

# **NEPC Review: Did the Emergence of Ohio Charter Schools Help or Harm Students Who Remained in District Schools? (Thomas B. Fordham Institute, March 2024)**



**Reviewed by:**

**Bryan Mann**  
**University of Kansas**

**June 2024**

**National Education Policy Center**

**School of Education**  
**University of Colorado Boulder**  
**[nepc.colorado.edu](http://nepc.colorado.edu)**

# Acknowledgements

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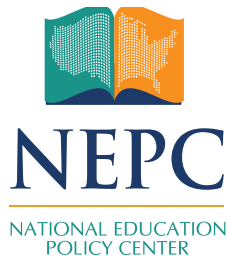
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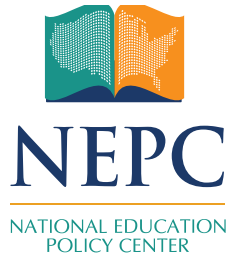
Bryan Mann  
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## Summary

Legislatures across the United States continue to pass policies to add or expand school choice. Within this context, the Fordham Institute, an advocate of school choice expansion, has published a report asserting that charter schools have not negatively affected students in traditional public schools. The report includes a methodologically sound empirical analysis but overstates the interpretation of its results. It concludes that the presence of charter schools leads to improvements in traditional schools and, therefore, that “choice” options should be expanded in Ohio. This argument aligns with other advocates’ claims that choice benefits both students in those programs *and* those remaining in traditional public schools through “competitive effects”—the idea that traditional schools will adjust to marketplace pressure and improve. While there is significant scholarly debate on the extent and nature of competitive effects, the report misuses its limited findings to declare that debate “over.” The competitive effects issue remains unresolved, notwithstanding the report’s summary declaration. Because of its unsupported leap from findings to conclusions, policymakers should avoid using the report to make high-stakes—and costly—decisions that expand choice.



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## I. Introduction

School choice advocates strategically used the aftermath of the COVID-19 pandemic to successfully argue for expanded choice policies. As of May 2024, 12 states offer education savings accounts, 26 offer voucher programs, and 15 offer tax credit accounts.<sup>1</sup> These are in addition to the previous widespread adoption (45 states) of charter school programs that emerged in the 1990s and 2000s.<sup>2</sup>

School choice policies have sparked ongoing debate about their impact on traditional public schools, which still educate most students in the United States. Some advocates argue that competition between schools creates a “rising tide that lifts all boats.”<sup>3</sup> In contrast, public school advocates contend that it leads to excess costs and resource dilution, harming public schools and students.<sup>4</sup> Researchers for decades have conducted studies to determine if, when, how, and why choice programs impact traditional public schools. Findings indicate that their effects are typically small and largely depend on the context in which they are implemented.<sup>5</sup>

Stéphane Lavertu, Senior Research Fellow at the Thomas B. Fordham Institute and Professor at The Ohio State University’s John Glenn College of Public Affairs, analyzed the competitive effects of Ohio charter schools on the state’s districts in *Did the Emergence of Ohio Charter Schools Help or Harm Students Who Remained in District Schools?*<sup>6</sup> Published by the Fordham Institute, it employs statistical modeling to argue that the competitive effects of charter schools from 1998 to 2007 increased graduation and attendance rates in traditional public schools, with no statistically significant impact on academic outcomes. Aaron Churchill, Ohio Research Director at the Fordham Institute, uses these findings in the re-

port's Foreword to conclude that charter schools do not harm traditional school districts, and boldly proclaims any debate to the contrary as "over."

The report suffers from significant flaws. Most serious is the Foreword's sweeping conclusion (that the debate on choice's impact on traditional schools is over) which is unsupported by the report's actual findings (competitive effects of charters had no statistical impact on academic outcomes). Rather than end debate over choice policies' impact, it only fuels it. But the report is not without value. In fact, it should push policymakers to address this question: If choice policies might lead to only minor improvements in student learning, if any, are they worth continued investment of significant sums of taxpayer dollars?

## II. Findings and Conclusions of the Report

There were three main findings in the report:

1. A one-percentage point increase in the market share of students attending charter schools in a district leads to a 0.8 percentage point increase in graduation rates *four* years later.
2. A one-percentage point increase in the market share of students attending charter schools in a district leads to a 0.08 percentage point increase in school attendance *three* years later.
3. An increase in the market share of students attending charter schools in a district *did not lead to statistically significant differences* in the district's performance index scores.

The report presents key takeaways, including an anecdotal discussion about choice in one school district. It states that "these efforts did not yield large positive impacts on student achievement (though they very well may have in Dayton), nor any discernable negative impacts" and that on "the other hand, the average Ohio district's response to charter school competition led to increases in attendance and graduation rates."<sup>7</sup> It further opines that the analysis "provides some further reassurance that it is worthwhile to draw attention to districts with solid charter market shares as an indicator of healthy school marketplaces."<sup>8</sup>

In considering findings and conclusions, it is worth restating the question title of the report: "Did the emergence of Ohio charter schools help or harm students who remained in district schools?" The report's Foreword answers as follows: "[E]xpanding choice options doesn't hurt school districts," and "nudged districts' graduation and attendance rates slightly upward."<sup>9</sup> Based on the findings, the Foreword states that "we can now safely conclude that charters strengthen the state's overall educational system."<sup>10</sup>

### **III. The Report's Rationale for Its Findings and Conclusions**

The report's findings are supported by statistical analyses that examine the relationship between "market share"<sup>11</sup> and academic outcomes for students in traditional school districts in Ohio from 1998 to 2007. Market share refers to the percentage of students living in a public school district who choose to attend a charter school instead of a district school. With statistically significant positive effects on attendance and graduation rates and no significant negative effects on achievement, the report argues that charter schools do not harm traditional public schools and that charters strengthen Ohio's educational system.

### **IV. The Report's Use of Research Literature**

The report primarily relies on a recent study by Chen and Harris (2022) in the *Journal of Public Economics* which shows small competitive effects of charter schools nationwide and explores the mechanisms driving these effects.<sup>12</sup> Additionally, it cites 11 other sources, including another peer-reviewed article from the *Journal of Public Economics*, and various non-peer-reviewed blogs and reports, including three from the Fordham Institute. It notes that the Chen and Harris study was published in a reputable economic journal, but it disputes the study's conclusion with respect to the effects of Ohio's charters and, therefore, aims to "set the record straight."<sup>13</sup> Additionally, it references another peer-reviewed article about Ohio, as the author of the other article shared data that helped create the report's market share data.<sup>14</sup>

The short reference list is insufficient given the claims the report makes about competitive effects. A robust body of research shows variation in findings based on context, policy design, variable construction, and market share definition. In one significant example, Jabbar and colleagues conducted a meta-analysis of 24 studies on competitive effects across different types of choice and found very small positive effects on student outcomes, emphasizing that these effects are highly dependent on policy context and design.<sup>15</sup>

The report includes an article reviewing competitive effect evidence,<sup>16</sup> but generally fails to acknowledge counterpoints on the debate. For instance, it overlooks an earlier study by Arsen and Ni, which shows how competitive effects in Michigan led to fiscal distress in school districts.<sup>17</sup> Additionally, it fails to engage with scholarship on operationalizing competitive effects, the influence of different contexts and funding models on charter school outcomes, and how school leaders say they respond to competitive effects.<sup>18</sup> This research is crucial for fully understanding how findings from Ohio contribute to the existing literature.

### **V. Review of the Report's Methods**

The report analyzes Ohio districts during the period when charter schools first emerged, comparing outcomes between districts with higher market shares of students leaving for



charter schools and those with lower market shares. The statistical analysis uses regression models, comparing districts' outcomes from the initial emergence of charter schools to later years, assuming districts had time to adjust practices. The report includes statistical placebo tests that help determine if effects are based on charter market share and not confounding variables. It analyzes three dependent variables: graduation rates, attendance rates, and performance on statewide academic achievement indicators. Data for the study are from Ohio financial records showing the number of students per districts enrolled in charter schools.

The strength of the analysis lies in the construction of the independent variable. Using actual district enrollment in charter schools provides a reasonable measure of competitive pressure. Additionally, the report's use of lagged models and regression analysis over various years is coherent. The statistical modeling is technically sound, and the report includes discussions about limitations.

However, the report's overall conceptual logic raises questions. It is unclear how competitive pressures are assumed to influence student attendance rates. While improved school climate due to competitive pressure could affect attendance, student attendance generally relies on family and community factors. The report leaps to suggest any relationship is due to competitive effects rather than unobserved differences between districts experiencing charter growth and those that do not. The small relationships found in the report raise the question of whether the effect is based on true changes or other incentives that cause districts to adjust practices affecting attendance.

The assumption that districtwide competitive effects cause school-level differences allows other interpretations. Charter pressures could cause districts to close or adjust low-performing schools, improving their climate and encouraging attendance, leading to better graduation rates, and shaping academic outcomes. Conversely, districts might make their academic programming easier, creating a laxer environment for attendance and graduation, thereby improving attendance and graduation without enhancing academic learning. The report fails to account for these variations.

It also omits another counter-explanation that relates to the effects that virtual charter schools have on the districts. Improved graduation rates and attendance could relate to a systematic loss of certain types of students to virtual charter schools. The report does not consider participation effects (the effect of students attending charter schools) and the Chen and Harris study removes virtual charter schools from their dataset. Neither the report nor the Chen and Harris study account for virtual charter school effects, competitive or participant. The lack of acknowledgement of virtual charter schools is worth underscoring: Other research shows that by 2010 about a third of Ohio's charter school students were registered in such schools.<sup>19</sup>

The last conceptual shortcoming is the lack of clarity regarding the years observed for lagged effects. The report presents a four-year lagged effect for graduation rates, a three-year lagged effect for attendance, and examines a full timeline for the performance variable. This strategy is unclear, revealing potential statistical noise between the year of market share and when effects appear.

## VI. Review of the Validity of the Findings and Conclusions

The Achilles' heel of the report lies not in the analysis but in its conclusions. It shares a study of Ohio districts and finds a statistically insignificant effect on academic outcomes. But its Foreword (likely the most read portion by policymakers) claims that the findings are *not negative*, thus misstating the report's findings. The report neither operationalizes how it considers harm to traditional public schools nor engages with counterfactuals (such as simultaneous occurrence of charter reform and other reforms such as increased funding), despite citing an analysis that emphasized the importance of doing both these things.<sup>20</sup>

Counter-explanations for the findings are not difficult to postulate. As mentioned, one possibility is that competitive pressure induced a race to the bottom, forcing Ohio's school districts to become less academically rigorous to maintain student attendance and pad graduation rates. These practices would not enhance student learning but could meet market demands by pushing students through the system. Another possibility is that results stem from trends related to virtual charter schools.

The framing of the report, most specifically in the Foreword, is unfortunate. The actual analysis is technically sound, yields interesting findings that could contribute to the debate, but the Foreword's conceptual jump diminishes its validity and credibility. Rhetoric claiming it is "time that we finally put to rest the tired canard that school choice hurts traditional public schools,"<sup>21</sup> is a stretch, to say the least.

Overall, a showing of no, or small, effects does not justify a proclamation that choice has not hurt traditional public schools or that choice policies must expand. The conclusions also overlook the context-dependent nature of results related to school choice.<sup>22</sup> Instead, one could argue that time and resources spent on charter schools could have been allocated to other reforms with greater benefits for traditional public schools. This is the core of the debate and could serve as a reworking of the title's question: Do charter schools do enough to warrant their expansion or are they just a modest reform that produce small effects in certain contexts?

## VII. Usefulness of the Report for Guidance of Policy and Practice

The report is of little value to decision-makers because it offers misleading conclusions. Policymakers will find better evidence in the original Chen and Harris study, a related blog that nuances the findings and considers alternative explanations, and recent meta-analyses of choice programs including one by Jabbar and colleagues and a National Bureau of Economic Research working paper.<sup>23</sup> This scholarship finds slight positive effects of choice programs but emphasizes the importance of context. Based on the research to date, the broader conclusion is this: Sometimes there are positive effects on charter students and competitive effects on traditional students, but a savvier follow-up discussion is whether these modest



effects are worth the energy, effort, and opportunity cost of forgoing other reforms. At best, the report's analysis contributes to this debate, but it certainly does not support the bold claim that the debate is over.

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