

RESEARCH

Catholic Schools Can't Compete

Tuition-free charter schools dominate school choice

DURING THE FIRST HALF of the 20th century, enrollment at Catholic schools was on the rise as growing numbers of families sought an affordable education alternative. By 1960, about one in seven American schoolchildren attended a Catholic school.

That number has been in broad decline ever since, including a 30 percent drop in enrollment since 2000. A common explanation is the overall decline of religious participation and shrinking white European ethnic enclaves where Catholic school was the norm, as well as lasting negative impacts of the Church's institutional corruption and sexual abuse scandals.

But that ignores a big part of the story. Over the last 25 years, the school choice landscape in which Catholic schools compete has changed dramatically. In particular, there was explosive growth in the availability of public charter schools, which offer a tuition-free alternative to a family's zoned public school. Today, about 7 percent of the nation's K–12 students attend charters compared to about

3.5 percent enrolled in Catholic schools (see Figure 1).

These trends have occurred in plain sight of one another—for example, it's not uncommon for charter schools to purchase or lease former Catholic school buildings as they open or expand. But little is known about the relationship between charter-school growth and Catholic-school decline. Does one explain the other? Can we predict which Catholic schools will close based on where new charter schools are opened? While earlier studies have examined this relationship in individual states or regions, no research to date has assessed how the expanding charter sector has affected Catholic schools across the United States.

That's the focus of our analysis, which uses geolocated enrollment data for Catholic and public charter schools nationwide to estimate the impacts of opening a new charter within a five-mile radius of an existing Catholic school. We look at enrollment shifts and school closures in K–8 schools over time and find that within two years of a new charter opening, a local Catholic school's enrollment drops

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by 2 percent and its likelihood of closing increases by 1.5 percentage points. These trends are most pronounced in states that don't cap charter-school growth.

Our findings suggest that public investments in charter schools directly affect Catholic school enrollment and closures. The arrival of a new charter school does not necessarily expand school choice given the increased likelihood that a longstanding alternative, the local Catholic school, will close within a few years.

A Changing School Choice Landscape

Since the early 2000s, researchers have investigated the impact of public charter schools on existing education systems, particularly traditional public schools. Many studies have found that the expansion of charters significantly reduced enrollment in traditional public schools. Research looking at charters' effects on segregation has found a mix of positive and negative effects (see "Do Charter Schools Increase Segregation?"

research, Fall 2019). Meanwhile, a study of enrollment trends at private schools found growing segregation by family income, with steep drops in the share of private school students from the middle class (see "Who Goes to Private School?" research, Fall 2018).

Our analysis looks at the impact of new charter school openings on pre-existing Catholic schools. We review enrollment and location data for every charter and Catholic school in the United States that has at least two years of enrollment data from 1998–99 through 2019–2020, which includes 8,369 Catholic schools and 15,592 charter schools. We focus on K–8 schools, which mirrors the typical grade-band structure of a Catholic school.

To assess the impact of a new charter school, we focus on enrollment shifts at Catholic schools within a five-mile radius that serve the same grade levels. Because we are predominately interested in K–8 Catholic schools that did not previously face competition from a local charter, the schools in our analysis are most often in smaller cities and urban-fringe settings, where defining proximity as within a five-mile radius makes sense. (In comparison, the average distance between existing charters and K–8 Catholic schools during the study period, when charters were concentrated in dense urban communities, is 2.08 miles.)

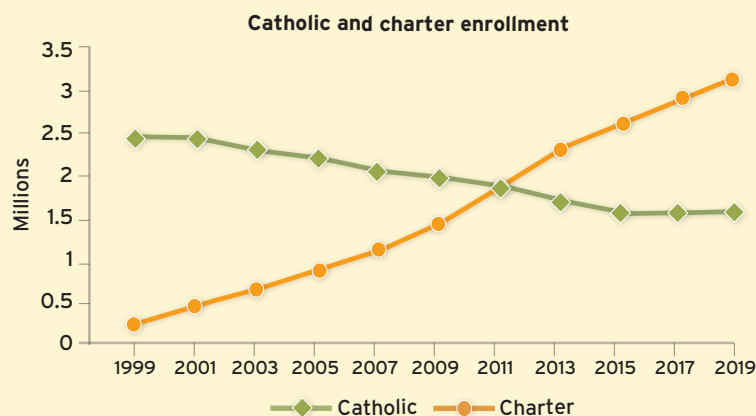
We use data from National Longitudinal School Database, which includes the Private School Survey, and estimate changes in Catholic school size and whether a school remains open or closes. We calculate a new charter school's impact on these outcomes by comparing data for affected Catholic schools within a five-mile radius of a new charter during the study period to data for Catholic schools serving the same grade levels that do not face competition from a new charter during that time. Further, our estimates include two county-level factors to account for why founders may have chosen the new charter's location: median household income and local K–12 enrollment in the year 2000.

Results

After a new charter school opens nearby, enrollment at local Catholic schools falls by 2 percent, or about six students in the average size school, within two years (see Figure 2). The negative impact on enrollment increases over the next decade. The risk of a Catholic school closing increases after a charter school opens, as well. In K–8 schools, a Catholic school's likelihood of closing rises to about 1 to 3.5 percentage points

Enrollment Growth at Charters, Declines at Catholic Schools (Figure 1)

More American students attend public charter schools than Catholic schools after decades of diverging enrollment. By 2019–20, U.S. charter enrollment had grown to 3.19 million, or about 6 percent of all K–12 enrollment nationwide. Catholic school enrollment of 1.61 million in 2019–20 was down nearly three-quarters from its peak of 5.3 million around 1960, when nearly 15 percent of all K–12 students attended Catholic schools.



NOTE: Three-year averages of total enrollment. Catholic school data employ analytic weighting.

SOURCE: Authors' calculations

Within two years of a new charter opening, a local Catholic school's enrollment drops by 2 percent and its likelihood of closing increases by 1.5 percentage points.

in each year beyond the second year after a charter school opening. Together with the enrollment impacts, this suggests that across five years, enrollment at a K–8 Catholic school newly located within a five-mile radius of a charter school will drop by nearly 10 percent and the risk the school will close grows by more than 4 percentage points.

Our analysis relies on the assumption that both affected and unaffected Catholic schools had parallel enrollment trends before a charter opens and would have continued on the same parallel path had the new school not come to town. However, another complicating factor was at play during the study period. The rapid charter-school expansion of the early 2000s occurred just as revelations of clergy sex abuse were most prominently in the news, which may have influenced families' decisions to enroll or continue in Catholic schools. Indeed, a study by Ali Moghtaderi found that reports of abuse after 2002, when media coverage expanded dramatically nationwide, had a pronounced and lasting negative impact on Catholic school enrollment declines and closures.

We do not believe that the timing and impact of the scandal affect our findings. Because all Catholic schools were potentially associated with the church sex abuse scandal, every school experienced the negative impact regardless of whether a charter school opened nearby. As an extra check, we separately analyze enrollment and closure impacts from 1998 through 2002—the four years before the most novel and substantial reports of abuse were made public—and find the same general results as those for the full study period.

Changing attitudes and state policies to limit the growth of charter schools could also influence impacts on Catholic schools. We compare impacts in states that cap charters to those that do not limit growth; in states without caps, Catholic schools experience stronger and more pronounced enrollment declines and increased risk of closure.

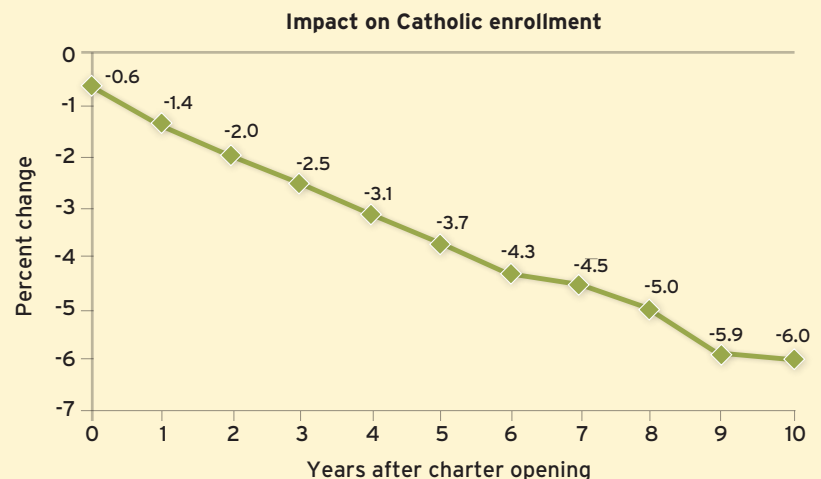
On average in a state without a charter cap, Catholic school enrollment drops by 2.5 percent two years after a new charter opens nearby compared to 2 percent in a state that limits charter growth.

The Role of Family Finances

We look at another state policy that shapes family decision-making: vouchers. Currently, 14 states and Washington, D.C. allow vouchers. To analyze this issue, we took a closer look at nine states, selected based on how much the expansion of charter schools overlapped with the availability of vouchers in those states. This limited sample did not allow us to distinguish the impact of charter openings in states that had vouchers from those that did not. However, theory and more recent observational evidence from the expansion of vouchers in Indiana suggests costs, rather than preferences for explicit quality measures, may dominate enrollment decisions. In the presence of vouchers, stable enrollment

Enrollment Drops in Catholic Schools After a Charter Opens Nearby (Figure 2)

After a new charter school opens, enrollment immediately drops at Catholic schools within a five-mile radius that serve the same grade levels and continues to decline. Over the following decade, Catholic enrollment drops by 6.0 percent.



SOURCE: Authors' calculations

in Catholic schools may reflect a true preference for Catholic education or the desire to not change schools when the financial costs of remaining are neutral or at least partially offset.

What about the role of school quality? When comparing traditional and public charter schools with similar academic outcomes, preferences for charters could be motivated by specific learning environments or the ability to innovate. However, Catholic schools generally do not have performance data comparable to that available for traditional public schools, and neither do charter schools at the time that they open. If families choose to withdraw their children from an existing Catholic school and enroll them in a new charter school nearby, the absence of

Whereas for much of the last 50 years Catholic schools were the primary low-cost alternatives to public schools, our research demonstrates that in many instances, particularly K–8 schools, family preferences for freely available alternatives exceed their preference for an independent school or religiously centered education. All else equal, families will choose the lower-cost alternative to save money, particularly given that Catholic schools had increasingly served non-Catholic student populations, thus reducing any specific faith-based explanation for enrolling. Further, family choices are less likely to be driven by school attributes for two reasons. First, there is no widespread, obvious evidence that new charters would have stronger school performance than pre-existing Catholic schools.

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standardized data for both school types suggests that they are likely motivated by a tuition-free alternative or non-religious learning environment.

We look at standardized test score performance in charters and traditional public schools near Catholic schools affected by charter openings. On the whole, there is not much evidence charter schools were so obviously higher performing that this feature would be the reason families might choose them over the nearby Catholic school. At the time of opening, there would be no available signal of quality based on test score performance (unless charters were part of a national network touting its record of performance, but this does not describe the bulk of new openings). Moreover, subsequent performance data does not suggest that the charter schools opening close to Catholic schools were especially high performing.

A Portrait of Family Preferences

Our findings confirm that public investments in charter schools directly and negatively impact the enrollments and persistence of K–8 Catholic schools in the same areas. Second, charter school openings in areas that previously did not have one may not always increase the total number of choice options for families, though they reduce the private cost of attending a school of choice since charter schools are tuition free.

And second, the highly structured, strict, college-focused models of many charter schools are analogous to Catholic schools. Thus, to the extent that some families may have historically chosen Catholic schools as preferred alternatives, charter schools may offer families a reasonable substitute without the financial cost.

Recent developments may shift the school choice landscape once again and, potentially, eliminate or minimize the cost difference between charters and Catholic schools. The U.S Supreme Court will soon hear arguments in two Oklahoma cases regarding St. Isidore of Seville Catholic Virtual School, a planned religious charter school operated by the dioceses of Tulsa and Eastern Oklahoma. One possible outcome is that the court could require all 45 states that grant school charters to also allow religious charter schools. In the meantime, President Trump has issued a broad order for states to prioritize and expand vouchers and other school choice programs, including through new guidance on using federal funds and revamping discretionary grant spending to do so. Depending on what form specific policies take, the competitive landscape may be shifting in Catholic schools' favor, and soon.

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