and fewer Hispanics (15% vs. 27%), and considerably fewer free-lunch eligible children (16% vs. 37%).
- **Arizona** has a larger proportion than any other state of its public school students attending charters. In the charter schools, 26% of students are Hispanic and 61% are white, compared to 46% and 42%, respectively, in the comparison schools.

Roy and Mishel found evidence, especially in some smaller charter states, of very large racial differences between the student bodies in the charter schools and those of regular public schools, which should be of considerable concern to policymakers and educators alike. For example:

- In **Louisiana**, more than half of charter school students are white, compared to just 12% in the comparison schools.
- In **Nevada**, 55% of charter students are white, while it's 26% in the comparison schools.

Joydeep Roy, an economist with the Economic Policy Institute, holds a Ph.D. from Princeton University. His specialty areas include the economics of education, education policy, and related fields in public and labor economics, including socioeconomic segregation.

Lawrence Mishel is president of the Economic Policy Institute and director of its education research program.