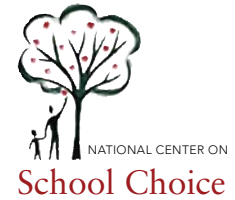


# RESEARCH BRIEF

## How Do Principals Respond to Charter School Competition?



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Since the first charter school opened in 1992, the number of charter schools has grown to more than 4,000 in 40 states. Given the priorities of the Obama administration and recent changes in state education policies, charter schools are expected to see further growth in the years to come. In response to this dramatic growth in charter schools, there has been a great deal of research comparing student achievement and operations in charter schools and traditional public schools (Betts, Hill, & Charter School Achievement Consensus Panel, 2006; Buddin & Zimmer, 2005). Few studies, however, have examined how principals in noncharter schools perceive and respond to competition from charter schools—those that have addressed this question have found mixed results (Betts, 2009).

The current study from the National Center on School Choice contributes to the research by exploring the factors that affect principals' perceptions of charter school competition and the extent to which their leadership behavior may change in response. Central research questions of the study were:

1. How do principals perceive the competition produced by charter schools, and how do their perceptions vary among private, magnet, and traditional public schools?
2. What factors affect principals' perceptions of charter competition?
3. What is the relationship between charter competition and principals' leadership behavior?

### KEY FINDINGS:

- Principals perceived little competition from charter schools affecting either their financial resources or their recruitment of teachers and students.
- When a school has more charter schools in close proximity, principals perceived a more negative effect of charter schools on their ability to attract and retain teachers and students.
- Principals' perception of charter school competition was not related to the ways they spend their time.

### Theoretical Framework of Charter School Competition

Charter schools are expected to have both direct and indirect effects on public educational outcomes (Eberts & Hollenbeck, 2001).

- Direct effects come from the flexibility and autonomy given to charter schools that theoretically enable them to be more efficient and effective.
- The indirect effects of charter schools are hypothesized to come from the increased productivity of noncharter

public schools due to increased charter competition (Betts, 2009; Eberts & Hollenbeck, 2001).

Theoretically, noncharter schools do not want to lose students (and the funding that follows them) to charter schools, which should improve their own practices to retain or attract students. This indirect effect of school competition should lead to greater variety and efficiency in all schools (Friedman, 1962; Hoxby, 2003).

The mechanism through which the competitive effects of charter schools

are assumed to work depends on the perceptions and actions of noncharter school personnel. That is, to be motivated to act, school personnel must perceive as detrimental the threat or actuality of losing students to charter schools—a loss that also may mean a decrease in funding to the extent that school funding levels are based on the number of students (Hoxby, 2003). A school's active response to these losses, then, should improve student outcomes.

The study relied on a matched convenience sample of schools and their principals.<sup>1</sup> The final sample comprised 101 traditional public schools, 22 magnet schools, and 15 private schools.<sup>2</sup>

### **The principals in this study perceived little competition from charter schools affecting either their financial resources or their recruitment of teachers and students.**

Traditional public school principals, however, were more likely than private school principals to report a negative effect of charter schools on their ability to acquire financial resources. In addition, principals who had more years of experience at the school as either a principal, an assistant principal, or a teacher had a more negative perception of charter school competition for teachers and students. Nevertheless, the general lack of evidence that principals perceive much threat from charter schools is consistent with previous research on the mechanisms through which charter competition is expected to work (Bohte, 2005; Buddin & Zimmer, 2005).

### **When a school has more charter schools in close proximity—within 2.5 miles—principals perceived a more negative effect of charter schools on their ability to attract and retain teachers and students.**

Schools that were further away did not appear to impact principals' perception of charter competition. Communities with higher population densities may provide greater competitive pressures on noncharter schools because charter schools are more likely to be in close proximity. In the study sample, the closest charter school was, on average, more than nine miles away, a distance that is near the top of the range that research suggests most parents are willing or able to travel for a charter school (Bohte, 2004; Buddin & Zimmer, 2005). Thus, the lack of evidence that principals perceive much threat from charter schools is not entirely surprising.

### **There was no evidence that principal perceptions of charter school competition, or actual charter competition, is related to how principals allocate their time.**

That is, principals do not respond to charter competition by changing their leadership behavior.

## **Key Study Variables**

**Perceptions of Charter Competition.** Principals were asked about their perceived effect of charter school competition on five domains: acquiring financial resources, recruiting teachers, retaining teachers, attracting students, and retaining students.

**Actual Charter Competition.** Measures of actual charter competition relied on distance from the sample school to charter schools in the same state and at the same instructional level (elementary, middle, high, or mixed grades). Three types of charter competition measures were used: the minimum distance to a charter school, counts of charter schools within a specific distance, and percentages of students attending any school within a specific distance who are in charter schools.

**Principals' Use of Time.** Time on routine management was the extent to which principals spend time on activities related to building management, paperwork, and student discipline. Time on instructional improvement was the extent to which principals spend time on activities related to school and instructional improvement. Time on public relations was the extent to which principals spend time on activities related to school publicity, community relations, and student recruitment.

## **Policy and Research Implications**

This study reinforces previous findings about how close a charter school must be to apply competitive pressure on noncharter schools. The most consistent evidence for a relationship between whether principals perceive charter school competition to be impacting their school and actual measures of competition used in the existing literature is the number of charter schools and the student enrollment share of charter schools within 2.5 miles of the noncharter school. The accumulated evidence suggests that research using broader measures of charter competition, such as the number or percentage of charter

<sup>1</sup> Schools were selected from those with which the Northwest Evaluation Association (NWEA) has partnered to monitor student achievement through the administration of computerized adaptive tests in mathematics, reading, and language arts every spring and fall of the school year. NWEA data are linked to the Common Core of Data (CCD) and Private School Survey (PSS) files to obtain school characteristics. The sample frame for the study was defined as the set of schools that could be found in the 2005–06 CCD and PSS files and were tested by NWEA in 2005–06, with at least one grade having more than 50 percent testing coverage in both mathematics and reading and at least 10 students tested.

<sup>2</sup> Charter schools were also surveyed, but because this analysis focused on the competitive effects of charter schools, charter schools were not included in the sample used here.

schools and students in the county, may be using inappropriate measures of competition. However, it may be that district officials' perceptions of charter school competition are more relevant given the district role in allocating resources to schools (Booker, Gilpatric, Gronberg, & Jansen, 2008). The data in this study cannot address this question.

The importance of a close geographic proximity and school density to perceived charter school competition has implications for the ways charter school policies may operate in rural communities or those having a smaller population density. For example, some mostly rural states chose not to compete in the Race to the Top program because of concerns about the program's emphasis on charter schools (Dillon, 2010). Policymakers should consider the differential impact of charter schools in high-density as well as low-density areas.

Finally, the finding that there is no relationship between principal perception of charter school competition and the ways principals spend their time calls into question the mechanism through which greater school choice is assumed to affect traditional public schools. Improvement in noncharter schools due to competition from charter schools should be observable through the programs, curriculum, or behavior of the schools and their staffs as well as in student achievement or other outcomes. However, it may be that the measures of principals' use of time were too broad to capture qualitative differences between principals' leadership behaviors. To examine the broad mechanisms of charter school competition effects, future research should explore additional measures of principal and teacher behavior in response to charter school competition.

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