

Recent Facts on Charter Schools in North Carolina

The 2023-24 school year opened with 211 charter schools located in 63 of North Carolina’s 100 counties. Charter schools served more than [138,000](#) students during the 2022-23 school year, representing 8.9% percent of North Carolina’s students. In 2022-23, a total of [\\$985,919,148](#) was allocated to charter schools.

According to the [2022 Annual Charter Schools Report](#), since 1998, there have been a total of 87 charter terminations. At the end of the 2021-22 school year, four charter schools closed, and two closed at the end of 2022-23. Six new charter schools opened in 2022; seven new charter schools opened in 2023.

During the 2022-23 school year, [28% \(58\) of the charter schools](#) were identified as either low-performing or continually low-performing.

During the 2022-23 school year, only 40% (82) of the charter schools provided reduced-priced lunches (i.e. participate in the National School Lunch Program). In 2022-23, just 55% (114) provided bus transportation. In contrast, ***all traditional public schools provide reduced-price lunches and bus transportation.***

What are Charter Schools?

Charter schools are generally tuition-free, independent public schools exempt from most of the rules, regulations, and statutes that apply to traditional public schools. In [North Carolina, charter schools](#) are primarily funded through state and local tax dollars. All charter school applications in North Carolina are authorized by the state. In some states, local districts or other entities authorize charter school applications.

Charter schools in North Carolina must have open enrollment and are not allowed to discriminate in admissions or be affiliated with a religion or religious group. In 2023, the NC General Assembly passed legislation ([HB 291: Charter School Omnibus](#)) allowing charter schools to charge tuition for out-of-state and foreign exchange students.

In North Carolina, charter schools are exempt from many regulations followed by traditional public schools, including some that ensure accountability, accessibility, safety, and transparency in how funds are spent.

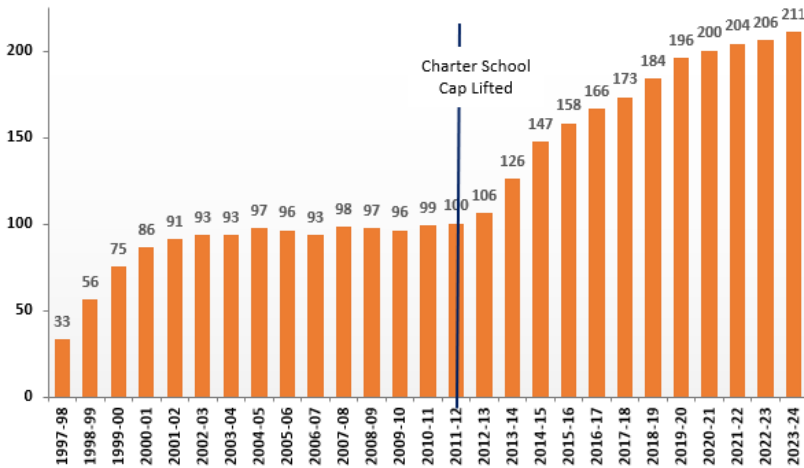
	Traditional	Charter
Required to participate the NC accountability program	✓	✓
Required to administer EOG and EOC Tests	✓	✓
Required to follow the NC Standard Course of Study	✓	X
Restrictions on school calendar and class size	✓	X
Required to have 100% of teachers be licensed or pursuing licensure	✓	X
Have required teacher workdays with prof. development opportunities	✓	X
Required to provide free & reduced-price meals	✓	X
Required to provide student transportation and follow safety standards	✓	X
Governed by a citizen-elected school board	✓	X
Required to make financial records public, accountable to taxpayers and county commissioners for use of local funding	✓	X
Prohibited from being managed by for-profit companies	✓	X
Must follow public bidding laws that protect how tax dollars are spent	✓	X

Brief History of North Carolina Charter Schools

The original North Carolina charter school legislation, House Bill 955 [Charter Schools Act of 1996](#), was passed to authorize establishment of up to 100 charter schools. The legislation identified six purposes of charter schools in North Carolina:

1. Improve student learning;
2. Increase learning opportunities for all students, with special emphasis on expanded learning experiences for students who are identified as at risk of academic failure or academically gifted;
3. Encourage the use of different and innovative teaching methods;
4. Create new professional opportunities for teachers, including the opportunities to be responsible for the learning program at the school site;
5. Provide parents and students with expanded choices in the types of educational opportunities that are available within the public school system; and
6. Hold the schools accountable for meeting measurable student achievement results and provide the schools with a method to change from rule-based to performance-based accountability systems.

Number of NC Charter Schools 1997-98 to 2023-24



Data Source: NCDPI

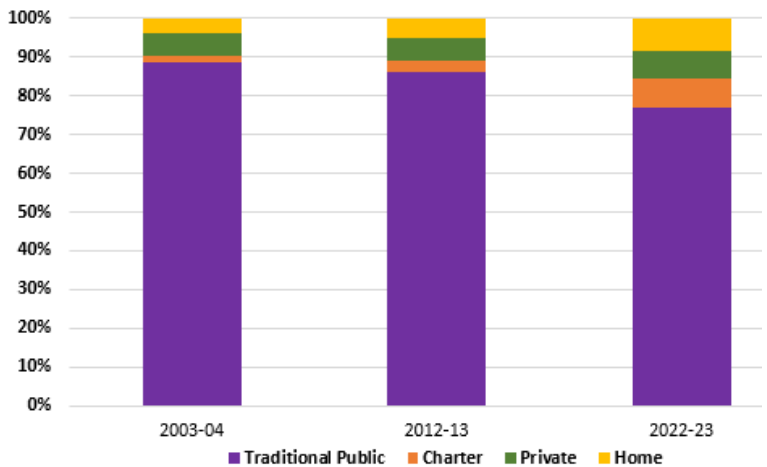
Thirty-four charter schools opened in 1997, and by 2010 there were 99. In August 2011, [Senate Bill 8](#) removed the 100-school limit as well as limits on enrollment increases. In addition, Senate Bill 8 eliminated guardrails against schools being created to serve only specific subcategories of students (e.g., gifted students, students with disabilities, students of the same gender).

After the 100-school cap was lifted, the number of charter schools and students steadily increased. In 2011-12, there were 44,829 students enrolled in 100 charter schools. By 2022-23, the number had increased to more than 138,352 students in 206 schools.

The change in the percentage of students enrolled in various types of schooling (i.e., market share) in North Carolina over the past two decades reflects the trend of increasing charter school enrollment. The percentage of students in charter schools (orange) has increased from 1% in 2003-04 to 8% in 2022-23. The homeschooling population (yellow) has doubled, from 4% to 8% over the same time period, while the private school population (green) has increased 1%, from 6% to 7%.

The 2023 legislative session expanded charter school funding and growth through two bills that became law after the state legislature voted to override Governor Cooper vetoes of both bills.

Change in Market Share 2003-04 through 2022-23



Data Sources: NCDPI & NC Division of Non-Public Education

House Bill 219, [Charter School Omnibus](#), opened the door to massive charter school expansion; all except low performing charter schools are allowed to increase their enrollment maximums annually without review. Low performing schools are allowed to increase enrolment by up to 20% annually without review. All charters may also apply to become a regional or statewide virtual academy despite the poor track record of North Carolina’s current virtual charter schools.

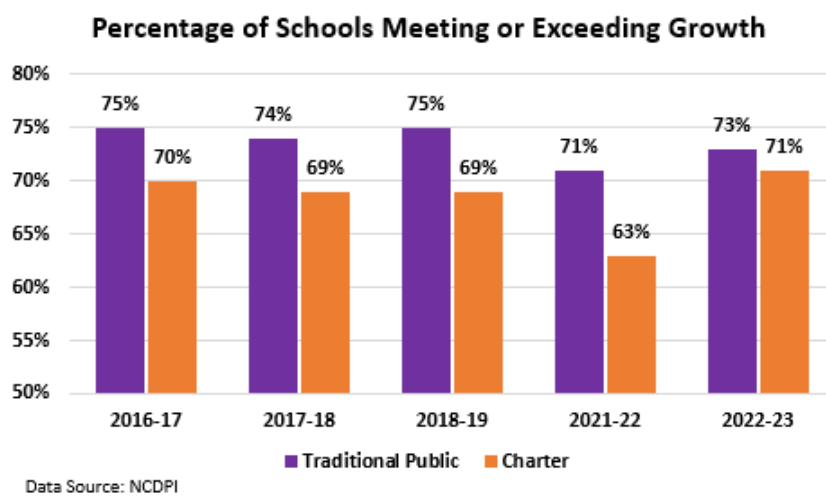
Charter schools can establish enrollment preferences for students from specific preschool programs and students from military families. They are also allowed to charge tuition for out-of-state and foreign exchange students.

In a huge windfall for charter schools and the companies that manage and lease buildings to them, county governments may provide capital funds to charter schools.

The second bill, House Bill 618, [Charter School Review Board](#), stripped the State Board of Education (SBE) of its authority to approve/deny charter school applications and review charter school performance. The Charter School Advisory Board was renamed the Charter School Review Board (CSR) and given the authority previously reserved for the SBE. The SBE retains the authority to rule on appeals of decisions made by the CSR. The CSR is staffed by charter school advocates and legislative appointees, which removes an important quality check on charter schools.

How Are Charter Schools Doing?

One way to evaluate the first legislative purpose—improve student learning—is to compare the student growth labels assigned to schools. As part of the North Carolina school accountability model, each school is assigned a student growth label to indicate whether students have “Exceeded,” “Met,” or “Not Met” achievement growth targets. These targets, based on students’ EOG and EOC test results, are intended to show how well a school contributes to student academic growth. Since 2016-17, the percentage of charter schools meeting or exceeding expected annual growth has been lower than traditional public schools.



In 2022-23, 58 (28%) of North Carolina’s charter schools were identified as low performing, which means that the school received a D or F grade and growth label of “Met” or “Not Met.” This is a slightly lower percentage than traditional public schools (32%), but much higher than expected based on charter schools’ relatively low at-risk student population.

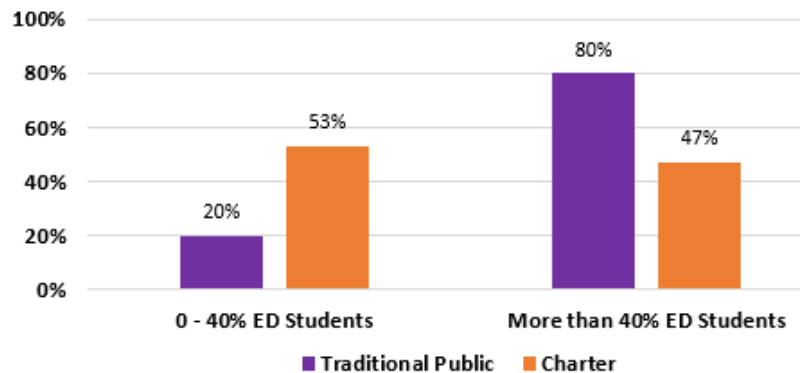
For many students, charter schools are not living up to their promise of providing a better education.

Another legislated purpose of charter schools was to provide learning opportunities for at-risk student populations. Students from economically disadvantaged (ED) backgrounds are an important at-risk student population. However, charter schools in North Carolina are failing to achieve their stated purpose. They enroll a much smaller percentage of ED students than traditional public schools. In 2022-23, fewer than half (47%) of the charter schools had populations with more than 40% ED students while 80% of the traditional public schools had more than 40% ED students.

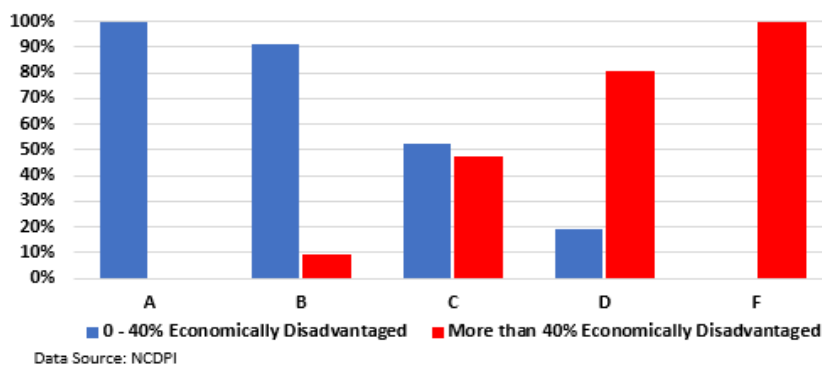
By enrolling fewer ED students than traditional public schools, charter schools also inflate their school performance grades. Data have shown that a school's performance grade is strongly correlated with the percentage of ED students in the school, making the grade a better indicator of family wealth than school quality. (See our [fact sheet](#).)

In 2022-23, none of the charter schools receiving an A and only 9% of the charter schools receiving a B had more than 40% ED students.

Percentage of Schools Enrolling +/- 40% Economically Disadvantaged Students 2022-23



School Performance Grades by Percent Economically Disadvantaged, Charter Schools 2022-2023



In contrast, 32% of the traditional public schools receiving an A and 44% of the schools receiving a B had more than 40% ED students. This data strongly suggests that traditional public schools are achieving better academic results for ED students than charter schools.

What Are the Concerns About Charter Schools?

A November 2022 report by Helen Ladd of Duke University [How Charter Schools Undermine Good Education Policymaking](#) outlines in detail how charter schools fundamentally disrupt four core goals of good educational policy: 1) establishing coherent systems of schools, 2) attending to child poverty and disadvantage, 3) limiting racial segregation and isolation, and 4) ensuring that public funds are spent wisely. These and other concerns about charter schools strongly support policies to limit charter school growth and ensure that where they exist, they work in conjunction with traditional public schools to make the most effective use of tax dollars.

Impact on local public districts: Shifting funds from local districts to charter schools results in fewer resources at the local public school for staff, programs, and other basic expenditures. The state's budget for charter schools has grown from just over \$16 million in 1997 to more than \$985 million in 2022-2023; most of that money would have gone to school districts for traditional public schools.

- **Diversion of money away from traditional public schools:** [The Fiscal Externalities of Charter Schools: Evidence from North Carolina](#) (2017), found that charter schools generate negative fiscal effects on public school districts by reducing spending capacity, number of students, and budget flexibility.

- **Funding allocations are based on October 1 enrollments.** When a student who is enrolled in a charter school on October 1 later leaves the charter school and returns to the local public school, the funds do not transfer back to the local public school.
- **Reduced ability to plan for student enrollments and resource allocation.** Without more required coordination between charter schools and the local public school system, the public schools are not able to plan enrollment changes due to students moving to charter schools or returning from charter schools.

Oversight: The Office of Charter Schools lacks adequate staff and a sufficiently rigorous process for evaluating applications and tracking charter success. Since 2014 when there were 8 staff and 147 charter schools, the number of staff has hovered between 6 and 8 as the number of charter schools grew to 211.

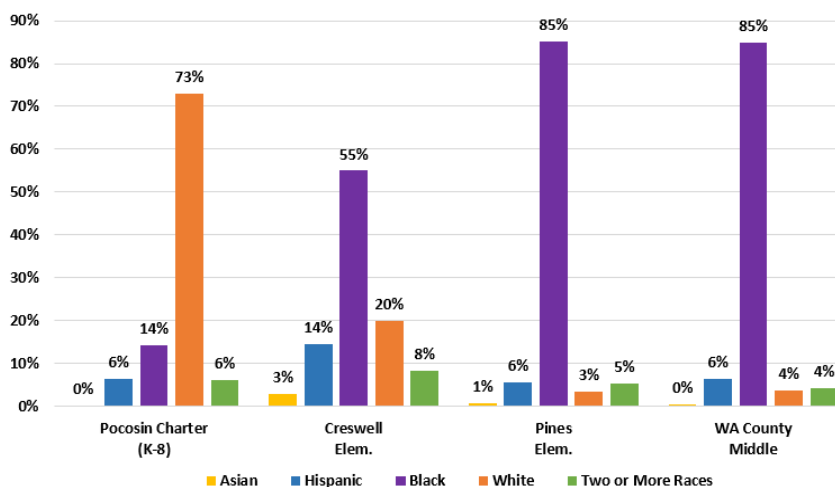
Reduced Public Input: Charter schools are not required to have publicly elected boards or representation from the school community, which removes an important avenue for public/school community input into decisions regarding a charter school’s operation.

Student outcomes: The percentage of charter schools in North Carolina meeting or exceeding expected annual growth lags that of traditional public schools.

Racial isolation: A 2017 [study by UCLA](#), demonstrated that charter schools are more segregated than traditional public schools and the share of minority charter students has declined over time. In addition, growing numbers of charter schools drive increasing segregation in traditional public schools as middle class, mostly white students leave their district schools. Original legislation in North Carolina required racial and ethnic diversity in charter schools, but a 2013 law dropped the mandate. Charter schools are required only to “make efforts” to “reasonably reflect the racial and ethnic composition” of the area where the school

is located, but there is no required mechanism for doing so and no consequence for failure.

2022-23 Demographics by School in Washington County



Data Source: NC Statistical Profile

The 2018 report, [Stymied by Segregation](#), states: “In 72 percent of North Carolina counties with at least one charter school, charter schools increase the degree of racial segregation in the district, as measured by the racial dissimilarity index.” The follow-up report, [Still Stymied: Why Integration Has Not Transformed North Carolina’s Schools](#), found that “Charter schools continue to exacerbate segregation and are vastly more likely to be segregated than traditional public schools.”

The racial and ethnic demographics of Washington County schools in 2022-23 reveals stark racial segregation. In this very small county, the charter school has a demographic composition nearly opposite that of the local public schools. Seventy-three percent of Pocosin’s students are White and 14% are Black. In the county’s traditional public elementary/middle schools, 55% to 85% are Black and 3% to 20% are White.

Public assets can become private assets: A failing charter can be taken over by a new entity instead of being closed. The school's assets could then be transferred to the new operator, not back to the state. The 2023 report by In the Public Interest, [*Real Estate and Charter Schools: A Growing Industrial Complex*](#), documents the various means through which private real estate profits are fueling charter school growth.

Public funds can be used to enrich private charter operators: Because there are fewer charter school regulations, funds can be used to lease services or facilities from charter operators or their relatives (e.g., [*Torchlight Academy*](#)) and pay high administrative salaries while reducing student-facing educator salaries. The Network for Public Education has released two comprehensive reports describing the strategies used to enrich private school operators: [*Chartered for Profit: The Hidden World of Charter Schools Operated for Financial Gain*](#) (2021) and [*Chartered for Profit II: Pandemic Profiteering*](#) (2023).

Many education experts advocate that the state only allows a limited number of truly innovative, not-for-profit charter schools designed to work with local school districts and be managed with careful local and state oversight.

There is a growing call to give traditional schools many of the same privileges and flexibility as charter schools to enhance choice and program offerings to accommodate academic needs of our children. This would allow innovative, creative, and flexible learning opportunities along with the transparency, accountability, and stability that parents, teachers, students, and taxpayers desire while keeping one system of public schooling in North Carolina.

Best Practices for Charter Schools:

- Only grant a charter if the proposed school will offer an educational experience that is qualitatively different from what is available in traditional public schools.
- Require charter schools to use weighted lotteries to ensure the racial and socioeconomic makeup of the school reflects the larger community.
- Maintain fidelity to the original concept of charters, including the sharing of best practices with traditional public schools.
- Prohibit charter schools from being operated by private, for-profit entities.
- Work in partnership with local school districts. Charter schools should have limited impact on long-term planning including capital, facilities, and enrollment.
- Hold charter schools to the same careful oversight, accountability, and transparency regarding academic standards and financial review as traditional public schools.
- Offer free and reduced lunch, safe and reliable transportation, and services for students with disabilities, limited English proficient students, and academically gifted students.

Additional Charter School Legislation

In 2017, NC General Statute 115C-281.40 was implemented and states that a charter school may provide transportation to students enrolled in the school. A corresponding appropriation through S.L. 2017-57 provided more than \$2 million each year to the Charter School Transportation Grant to fund transportation for students enrolled in a charter school with 50% or more of the student population qualified for the free/reduced lunch program. The 2021 budget specifies that a school may be reimbursed up to 65% of the transportation costs up to a maximum of \$100,000 per school.

One of the most concerning bills to come out of the 2017-18 legislative session was House Bill 514, [*An Act to Permit Certain Towns to Operate Charter Schools*](#) (ratified as Ch. SL 2018-3 in 2018). This legislation applies to four municipalities in the Charlotte-Mecklenburg Schools region: Cornelius, Huntersville, Matthews, and Mint Hill. It was treated as a local law and therefore did not require the governor's signature.

The bill permits these majority white suburbs of Charlotte to create their own charter schools. Further, these municipalities are permitted to restrict access to the schools to local residents only. A major concern is that these charter schools will further exacerbate existing segregation and inequality.

This legislation is moving North Carolina back to a time when the quality of education was inequitably distributed based on zip code. Public school advocates have serious concerns about segregation and inequity. Previous budget adjustments, including 2023 also granted the virtual charter schools pilot continuing extensions though both virtual schools are low performing.

In April 2020, a lawsuit brought by the Lawyers Committee for Civil Rights Under Law along with several other parties including the Charlotte-Mecklenburg branch of the NAACP challenged the constitutionality of HB514. The lawsuit claims that the legislation violates the state's constitutional guarantees of a uniform system of free public education and equal protection under the law. Because the communities named in HB514 have not yet actively pursued creating municipal charter schools, this lawsuit has not moved forward.

Senate Bill 247, [Charter School Study/Moratorium on Growth](#), was introduced in March 2019. This bill would have established the Joint Legislative Study Committee to study the impact of charter schools on local school districts and place a moratorium on charter school growth pending further legislation. *Disappointingly, this bill did not move forward.*

**Please see our [website for more research](#), citations, and information on this topic.
Last revised: November 2023.**

References and Resources

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