

Diverse Perspectives on How to Improve School System Outcomes through Chartered Public Schools

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Because of the bi-partisan support for increased use of chartered public schools (CPS), [charter law reform](#) has the potential to be a path of least resistance to the transformational change we need. But it will probably take some leadership changes for that to happen; among policy-makers and charter movement leaders, alike. What we most need for chartering to reach its potential to positively remake a school system is an unleashing of entrepreneurial initiative through price decontrol. Charter law reform that allowed public-private tuition co-payment would yield price decontrol (price setting through market forces). And that would yield the much increased diversification of schooling options needed by our diverse student population. Price decontrol would also eliminate the waitlists that make charters into school chance rather than school choice, and decontrol would provide the market signals that would likely drive innovation and right-size the production in each instructional approach niche. Elimination of waitlists would also supplement oversight by authorizers with much-needed effective accountability to customers. But there is no mention of any of that in recent testimony by charter leaders [Lisa Graham-Keegan](#) or by [Nathan Benefeld](#). Their focus, and that of other charter movement leaders, has been increased per pupil funding, reforms of the authorization process, and the nature of accountability to authorities. They see the shortage/waitlist problem as an outcome of CPS enrollment caps and funding CPS at lower per pupil levels than traditional public schools. But shortages are widely-known, ECO 101 outcomes of price control, and waitlists are ubiquitous even in states lacking enrollment caps and with approximate funding equity. The testimony on reform of authorizing practice does not mention the need to at least empower authorizers to decide if a privately-funded tuition fee co-

payment is needed for the proposed school to be viable without long-term donor dependence, and then specify an allowed co-payment. Regulated price change is better than the same fixed price per pupil regardless of what instructional approach is being proposed, and it is a reasonable political ‘baby step’ on the road to market-determined co-payment.

Mr. Benefield’s testimony contained an ominous mention of “several anecdotal cases of fraud and abuse by charter school operators,” which is predictable from most chartered public schools’ lack of true accountability to its customers, and solid agreement among economists that quality erosion will occur when shortages eliminate accountability to a business’ customers. True accountability to customers means there are negative consequences when a customer is lost. Waitlists eliminate such consequences because a lost customer is readily replaced. An accumulation of fraud and abuse cases could create the kind of scandal that could be a charter/choice [doomsday scenario](#).

Increased per pupil funding (price control at a higher level) would reduce some of the waitlists. But increased public funding could create new waitlists by making some additional instructional approaches viable with the donor support no longer needed by existing charters receiving more public funds. That resulting expansion of the menu of schooling options would be useful, but at the considerable cost and waste of over-paying charters viable for less than the higher level of funding. The over-payment would also induce over-provision of lower cost instructional approaches (wasteful excess capacity), while driving up the cost of resources to purveyors of the more costly instructional approaches. The immense challenge of re-purposing chartering from fringe school chance to transformational school choice is a huge opportunity disguised as an insurmountable obstacle. Don’t let the disguise discourage you from pushing for the right reforms, and the most important ones among the useful ones.