The Impact of Charter School Expansion on Traditional Public School Districts: Evidence from Texas

LAUREN COVELLI, Vanderbilt University Peabody College

Ydt = β0 + β1PCT_CHARTERdt + δd + θt + δd * t + εtd

Χ: District by year outcomes include demographics, performance, and various measures of revenues and expenditures.

β1: The expected change in Y when the charter market share increases by one percentage point.

δd: District fixed effects control for time invariant unobserved district characteristics.

θt: Year fixed effects control for annual shocks experienced by all districts.

δd * t: A district-by-year interaction allows for district specific time-trends.

εtd: Robust standard errors are clustered by district.

As the charter market share increases by 1 percentage point...

- The percent of black students in TPSDs decreases and the percent of white and ELL students increases.

- The percent of Hispanic students decreases.

- The percent of revenue from federal sources decreases and from state sources increases.

- The percent of TPSDs students passing all subjects of state tests increases. This is true for all students.

- The percent of revenue coming from federal sources increases while the percent of revenue coming from state sources decreases.

- These results are consistent with the theory that charter competition may spur districts to reallocate resources towards academic achievement, though previous research testing this theory finds mixed results (Arnes & Ni, 2012).

- As the charter sector grows, the percentage of black students and ELL/bilingual students enrolled in TPSDs decreases while the percent of white students enrolled in TPSDs increases.

- There appear to be no observable effects of charter sector growth on the percent of Hispanic, FRPL, or SPED students in TPSDs.

- These results are consistent with previous research on the Texas charter sector, which finds that charters serve a higher proportion of black students than TPSDs, while TPSDs serve a higher proportion of white students (CREDO, 2017).

- As the charter sector grows, TPSDs are spending more on instruction, both in terms of the percent of their expenditures that are allocated towards instruction as well as the real dollars spent per pupil.

- As the charter sector grows, the proportion of TPSD revenue coming from federal sources increases while the percent of revenue coming from state sources decreases.

- These results are consistent with the theory that charter competition may spur districts to reallocate resources towards academic achievement, though previous research testing this theory finds mixed results (Arnes & Ni, 2012).

- As the charter sector grows, the percentage of students in TPSDs passing their annual state tests increases. This is true for all students.

- However, these positive impacts are not observed for black students or white students as separate subgroups.

- These results are consistent with previous research on the Texas charter sector finding test score gains for TPSD students after charter market penetration (Booher et al., 2008).