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Charter School Funding: Inequity in the City

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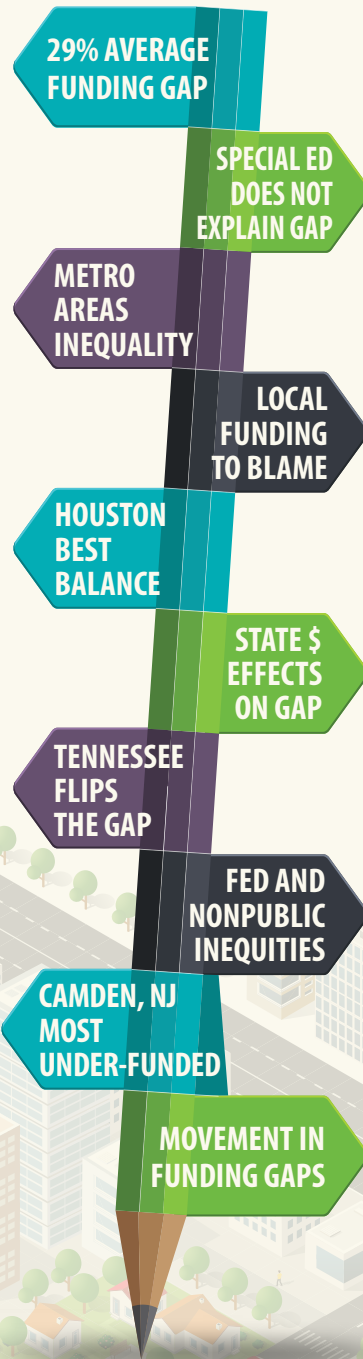
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uaedreform.org/charter-school-funding-inequity-in-the-city





The University of Arkansas was founded in 1871 as the flagship institution of higher education for the state of Arkansas.

Established as a land grant university, its mandate was threefold: to teach students, conduct research, and perform service and outreach.

The College of Education and Health Professions established the Department of Education Reform in 2005. The department's mission is to advance education and economic development by focusing on the improvement of academic achievement in elementary and secondary schools. It conducts research and demonstration projects in five primary areas of reform: teacher quality, leadership, policy, accountability, and school choice.

The School Choice Demonstration Project (SCDP), based within the Department of Education Reform, is an education research center devoted to the non-partisan study of the effects of school choice policy and is staffed by leading school choice researchers and scholars. Led by Dr. Patrick J. Wolf, Professor of Education Reform and Endowed 21st Century Chair in School Choice, SCDP's national team of researchers, institutional research partners and staff are devoted to the rigorous evaluation of school choice programs and other school improvement efforts across the country. The SCDP is committed to raising and advancing the public's understanding of the strengths and limitations of school choice policies and programs by conducting comprehensive research on what happens to students, families, schools and communities when more parents are allowed to choose their child's school.

Executive Summary

Public charter schools increasingly are part of both the national conversation about education policy and the local urban scene in America. Previous studies of public charter schools have examined their achievement effects focused on both the state and metropolitan levels, and funding disparities focused on the state levels. This is the first study of funding inequities to concentrate on revenue disparities between charters and traditional public schools where

We are grateful to many supporters of this project. We appreciate the guidance of Gary Larson and Kelli Gauthier of Larson Communications in making this complicated information accessible to the public. We are thankful for the wizardry of Marlo Crandall of Remedy Creative in designing and formatting the report. We appreciate Elizabeth Reaves' excellent logistical support. We thank the Walton Family Foundation for their grant support and acknowledge that the content of this report is entirely the responsibility of the authors and does not necessarily reflect the positions of the Foundation or the University of Arkansas.

charters are most common: metropolitan areas across the country. The 15 urban areas that inform our study include Atlanta, Boston, Camden, Denver, Houston, Indianapolis, Little Rock, Los Angeles, Memphis, New Orleans, New York City, Oakland, San Antonio, Tulsa, and Washington. Because these locations include eight plus the special case of New Orleans for which we have at least some prior data and six that are new to charter revenue research, we can place our findings in a broader context of time and space. Our data regarding the charter school funding gap was carefully collected from official state documents and audited school reports regarding the 2014 fiscal year.

We define a public charter school as any school that (1) operates based on a formal charter in place of direct school district management and (2) reports its finances independently from the school district. We define all other public schools as traditional public schools (TPS).

Do both public charter schools and TPS in major metropolitan areas receive equitable per-pupil funding? If not, what explains the funding gap? New Orleans, with its 86 percent charter school funding gap, is unique in ways that led us to treat it separately in our analysis. For the remaining 14 metropolitan areas we find:

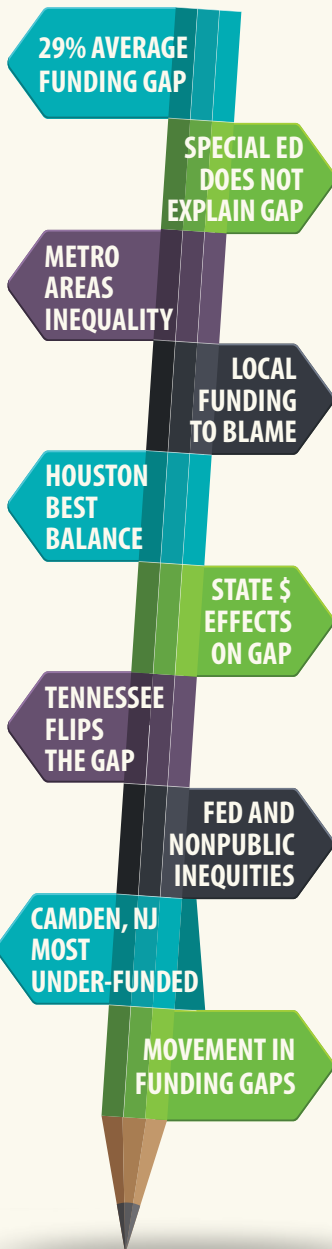
Public charter schools receive an average of \$5,721 less per-pupil than TPS, which represents a funding gap of 29 percent;

Twelve out of 14 metropolitan areas in our study receive a C or lower grade for charter school funding equity because students who attend charters receive more than 10 percent less in funding than their peers in traditional public schools;

Houston demonstrated the greatest revenue balance between charters and TPS, as charters received 98 percent of the per-pupil funding average of TPS;

Shelby County, Tennessee, home of the city of Memphis, was unique in that charters received higher per-pupil funding than TPS, by 9 percent, due to generous philanthropic support;

Public charter schools in Camden, New Jersey, are the most underfunded, receiving an average of \$14,771 less in per-pupil funding than TPS, representing a 45 percent funding inequity;



Differences in the rates of enrolling students with special educational needs only explain the charter school funding gap in the cities of Atlanta and Boston;

A dearth of education funding from local sources is most responsible for the charter school funding gap, as 8 of the areas provide no local funds to their public charter schools;

On average, state revenues increase the charter school funding gap in as many cities as they decrease it;

Federal education revenues, on average, worsen the charter school funding inequities, while private or nonpublic sources of funding vary dramatically across the 14 locations and only succeed in completely closing the charter school funding gap in Shelby County, TN.

In Atlanta, Houston, and Boston the public charter school funding gap declined from 2003 to 2014 while in Los Angeles, Indianapolis, Denver, New York City, and Washington it grew.

Public charter schools are increasingly common in American cities. Our research indicates that urban charters tend to receive substantially less revenue on a per-pupil basis to serve their students than traditional public schools. **Charter school funding represents an inequity in the city.**

Introduction

Public charter schools are a growing part of K-12 education. Charter schools are public schools that are granted operational autonomy by their authorizing agency in return for a commitment to achieve specific performance goals. Like traditional public schools, charter schools are free to students and overseen by the state. Unlike traditional public schools, however, most charters are open to all students who wish to apply, regardless of where they live. If a charter school is over-subscribed, usually random lotteries determine which students will

be admitted. Most charter schools are independent of the traditional public school district in which they operate.

Public charter schools have become a major feature of the education landscape. The first public charter school was established in St. Paul, Minnesota,

in 1991. In 2015-16, there were over 6,800 public charter schools serving about 3 million students in 43 states and the District of Columbia.¹ That year the number of charter schools grew by about 2 percent and the number of students they served increased by 9 percent. In New Orleans, Washington, D.C., and Detroit, public charter schools educate over 40 percent of K-12 students. Why have public charter schools increased in popularity so rapidly?

Charter schools are public schools that are granted operational autonomy by their authorizing agency in return for a commitment to achieve specific performance goals.

Evidence

Research indicates that families enjoy² the empowerment to opt out of residentially assigned public schools, if needed.³ Further, the autonomy granted to public charter schools allows them to establish a specialized mission and deeply rooted organizational culture.⁴ The additional autonomy that charters enjoy allows them to serve students based on student interests and learning styles, rather than the standardized approach to education commonly mandated in traditional public schools.

The scientific evidence on the effectiveness of public charter schools is abundant, though studies have varied in quality. A meta-analysis of 24 rigorous studies showed that, overall, charters have had

1 <http://www.publiccharters.org/wp-content/uploads/2016/02/New-Closed-2016.pdf>

2 <http://educationnext.org/what-do-parents-think-of-childrens-schools-ednext-private-district-charter/>

3 Stewart, T., & Wolf, P. J. (2014). *The school choice journey: School vouchers and the empowerment of urban families* (New York: Palgrave MacMillan, 2014).

4 See for example Fox, R. A., & Buchanan, N. K. (2014). *Proud to be different: Ethnocentric niche charter schools in America* (Lanham, MD: Rowman & Littlefield).

small positive effects on student achievement, as measured by standardized test scores.⁵ A national study of charter school performance in 26 states and the District of Columbia largely confirmed those results,⁶ though a U.S. Department of Education evaluation limited to charter middle schools reported no statistically significant effects.⁷ More relevant to our study here, an examination of charter school achievement effects in 41 large metropolitan areas across the country showed that urban charters consistently have boosted student achievement and the gains for students from disadvantaged backgrounds have been large.⁸

The additional autonomy that charters enjoy allows them to serve students based on student interests and learning styles, rather than the standardized approach to education commonly mandated in traditional public schools.

Funding Equity

Research suggesting that charters' effects on student achievement tend to be positive but modest in size has led policymakers to consider the resources that are available to charters. Do charter schools receive higher per-pupil revenue allocations than traditional public schools (TPS)? Is funding equal across the two public school sectors? Do public charter schools tend to receive less per-pupil revenue than TPS? Might charters produce even better results if they were better resourced? Members of our research team have provided evidenced-based answers to these questions for more than a decade.

In *Charter School Funding: Inequity's Next Frontier*, we compared student funding in public charter schools versus TPS in 27 districts in 16 states plus the District of Columbia (D.C.) during school year 2002-03.⁹ We found that public charter school students were funded at levels below TPS students in all but one state, Minnesota, and all but one school district, Albuquerque, New Mexico. On average, charter students in the study received 21.7 percent less in funding than their TPS peers, with the state-level gaps favoring TPS ranging from 4.8 percent in New Mexico to 39.5 percent in South Carolina. This pioneering research concluded that, when a given student switched from a residentially assigned public school to a public charter school in 2002-03, less than four-fifths of the resources dedicated to the education of that student followed them into their charter school.

5 Betts, J. R., & Tang, Y. E. (2011). *The effect of charter schools on student achievement: A meta-analysis of the literature*. Bothell, WA: Center on Reinventing Public Education.

6 Cremata, E., Davis, D., Dickey, K., Lawyer, K., Negassi, Y., Raymond, M., & Woodworth, J. L. (2013). *National charter school study*. Stanford, CA: Center for Research on Education Outcomes.

7 Gleason, P., Clark, M., Tuttle, C. C., and Dwoyer, E. (2010). *The evaluation of charter school impacts: Final report* (NCEE 2010-4029). Washington, D.C.: National Center for Education Evaluation and Regional Assistance, Institute of Education Sciences, U.S. Department of Education.

8 CREDO (2013). *Urban charter school study*. Stanford, CA: Center for Research on Education Outcomes.

9 Batdorff, M., Finn, C. E. Jr., Hassel, B., Maloney, L., Osberg, E., Speakman, S., & Terrell, M. G. (2005). *Charter school funding: Inequity's next frontier*. Washington, D.C.: Thomas B. Fordham Institute.

One might assume that policymakers moved swiftly to remedy the injustice of charter school funding inequity revealed in the 2005 report. Sadly, that was not the case. We re-examined the charter school funding gap using data from 2006-07 and adding seven more states to our sample. In *Charter School Funding: Inequity Persists*, we reported that the gap favoring TPS stood at 19.2 percent nationally, only trivially smaller than the original gap of 21.7 percent.¹⁰ Even more concerning, a third study of 2010-11 revenue data identified the gap across an expansive sample of 30 states plus D.C. to average 28.4 percent more funding for TPS than charters, provoking the report title of *Charter School Funding: Inequity Expands*.¹¹ All three of these charter school revenue studies have concluded that funding gaps are larger in urban areas, due to

more local funding and categorical funding earmarked for districts with disadvantaged students going to TPS than to charters, even though public charter schools enroll a high proportion of low-income students.

Educational resources targeted to disadvantaged students in urban areas often miss their targets when those children are in public charter schools.

Educational resources targeted to disadvantaged students in urban areas often miss their targets when those children are in public charter schools.

This report contributes to the school funding policy literature by taking a deep dive into the realities of charter and TPS funding in major urban areas across the country. We examine funding disparity levels from all possible revenue sources in 15 different metropolitan areas for the 2013-14 school year. We selected the locations based on either a high concentration of charters in the metropolitan area or potential for charter school growth there. Eight of them have been the subject of our prior funding research, allowing us to track their charter school funding gaps over time, as we do in a section of this report. The remaining six locations add

greater diversity to our sample, as they are smaller and newer charter school communities. Together, our selected cities represent a cross-section of the current and projected charter school enrollment across the country. We

highlight differences in local, state, and federal public funding, as well as all nonpublic funding for the same locations. This study represents the latest evidence regarding remaining public charter school funding inequities with a focus on where charters are most common: in cities.

We examine funding disparity levels from all possible revenue sources in 15 different metropolitan areas for the 2013-14 school year.

10 Batdorff, M., Maloney, L., May, J., Doyle, D., & Hassel, B. (2010). *Charter school funding: Inequity persists*. Indianapolis, IN: Ball State University.

11 Batdorff, M., Maloney, L., May, J. F., Speakman, S. T., Wolf, P., & Cheng, A. (2014). *Charter school funding: Inequity expands*. Fayetteville, AR: School Choice Demonstration Project.

Methodology

This is a study of the revenues actually received by public charter schools and TPS. Revenues equal funding. Revenues signal the amount of resources that are being mobilized in support of students in the two different types of public schools. Some critics of these types of analyses argue that our revenue study should, instead, focus on school expenditures and excuse TPS from certain expenditure categories, such as transportation, because TPS are mandated to provide it but many charter schools choose not to spend scarce educational resources on that item.¹

First, we stand by the practice of using revenues, not expenditures, to inform our revenue study. Second, the discretion to spend money as school leaders see fit is definitional to public charter schools because they are expected by statute to have autonomy to be innovative. We are comparing the amount of resources that are channeled into a traditional public school system, where many specific expenditures are mandatory, with the amount devoted to public charter schools, where many specific expenditures are discretionary. If we omitted supposedly “mandatory spending” from the TPS side of our comparison, including salaries baked into teacher and administrator collective bargaining agreements, there would be almost no revenue left to compare. This point underscores the central fallacy of some researchers who compare charter and TPS funding using expenditures. They exclude various categories of expenditures on the TPS side, supposedly to create “apples-to-apples” funding comparisons, but those exclusions are mere artifice of the analysts that bring the numbers further away from the complete and true amounts of resources available to educate a child in each public school sector.

An analysis based on all revenues, in contrast, supports an innovation view of equity, consistent with state charter statutes calling for charter schools to be innovative. An analysis based on a subset of expenditures only for the functions that TPS and charter schools share is a status quo view of equity, because charters are expected to be funded only for the exact same functions that TPS already perform. A revenue-based analysis is grounded in a concept of equal funding for equal purpose, the purpose being public education. An adjusted expenditure-based analysis is grounded in a concept of equal funding for equal work. We choose a revenue-based analysis because public education is about so much more than merely equal work.

Our methodology generates a full and accurate accounting of the per-pupil funding in both the public charter and TPS sectors. It tells us how much money is directed to charter schools, which have much discretion regarding how to spend it, and how much money is directed to traditional public schools, which have less discretion regarding how to spend it. If TPS receive more revenue in part because they have more things on which they are required to spend public resources, then that fact should not be obscured but should remain a part of the comparison. Mandatory spending in TPS is a discretionary policy of decisionmakers. If it is a cause of inefficiency in TPS operations relative to charters, then policymakers, informed by our research, could reduce it.

The core practices that generate our reliable comparisons are that we:

- 1) Compare per-pupil revenues for all charter schools to all traditional public schools within the geographic boundary of each city or county;
- 2) Provide a comprehensive accounting of school revenues that accounts for all funds received by all schools in the public charter and TPS sectors from all possible sources;²
- 3) Credit all revenues to the school sector upon whose students the revenue will be spent, assigning any funding directed to charter school students that passes through TPS to the charter sector and not the TPS sector;
- 4) Apply true weighted averages to all cross-location totals to assure appropriate per-pupil amounts for all data groupings;
- 5) Rely on data of record collected by states, and when unavailable, approved, audited financial statements as our source materials;
- 6) Conduct a special analysis of the charter school funding gap, excluding all special education funding, to demonstrate whether the inequities in charter school funding are explained by higher special education enrollment rates in TPS.

For details regarding our research methodology, see Appendix A, and for our list of data sources, see Appendix B.

1 Baker, B. D. (2014). Review of “charter school funding: Inequity expands.” Boulder, CO: National Education Policy Center.

2 The only exception to this rule is any revenue received due to debt restructuring.

Table 1 and Figure 1 below illustrate the total funding disparities between children in traditional public schools (TPS) and charters in the 14 metropolitan areas we include in our main analysis. Only one location – Houston, Texas – receives an A for charter school funding equity. Charters in Houston receive only 2 percent less in per-pupil funding than the Houston TPS. Charters in Shelby County, Tennessee, home of the city of Memphis, actually receive 9 percent more per-pupil revenue than their local TPS, due to nonpublic revenue that will be described later, earning the area a grade of B. Shelby County is the only location in our study in which the overall funding gap favors charters. Atlanta, Georgia, receives a C, as its charters receive 12 percent less in funding than its TPS. Four cities receive a D and seven receive an F for the size of their charter school funding gaps.

Only one location – Houston, Texas – receives an A for charter school funding equity

Notably, charter students in Washington, D.C. receive around \$14,000 less in per-pupil funding per year, representing a funding gap of 39 percent. Other cities in our study that earn an F for their extreme charter funding gaps include Tulsa, Little Rock, Indianapolis, Los Angeles, and Oakland. The largest disparity percentage is in Camden, New Jersey, where charter school students receive 45 percent less funding than their traditional public school peers, amounting to almost \$15,000 less in educational resources per student per year.

Four cities receive a D and seven receive an F for the size of their charter school funding gaps.

Guide to Our Tables & Figures

Total Revenue

- In Tables, locations are presented from the one with the biggest percentage funding disparity favoring charters at the top to the one with the biggest percentage funding gap favoring TPS at the bottom for each table;
- In Figures, locations appear from left (biggest gap favoring charters) to right (biggest gap favoring TPS) for each figure;
- Each location is assigned a grade based on the equality of revenues allocated to children in charter schools compared to TPS;
- We highlight funding disparities regardless of the sector that is receiving the short end of the revenue stick;
- A specific location receives an A if per-pupil charter funding is within 5 percent of traditional public school funding, regardless of which sector is getting more, a B if the funding disparity is between 5 and 10 percent, a C if the gap is 10 to 15 percent, a D if it is 15 to 25 percent, and an F if it is over 25 percent;
- The grade appears in the far left column of Table 1 and is consistently displayed in the far left column of all subsequent tables as a point of reference for the reader;
- Summary tables regarding all the revenue disparities for each separate location are provided in Appendix C.

On average, across all locations, a student receives \$5,721 less in total annual funding if they choose to attend a charter school instead of a TPS. Students in public charter schools forgo almost one-third of their educational resources

by opting out of their traditional public schools. In other words, on average, urban parents in our study sample are willing to sacrifice at least \$5,721 per year in order to opt into a

...urban parents in our study sample are willing to sacrifice at least \$5,721 per year in order to opt into a schooling environment that they perceive to be superior to their residentially assigned institution.

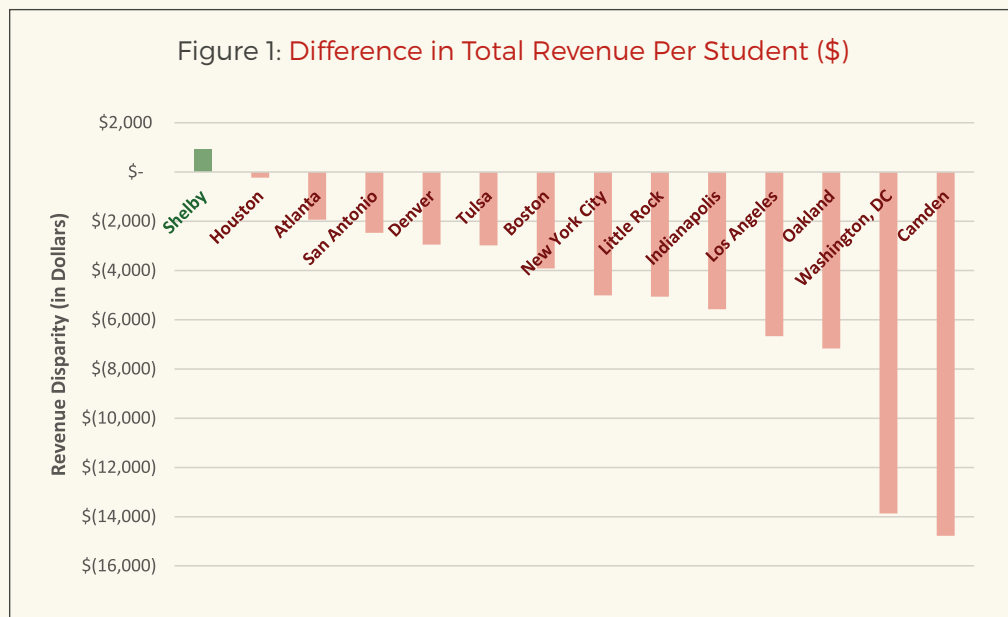
schooling environment that they perceive to be superior to their residentially assigned institution. To operate at the efficiency level of the charter schools in our study, the traditional public schools would have to forfeit \$12.9 billion per year in revenue. In Los Angeles alone, this amounts to \$3.7 billion.

Table 1: Total Revenue Disparity Per Student, FY14

Overall Funding Disparity Grade	Ranked Regions	State	District Per Student Revenue	Charter Per Student Revenue	Disparity Per Student (\$)	Disparity Per Student (%)
B	Shelby	TN	\$ 9,720	\$ 10,624	\$ 904	9%
A	Houston	TX	\$ 10,829	\$ 10,604	\$ (225)	-2%
C	Atlanta	GA	\$ 16,429	\$ 14,490	\$ (1,939)	-12%
D	Boston	MA	\$ 22,389	\$ 18,475	\$ (3,913)	-17%
D	New York City	NY	\$ 26,289	\$ 21,281	\$ (5,008)	-19%
D	San Antonio	TX	\$ 12,097	\$ 9,629	\$ (2,468)	-20%
D	Denver	CO	\$ 14,027	\$ 11,083	\$ (2,944)	-21%
F	Tulsa	OK	\$ 9,661	\$ 6,681	\$ (2,980)	-31%
F	Little Rock	AR	\$ 13,299	\$ 8,229	\$ (5,069)	-38%
F	Indianapolis	IN	\$ 14,388	\$ 8,810	\$ (5,578)	-39%
F	Washington, D.C.	DC	\$ 35,261	\$ 21,387	\$ (13,874)	-39%
F	Los Angeles	CA	\$ 16,751	\$ 10,086	\$ (6,665)	-40%
F	Oakland	CA	\$ 17,749	\$ 10,575	\$ (7,173)	-40%
F	Camden	NJ	\$ 32,569	\$ 17,798	\$ (14,771)	-45%
Weighted Average			\$ 19,922	\$ 14,200	\$ (5,721)	-29%

Note: Disparity Per Student (\$) is the Charter Per Student Revenue minus the District Per Student Revenue, so negative values indicate a charter school funding disadvantage. Disparity Per Student (%) is the dollar disparity divided by District Per Student Revenue.

Some school commentators claim that any gap in per-pupil charter funding compared to TPS is because charters enroll significantly fewer students with low-incomes, English Language Learner (ELL) status, and disabilities.¹² In Table 2 we display the enrollment percentages for students with these three features of disadvantage across the two public school sectors when such data are available. In five of the metropolitan areas – Shelby County, Houston, New York City, Los Angeles, and Oakland – the charter sector enrolls a higher proportion of low-income students who qualify for the federal lunch program¹³ than does the TPS sector. In Denver, the proportion of federal lunch-eligible students in the charter and TPS sectors is equal. In eight of the



areas – Atlanta, Boston, San Antonio, Tulsa, Little Rock, Indianapolis, Washington, D.C., and Camden – the charter sector enrolls a lower percentage of low-income students. The gap in federal lunch-eligible student enrollments is large in Tulsa, Little Rock, and Indianapolis.

English Language Learner student enrollments are higher in public charter schools than TPS in Houston and Los Angeles. The rate of enrollment of ELL students is equal across the two public school sectors in Denver. In the remaining nine metropolitan areas with data, public charter schools enroll disproportionately fewer of such students compared to TPS. Charter school enrollments of English Language Learner students are 1 percent or lower in Shelby, Atlanta, and Little Rock.

Finally, the charter school sectors in all 12 metropolitan regions with data enroll lower percentages of students with disabilities than their local TPS. In Houston, district-run TPS list 23 percent of their students as qualifying for special education services, compared to 6 percent in Houston’s public charter schools. In Camden, the student disability rates are 21 percent in TPS and 8 percent in charters. In five of the areas – Shelby County, New York City, San Antonio, Denver, and Washington, D.C. – the charter school special education enrollment gap is 3 percentage points or less. Research from New

12 See, for example, Baker, B. D. (2014). Review of “charter school funding: Inequity expands.” Boulder, CO: National Education Policy Center.

13 These students all come from families with incomes at or below 185 percent of the poverty line and therefore are eligible for either free or reduced-price lunches.

York City and Denver suggests that the main reasons why public charter schools enroll fewer students with disabilities than TPS include that (1) fewer parents choose such schools for their kindergarten children with disabilities, (2) transfers into charters in non-entry grades tend disproportionately to be general education students, and (3) charter schools declassify students as no longer requiring special education services at higher rates than TPS.¹⁴

The fact that the traditional public school sectors in our study tend to enroll higher percentages of students with certain disadvantages does not, itself, appear to explain the funding gaps between TPS and public charter schools. The proportion of students eligible for the federal lunch program

is almost as likely to be higher or equal in the charter sectors (6) compared with the TPS sectors (8) in our sample. The TPS sectors more consistently tend to enroll higher proportions of ELL students than the charter sectors, though Houston and Los Angeles are exceptions. Moreover, differences in the measures of disadvantage of the student populations in TPS and charters in our areas do not align with the overall funding differences described in Table 1. Public charter schools in Los Angeles, for example, enroll higher proportions of low-income students and English Language Learners but receive over \$6,665 less per-pupil revenues than their TPS, a disparity per pupil of 40 percent. Houston charter schools enroll higher proportions of low-income students and ELL students than Houston TPS, yet they receive slightly less per-pupil in revenue. Denver charters enroll similar percentages of low-income and ELL students as their neighboring TPS but receive almost \$3,000 less per student. In many cases, it requires even greater resources to educate students with special needs than low-income or ELL students, and such students are enrolled at higher rates in TPS consistently in these 14 metropolitan areas. Does special education funding explain the charter school funding gaps in our study? We examine that question next.

The fact that the traditional public school sectors in our study tend to enroll higher percentages of students with certain disadvantages does not, itself, appear to explain the funding gaps between TPS and public charter schools.

Public charter schools in Los Angeles, for example, enroll higher proportions of low-income students and English Language Learners but receive over \$6,665 less in per-pupil revenues than their TPS, a disparity per pupil of 40 percent

¹⁴ See, for example, Winters, M. A. (2013). *Why the gap? Special education and New York City charter schools*. Bothell, WA: Center for Reinventing Public Education. Winters, M. A. (2014). *Understanding the charter school gap: Evidence from Denver*, CO. Bothell, WA: Center for Reinventing Public Education.

Special Education (SPED) and the Charter School Funding Gap

Inequitable funding between public charter schools and TPS could be due to differences in the number of students identified as requiring SPED services, as described in Table 2. To test this ubiquitous claim regarding the charter school funding gap, we depart from our normal approach of focusing exclusively on revenues and consider SPED expenditures by both school sectors.¹⁵

The Table 3 column labeled “SPED Expenditure Gap Per Student” presents the results from subtracting the amount of dollars spent per student in the charter sector from the amount of dollars spent per student in TPS sector. All totals are positive, indicating that TPS spend more on SPED than charters in all 14 of our metropolitan areas. The largest SPED expenditure gap is in Camden, where TPS spend

Table 2: Levels of Student Disadvantage Across Sectors

Overall Funding Disparity Grade	Ranked Regions	State	District Federal Lunch %	Charter Federal Lunch %	Difference	District ELL %	Charter ELL %	Difference	District SPED %	Charter SPED %	Difference
B	Shelby	TN	68%	86%	18%	7%	1%	-6%	13%	10%	-3%
A	Houston	TX	81%	92%	11%	27%	31%	4%	23%	6%	-17%
C	Atlanta	GA	77%	70%	-7%	4%	1%	-3%	10%	3%	-7%
D	Boston	MA	78%	75%	-3%	NA	NA	NA	20%	16%	-4%
D	New York City	NY	74%	77%	3%	14%	6%	-8%	18%	16%	-2%
D	San Antonio	TX	93%	83%	-10%	19%	12%	-7%	10%	8%	-2%
D	Denver	CO	72%	72%	0%	31%	31%	0%	11%	9%	-2%
F	Tulsa	OK	88%	43%	-45%	NA	NA	NA	16%	9%	-7%
F	Little Rock	AR	63%	42%	-21%	10%	1%	-9%	12%	8%	-4%
F	Indianapolis	IN	82%	64%	-18%	14%	7%	-7%	19%	14%	-5%
F	Washington, D.C.	DC	96%	90%	-6%	10%	7%	-3%	15%	12%	-3%
F	Los Angeles	CA	75%	77%	2%	22%	28%	6%	NA	NA	NA
F	Oakland	CA	74%	80%	6%	31%	30%	-1%	NA	NA	NA
F	Camden	NJ	95%	88%	-7%	9%	3%	-6%	21%	8%	-13%

Note: Difference is the Charter percent minus the District percent, so negative numbers mean TPS enroll a higher percentage of such students. Boston and Tulsa do not provide ELL data by school sector and California data for Los Angeles and Oakland do not allow us to determine special education enrollments by school sector.

¹⁵ Of course, funding tied to SPED is not the only difference between charter and TPS, so we account for other differential expenditure patterns in a future report.

\$3,383 more per student on SPED than charters spend. The smallest SPED expenditure gap is in Tulsa, where TPS only spend \$32 more per pupil on SPED than charters do.

The “Disparity Net of SPED” column displays the sum after adding the “SPED Expenditure Gap Per Student” to the “Total Revenue Disparity Per Student,” describing how much of the charter school funding gap remains after accounting for the differences in SPED expenditures. If the defenders of the charter school revenue gap were right, every number in the “Disparity Net of SPED” column would be either positive or zero, meaning charters are either over-funded or equitably funded relative to TPS once the extra SPED burden in TPS is subtracted from the totals. That is only true for Shelby County and Houston. In Shelby County, the per pupil revenue gap favoring public charter schools grows from \$904 to \$2,059 once SPED expenditures are accounted for. In Houston, the charter school revenue gap flips from a \$225 per student advantage for TPS to a \$115 per pupil advantage for charters after accounting for SPED expenditures. For the remaining 12 cities, charter schools continue to be underfunded relative

to TPS even after factoring in SPED expenditures. For Atlanta, the funding gap favoring TPS

For the remaining 12 cities, charter schools continue to be underfunded relative to TPS even after factoring in special education expenditures

shrinks from \$1,939 per student to \$377 per pupil after accounting for SPED. In Boston, the revenue advantage of TPS declines from \$3,913 to \$584 per pupil. In the remaining 10 metropolitan areas, the charter school funding gap favoring TPS remains unacceptably large even after accounting for higher SPED spending in TPS than in charters. The non-SPED revenue gap benefiting TPS is \$10,952 per student in Washington and \$11,388 per student in Camden.

The proportion of the total revenue gap explained by higher SPED expenditures is presented in the far-right column of Table

3. Again, if the defenders of higher funding for TPS are correct, every percentage in the far-right column should be 100 percent or higher. Only Shelby County and Houston meet that standard. For Boston, differential spending on

While it is true that TPS tend to enroll higher proportions of students with disabilities than charter schools, the additional spending required for students with special needs rarely explains ... the inequities in the funding of public charter schools.

SPED accounts for 85 percent of the revenue gap favoring TPS. In Atlanta, it accounts for 80 percent of the gap. For 10 out of 14 cities in our main analysis, higher spending by TPS on SPED accounts for

36 percent or less of the higher per pupil revenue received by TPS compared to public charter schools. SPED expenditures account for just 10 percent of the charter school funding inequities in New York City, 6 percent of the gap in Denver, and a mere 1 percent of the charter school revenue gap in Tulsa. While it is true that TPS tend to enroll higher proportions of students with disabilities than charter schools, the additional spending required for students with special needs rarely explains all or even most of the inequities in the funding of public charter schools. The main sources of the charter school funding gap must lie elsewhere.

Table 3: **SPED Expenditure Gap Per Student, FY14**

Overall Funding Disparity Grade	Ranked Regions	State	SPED Expenditure Gap Per Student	Total Revenue Disparity Per Student	Disparity Net of SPED	Disparity Explained by SPED (%)
B	Shelby	TN	\$ 1,155	\$ 904	\$ 2,059	128%
A	Houston	TX	\$ 340	\$ (225)	\$ 115	151%
C	Atlanta	GA	\$ 1,561	\$ (1,939)	\$ (377)	80%
D	Boston	MA	\$ 3,329	\$ (3,913)	\$ (584)	85%
D	San Antonio	TX	\$ 716	\$ (2,468)	\$ (1,752)	29%
D	New York City	NY	\$ 521	\$ (5,008)	\$ (4,487)	10%
D	Denver	CO	\$ 172	\$ (2,944)	\$ (2,772)	6%
F	Los Angeles	CA	\$ 2,406	\$ (6,665)	\$ (4,259)	36%
F	Tulsa	OK	\$ 32	\$ (2,980)	\$ (2,948)	1%
F	Little Rock	AR	\$ 1,091	\$ (4,779)	\$ (3,689)	27%
F	Oakland	CA	\$ 2,289	\$ (7,173)	\$ (4,884)	32%
F	Indianapolis	IN	\$ 1,140	\$ (5,578)	\$ (4,438)	20%
F	Washington, D.C.	DC	\$ 2,922	\$ (13,874)	\$ (10,952)	21%
F	Camden	NJ	\$ 3,383	\$ (14,771)	\$ (11,388)	23%

Note: SPED Expenditure Gap Per Student calculated by subtracting average SPED expenditures per pupil in the charter sector from average SPED expenditures per pupil in the TPS sector. Total Revenue Disparity Per Student is taken from Table 1. Disparity Net of SPED is the SPED Expenditure Gap plus the Total Revenue Disparity, with negative numbers indicating an enduring gap favoring TPS. Disparity Explained by SPED (%) is the absolute value of the SPED Expenditure Gap Per Student divided by the Total Revenue Disparity Per Student.

Local Public Revenue

If SPED enrollments do not explain the charter school funding gap in most of the areas in our sample, what does? A substantial proportion of the public school funding at the local level is generated through property taxes. Since public charter schools serve students living in households within various districts, we may expect that local funding will support those children in whichever public schools they choose. Is this the case?

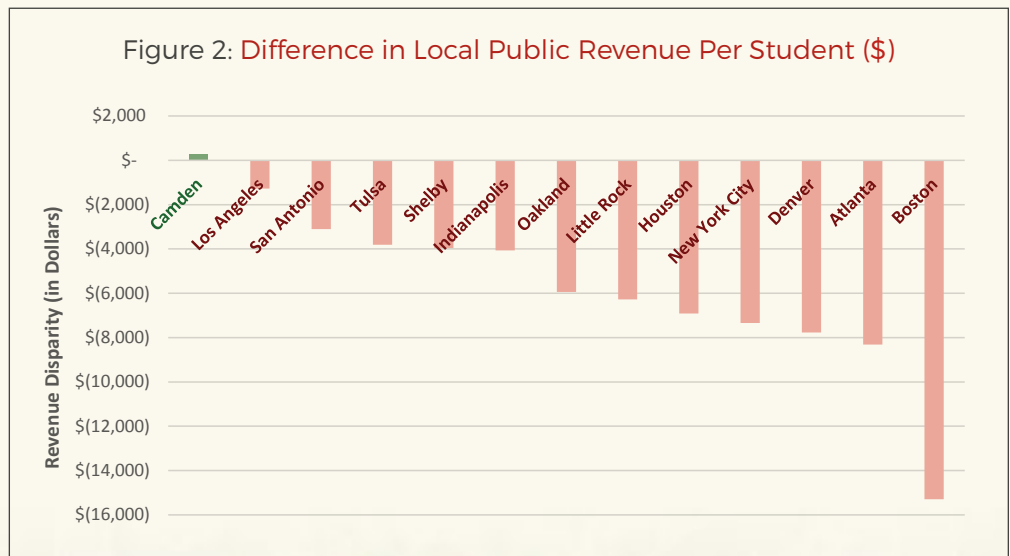
Table 4: Total Local Public Revenue Disparity Per Student, FY14

Overall Funding Disparity Grade	Ranked Regions	State	District Per Student Revenue	Charter Per Student Revenue	Disparity Per Student (\$)	Disparity Per Student (%)
F	Camden	NJ	\$ 677	\$ 974	\$ 298	44%
F	Los Angeles	CA	\$ 2,943	\$ 1,661	\$ (1,281)	-44%
D	New York City	NY	\$ 16,135	\$ 8,747	\$ (7,388)	-46%
C	Atlanta	GA	\$ 11,631	\$ 3,318	\$ (8,313)	-72%
F	Oakland	CA	\$ 7,579	\$ 1,636	\$ (5,943)	-78%
D	Denver	CO	\$ 7,852	\$ 4	\$ (7,849)	-100%
D	Boston	MA	\$ 15,301	\$ 0	\$ (15,301)	-100%
A	Houston	TX	\$ 6,910	\$ 0	\$ (6,910)	-100%
F	Tulsa	OK	\$ 3,816	\$ 0	\$ (3,816)	-100%
D	San Antonio	TX	\$ 3,104	\$ 0	\$ (3,104)	-100%
F	Indianapolis	IN	\$ 4,068	\$ 0	\$ (4,068)	-100%
B	Shelby	TN	\$ 3,958	\$ 0	\$ (3,958)	-100%
F	Little Rock	AR	\$ 6,273	\$ 0	\$ (6,273)	-100%
Weighted Average			\$ 9,534	\$ 2,524	\$ (7,010)	-74%

Note: Disparity Per Student (\$) is the Charter Per Student Revenue minus the District Per Student Revenue, so negative values indicate a charter school funding disadvantage. Disparity Per Student (%) is the dollar disparity divided by District Per Student Revenue. Washington, DC is excluded from this table, as all its non-federal public dollars are categorized as state funds.

Table 4 and Figure 2 show the disparities in local public revenue for public charter schools and TPS in the 13 locations with local taxing authority. Camden allocates \$298 more in local funds to students in charters compared to TPS, although recall that Camden still has the largest absolute gap in charter school funding from all revenue sources.

Twelve of the 13 areas demonstrate extreme disparities in the local funding of the two types of public schools that disadvantage charters. In New York City and Los Angeles, charter school students receive around half the amount



of local public funding provided to those in TPS. In Atlanta, charter students receive 72 percent less in local funding. In Oakland, charter students receive 78 percent less. Charter school students in seven locations do not receive a single dollar of local public funding.

On average, students in charter schools receive around \$7,000 less in local public funding per-pupil than their traditional public school counterparts, a discrepancy of 74 percent. Wide disparities in local

funding explain most or all of the charter school funding gap in all of our study's locations except for Camden and D.C., for which disparities in other revenue sources are at fault.

On average, students in charter schools receive around \$7,000 less in local public funding per-pupil than their traditional public school counterparts, a discrepancy of 74 percent.

State Public Revenue

State governments typically intervene in the funding of public education in the United States because local funding is based on property values. Since property values can vary substantially from one locality to the next, funding inequity could arise absent state-level intervention. Thus, we should expect state funding to close the large revenue gaps between charter and TPS at the local level.

As described in Figure 3 and Table 5, on balance, states distribute their state-level dollars equitably, as the disparities in half of the cities favor charter schools and half favor TPS. Across all 14 of our locations

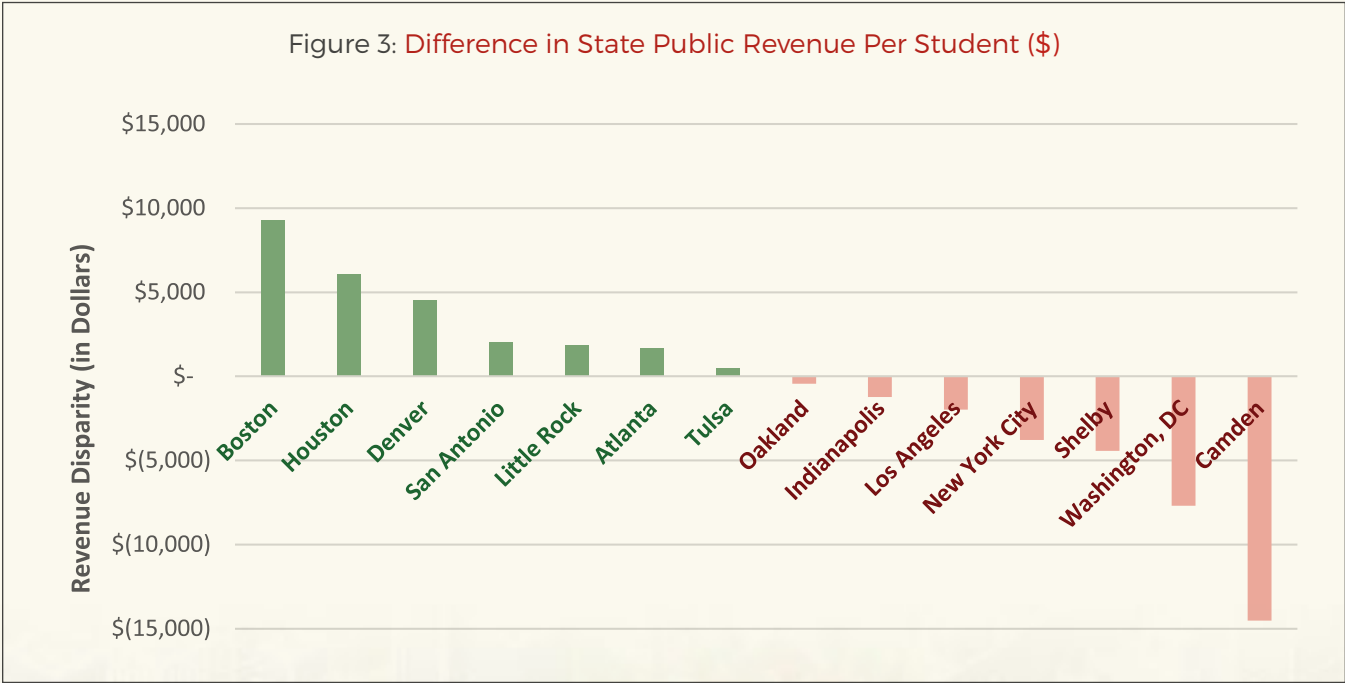


Table 5: Total State Public Revenue Disparity Per Student, FY14

Overall Funding Disparity Grade	Ranked Regions	State	District Per Student Revenue	Charter Per Student Revenue	Disparity Per Student (\$)	Disparity Per Student (%)
A	Houston	TX	\$ 2,100	\$ 8,186	\$ 6,086	290%
D	Boston	MA	\$ 4,415	\$ 13,690	\$ 9,275	210%
D	Denver	CO	\$ 3,136	\$ 7,195	\$ 4,059	129%
C	Atlanta	GA	\$ 3,732	\$ 5,382	\$ 1,650	44%
D	San Antonio	TX	\$ 5,506	\$ 7,565	\$ 2,059	37%
F	Little Rock	AR	\$ 5,048	\$ 6,908	\$ 1,860	37%
F	Tulsa	OK	\$ 3,822	\$ 4,320	\$ 498	13%
F	Oakland	CA	\$ 7,380	\$ 6,932	\$ (448)	-6%
F	Indianapolis	IN	\$ 8,247	\$ 7,015	\$ (1,232)	-15%
F	Los Angeles	CA	\$ 8,198	\$ 6,219	\$ (1,979)	-24%
F	Washington, D.C.	DC	\$ 25,539	\$ 17,851	\$ (7,688)	-30%
D	New York City	NY	\$ 9,245	\$ 5,616	\$ (3,629)	-39%
F	Camden	NJ	\$ 28,384	\$ 13,867	\$ (14,517)	-51%
B	Shelby	TN	\$ 4,899	\$ 469	\$ (4,430)	-90%
Weighted Average			\$ 7,788	\$ 7,843	\$ 55	0.7%

Note: Disparity Per Student (\$) is the Charter Per Student Revenue minus the District Per Student Revenue, so negative values indicate a charter school funding disadvantage. Disparity Per Student (%) is the dollar disparity divided by District Per Student Revenue.

combined, charters receive an average of \$55 more per student than TPS, a gap of less than 1 percent. In Houston, Boston, and Denver, charters receive over twice as much state funding per pupil as TPS. In Atlanta, San Antonio, Little Rock, and Tulsa, charters receive moderately more per-pupil funding than TPS from state sources. Charter school students are allocated moderately less per-pupil funding than TPS from the state in Oakland, Indianapolis, Los Angeles, D.C., and New York City. Charter school students in Camden,

Houston, ...achieves overall funding equity in large part by providing \$6,086 more per-pupil in state funds to charters compared to TPS.

New Jersey, receive about 51 percent, or \$14,517 per pupil, less in state funding than TPS students. The most equitable distribution of state funding is observed in Oakland, California, where the disparity is only 6 percent in favor of TPS. Equity in state funding in Oakland fails to remedy large inequities in charter school funding from other sources, however, as Oakland overall has the second-largest charter school funding gap in our study. Houston, in contrast, achieves overall funding equity in large part by providing \$6,086 more per-pupil in state funds to charters compared to TPS.

Federal Public Revenue

Since President Bill Clinton took office in January of 1993, all U.S. presidents have been vocal supporters of public charter schools. Thus, we might expect that federal revenues are helping to shrink whatever charter school funding gaps have been created by combined state and local funding disparities.

Table 6 and Figure 4 show the funding disparities between charters and TPS based solely

on federal revenue. On average, students in charter schools receive \$624 less per student in federal funds, or about one-third less than students in TPS. Only Shelby County and Houston have charter school sectors that receive more federal funding, on a per-pupil basis, than its TPS, while Boston charters receive only 4 percent less than Boston TPS. The federal government provides students in

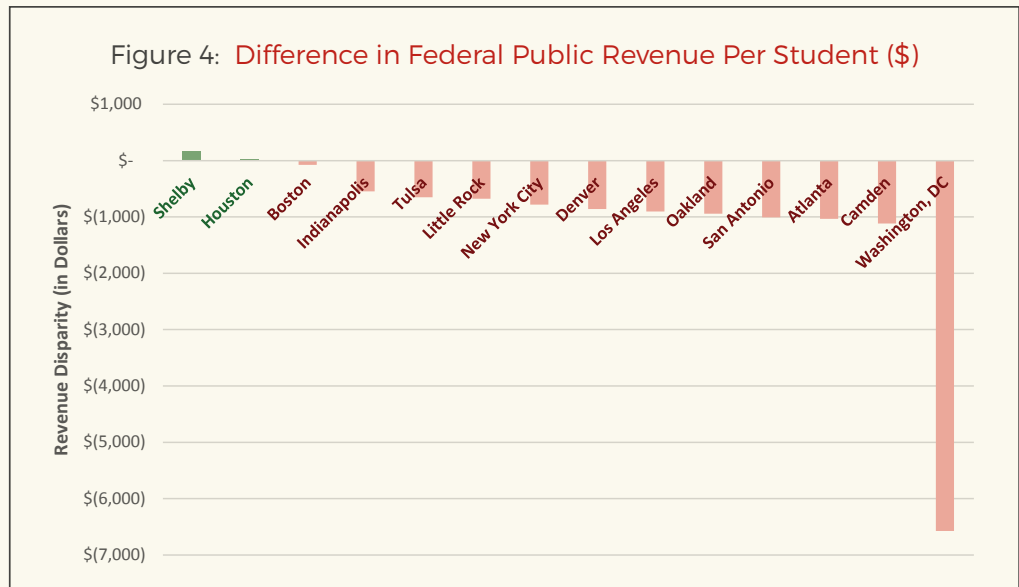
On average, students in charter schools receive \$624 less per student in federal funds, or about one-third less than students in TPS.

Table 6: Total Federal Public Revenue Disparity Per Student, FY14

Funding Disparity Grade	Ranked Regions	State	District Per Student Revenue	Charter Per Student Revenue	Disparity Per Student (\$)	Disparity Per Student (%)
B	Shelby	TN	\$ 1,149	\$ 1,319	\$ 170	15%
A	Houston	TX	\$ 1,502	\$ 1,523	\$ 21	1%
D	Boston	MA	\$ 1,775	\$ 1,699	\$ (75)	-4%
F	Indianapolis	IN	\$ 1,833	\$ 1,288	\$ (545)	-30%
F	Camden	NJ	\$ 3,083	\$ 1,966	\$ (1,117)	-36%
D	San Antonio	TX	\$ 2,421	\$ 1,414	\$ (1,007)	-42%
C	Atlanta	GA	\$ 2,302	\$ 1,269	\$ (1,032)	-45%
F	Tulsa	OK	\$ 1,415	\$ 766	\$ (649)	-46%
F	Little Rock	AR	\$ 1,391	\$ 716	\$ (675)	-49%
F	Oakland	CA	\$ 1,886	\$ 944	\$ (943)	-50%
D	Denver	CO	\$ 1,676	\$ 816	\$ (861)	-51%
F	Los Angeles	CA	\$ 1,725	\$ 824	\$ (901)	-52%
D	New York City	NY	\$ 1,470	\$ 691	\$ (779)	-53%
F	Washington, D.C.	DC	\$ 8,618	\$ 2,046	\$ (6,572)	-76%
Weighted Average			\$ 1,734	\$ 1,110	\$ (624)	-36%

Note: Disparity Per Student (\$) is the Charter Per Student Revenue minus the District Per Student Revenue, so negative values indicate a charter school funding disadvantage. Disparity Per Student (%) is the dollar disparity divided by District Per Student Revenue.

public charter schools in the remaining 11 areas substantially less in federal revenue than it provides to their TPS counterpart. Washington, D.C., has the highest charter school gap in federal funding, with public charter students receiving 76 percent less than TPS. Public



charter students in Oakland, Denver, Los Angeles, and New York City receive half or less of the federal funding allocated to their peers in TPS.

Nonpublic Revenue

Charter school critics often justify the presence of significant charter school funding gaps from public revenue sources, arguing that charter schools more than make up the difference in charitable largesse.¹⁶ Both charter and traditional public schools are able to gain revenue through nonpublic sources such as food service fees, voluntary individual donations, and grants from charitable organizations. In our prior research on charter school funding equity, we determined that per-pupil revenue from nonpublic sources was nearly equal for students in the charter and TPS sectors, with TPS holding a slight advantage.¹⁷ What was striking, however, was the fact that nonpublic revenue in the charter sector was highly skewed towards a small number of favored operators. Nearly two-thirds of public charter schools in that study received no revenue at all from nonpublic sources. What is the story regarding nonpublic revenue in the 14 locations in the primary sample for this study?

With the exception of Shelby County, in the 10 locations where charters display a nonpublic funding advantage, these funds merely reduce the overall charter school funding gap slightly because non-public funding comprises only 6.1 percent of all charter school funding in our sample.

¹⁶ See for example Miron, G., Mathis, W., & Welner, K. (2015). Review of separating fact and fiction. Boulder, CO: National Education Policy Center.

¹⁷ Batdorff, M., Cheng, A., Maloney, L., May, J. F., & Wolf, P. J. (2015). *Buckets of water into the ocean: Non-public revenue in public charter and traditional public schools*. Fayetteville, AR: School Choice Demonstration Project.

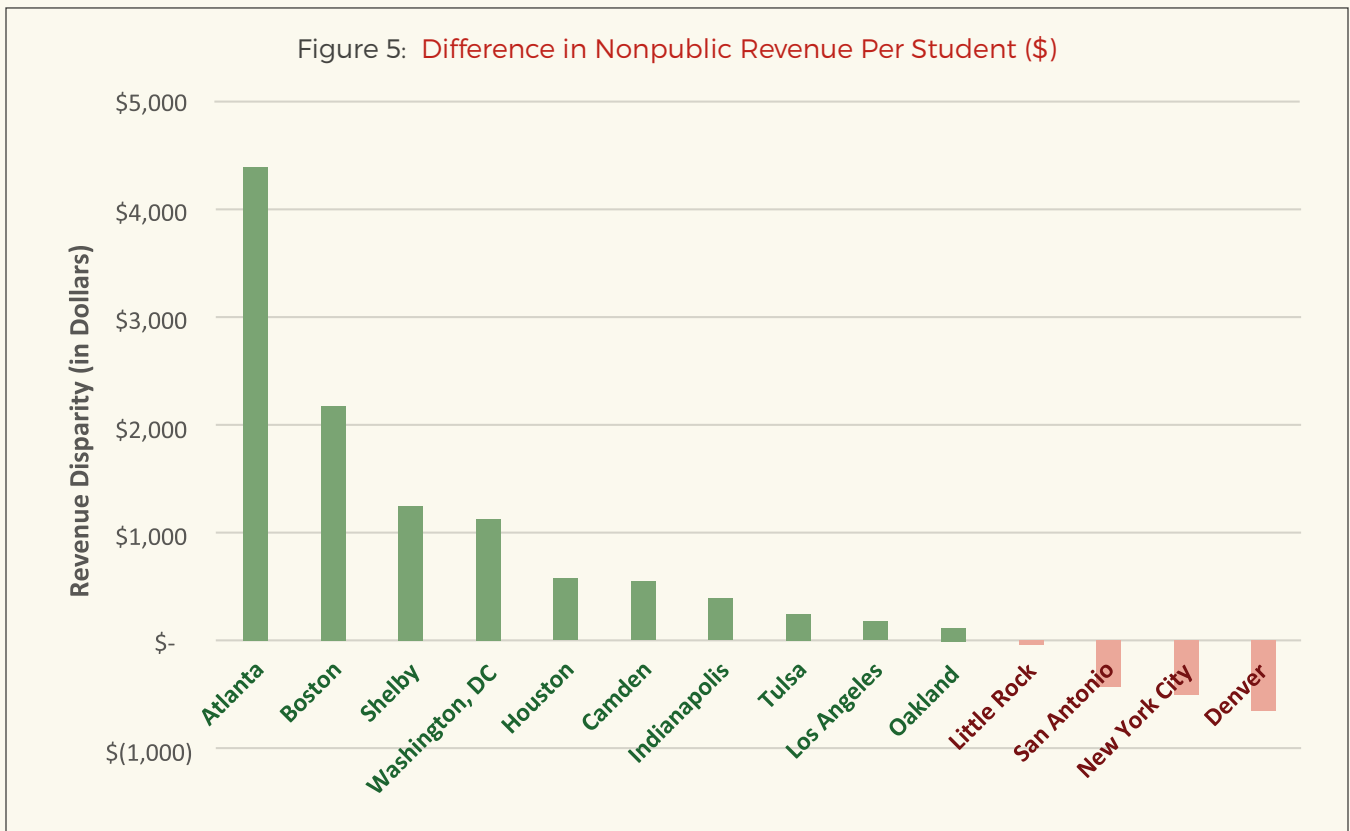
The story of nonpublic funding of charter and TPS that we see in Table 7 and Figure 5 is one of a slight charter school advantage driven by a heavy skew in the data. Noting that the majority of charter schools receive no nonpublic revenue, charter school students on average receive an extra \$223 per pupil more in nonpublic funds than do traditional public school students, which only marginally alleviates the funding gap. This overall result is driven by Atlanta, D.C., Shelby County, and Boston, where children in charter schools receive over \$1,000 in nonpublic funding. For Little Rock, San Antonio, Denver, and New York City, however, nonpublic funding is higher for TPS. With the exception of Shelby County, in the 10 locations where charters display a nonpublic funding advantage, these funds merely reduce the overall charter school funding gap slightly because nonpublic funding comprises only 6.1 percent of all charter school funding in our sample. The leader in charter school nonpublic revenue is Atlanta, where charter students receive an average of \$4,327 from nonpublic sources while TPS students receive a small negative amount due to a revenue charge. Little Rock has the most equity in nonpublic revenue, as charter students receive only 5 percent less than TPS students.

Little Rock has the most equity in nonpublic revenue, as charter students receive only 5 percent less than TPS students.

Table 7: Total Nonpublic Revenue Disparity Per Student, FY14

Funding Disparity Grade	Ranked Regions	State	District Per Student Revenue	Charter Per Student Revenue	Disparity Per Student (\$)	Disparity Per Student (%)
C	Atlanta	GA	\$ -68	\$ 4,327	\$ 4,395	~
F	Washington, D.C.	DC	\$ 163	\$ 1,300	\$ 1,137	697%
B	Shelby	TN	\$ 188	\$ 1,446	\$ 1,257	668%
F	Indianapolis	IN	\$ 115	\$ 508	\$ 393	342%
D	Boston	MA	\$ 899	\$ 3,087	\$ 2,188	243%
A	Houston	TX	\$ 318	\$ 895	\$ 577	181%
F	Camden	NJ	\$ 425	\$ 978	\$ 553	130%
F	Los Angeles	CA	\$ 495	\$ 676	\$ 181	37%
F	Tulsa	OK	\$ 715	\$ 965	\$ 251	35%
F	Oakland	CA	\$ 814	\$ 932	\$ 118	15%
F	Little Rock	AR	\$ 585	\$ 556	\$ (29)	-5%
D	San Antonio	TX	\$ 1,066	\$ 650	\$ (416)	-39%
D	Denver	CO	\$ 1,356	\$ 706	\$ (650)	-48%
D	New York City	NY	\$ 841	\$ 349	\$ (492)	-59%
Weighted Average			\$ 640	\$ 864	\$ 223	35%

Note: Disparity Per Student (\$) is the Charter Per Student Revenue minus the District Per Student Revenue, so negative values indicate a charter school funding disadvantage. Disparity Per Student (%) is the dollar disparity divided by District Per Student Revenue. The Atlanta public school district recorded \$13.9 million in revenue from non-public sources in FY14, which would be approximately \$310 per pupil. However, the district also recorded a loss of \$16.9 million related to the sale of a fixed asset, which wiped out their net nonpublic revenue for this report.

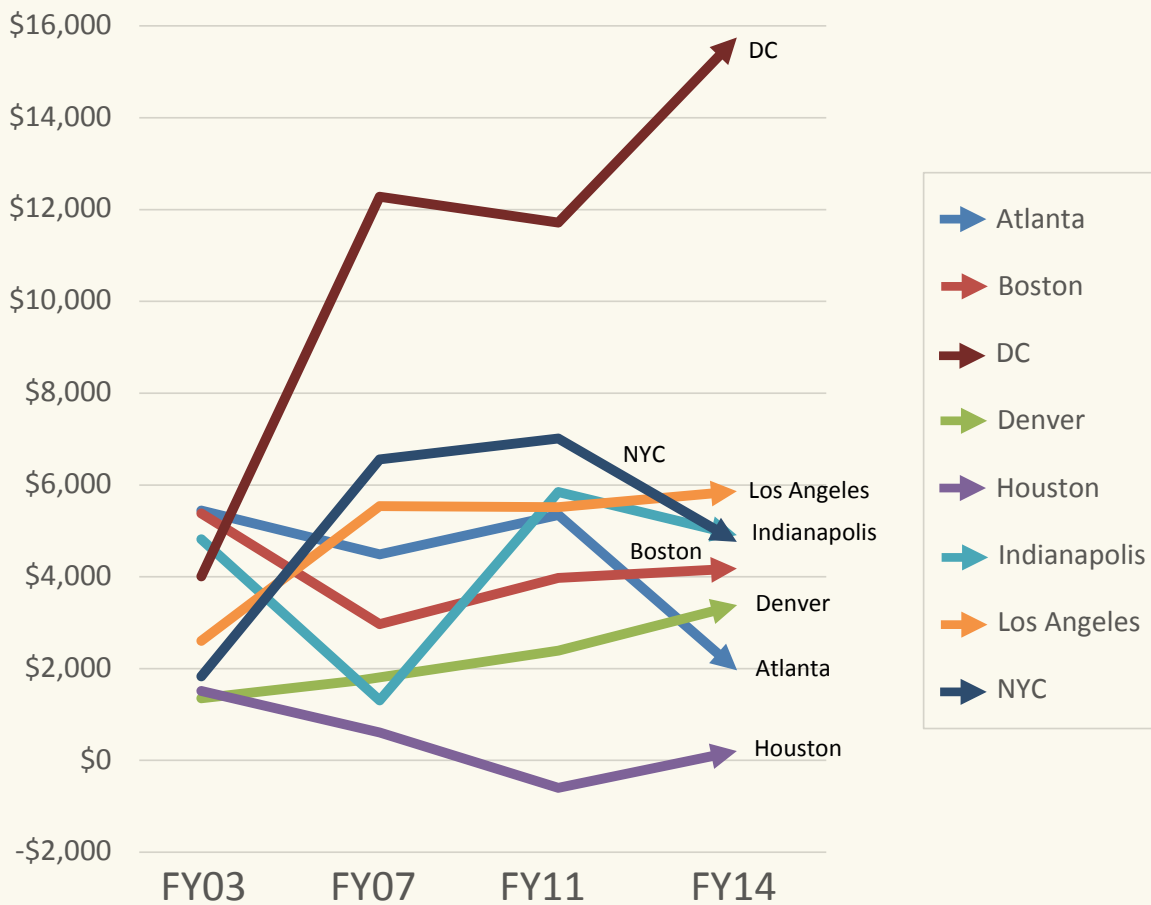


Try as we might, we are not always able to classify school revenue as coming from a specific source. If we know that the revenue is from government, but we cannot establish conclusively which level of government provided it, we classify it as “Public Indeterminate” funding. If we cannot confirm whether the revenue came from public or nonpublic sources, we classify it as “Indeterminate”. All revenue received by the schools in a school sector are factored into the totals we presented in Table 1, including Public Indeterminate and Indeterminate funds. Because those categories of funds are unpredictable and nonspecific, we do not present tables of those totals in the text but, instead, display them in Appendix D by revenue type, and as separate line items in the individual area profiles in Appendix C.

Longitudinal Results

Is the condition of the charter school funding gap in FY 2014 similar to what it has been in the past? To explore that question, we provide a longitudinal analysis for eight locations in our study for which we have data from FY 2003 to FY 2014. Since FY 2011, four locations decreased funding disparities while four locations widened their charter school funding gaps. In particular, funding gaps closed by 63 percent in Atlanta, 27 percent in Indianapolis, 25 percent in Houston, and 3 percent in New York City from FY 2011 to FY 2014. The charter school funding gap expanded from 2011 to 2014 by 48 percent in

Figure 6: Inflation-Adjusted Per Pupil Funding Gap Favoring TPS in 8 Cities FY03 to FY14



Note: For the longitudinal analysis shown in Figures 6 and 7 adjustments were made to the current analysis data to conform to the methodology in our prior revenue studies, from which the 2003, 2007, and 2011 data are drawn. For these figures only, Adult Education and Pre-K revenues and enrollments were removed from FY2014 data. Also removed for these figures only were bond and loan proceeds and any identified “in-kind” revenues.

Los Angeles, 42 percent in Denver, 34 percent in Washington, D.C., and 5 percent in Boston. In per-pupil dollars, the funding gap closed in Atlanta by \$3,382 during this period but expanded by over \$4,000 in D.C.

Looking back further, since 2003, the charter school funding gap has declined in three

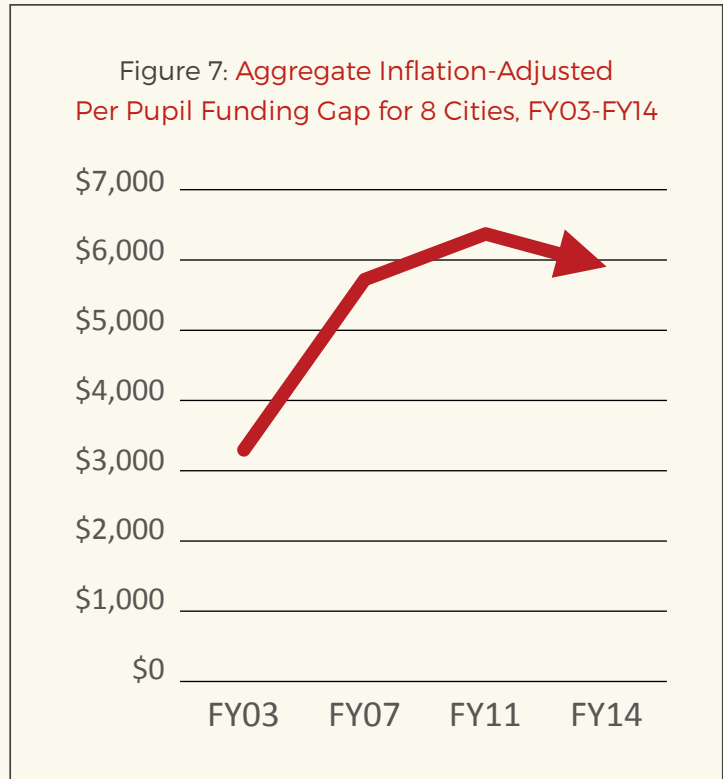
metropolitan areas in our study and grown in the other five. Over the past 11 years, the funding gap has declined in Atlanta, Boston, and Houston but it has grown in Denver, Indianapolis, Los Angeles, New

In DC, in particular, the disparity in funding students in public charter schools compared to TPS increased by over \$11,000 per student from 2003 to 2014.

Eleven years after we first revealed that public charter schools receive less revenue than their TPS in these eight cities, the initially large charter school funding gap had grown by almost 79 percent.

York City, and Washington, D.C.. In D.C., in particular, the disparity in funding students in public charter schools compared to TPS increased by over \$11,000 per student from 2003 to 2014. In New York City, funding inequity grew from around zero dollars in FY 2003 to about \$4,700 in FY 2014.

Figure 7 provides the weighted average of the charter school funding gap for these eight cities across the 11 years from FY 2003 to FY 2014. Students enrolled in public charter schools received an average of \$3,316 less in real inflation-adjusted dollars than their peers in TPS in 2003. That funding gap grew to an average of \$5,738 in 2007 and \$6,391 in 2011. Between 2011 and 2014, the funding disparity favoring TPS declined to \$5,921 per student, a decrease of just 7 percent. Eleven years after we first revealed that public charter schools receive less revenue than their TPS in these eight cities, the initially large charter school funding gap had grown by almost 79 percent.



Note: Weighted average of the per-pupil revenue gap in Atlanta, Boston, DC, Denver, Houston, Indianapolis, Los Angeles and New York City.

The Special Case of New Orleans

Hurricane Katrina drastically changed the public school system in New Orleans, Louisiana.¹⁸ As the government rebuilt the system from 2005 to 2007, the state-managed Recovery School District governed an increasing proportion of New Orleans public schools as charters while maintaining a few traditional public schools. The Orleans Parish School Board continued to manage less than a dozen traditional public schools, most of which required high student test scores to enter, along with an increasing number of public charter schools that the Board itself authorized. Meanwhile, hundreds of millions of federal emergency management dollars earmarked for education flowed into New Orleans annually through the Recovery School District and Orleans Parish School Board. The subsequent funding of public schools became radically different in the Crescent City than in other cities, and the scale of federal funds supporting the rebuilding and operation of New Orleans schools has been uniquely massive, continuing even through FY 2014 with \$236,507,087 that year from the Federal Emergency Management Agency.

The Recovery School District closed the six traditional public schools it was managing at the end of FY2014, after the time-period of our study, specifically because those schools were heavily under-enrolled and such an inefficient means for providing education to students. Policymakers in Louisiana also have since established a new school funding system that is more student-weighted and less dependent upon large funding transfers to schools regardless of their enrollment levels. The Orleans Parish School Board, which is the primary administrator of the “traditional public school” sector as it exists in New Orleans, clearly is passing through some of those hundreds of millions of dollars in federal support to public charter schools in the Crescent City. Such pass-throughs to charters, which we can account for in other metropolitan areas, are not sufficiently documented in the case of New Orleans for us to identify them reliably. Therefore, we exclude New Orleans from our aggregate analyses regarding the charter school funding gap in metropolitan areas. Otherwise, it would drastically distort the results. Nonetheless, we highlight the interesting findings from this outlier location in Table 8.

With these cautions in mind, we find that, overall, whether we control for SPED expenditures or not, New Orleans public charter schools receive about 86 percent less in per-pupil funding than New Orleans traditional public schools. The student funding disparity between New Orleans charters and TPS is almost twice the size of the last-place city (Camden) in our 14-location analysis. Students in public charter schools in New Orleans receive over 300 percent more local public funding than TPS, which differs dramatically from the other metropolitan areas in our study, none of which demonstrate a local funding advantage for charters. New Orleans public charter schools receive 25 percent less state public funding than TPS, 97 percent less federal public funding, and 95 percent less nonpublic funding. With the exception of state funding, the revenue gaps that either favor (local funding) or disfavor (federal and nonpublic) public charter schools are much more extreme in New Orleans than any other metropolitan area we study.

18 See Harris, D. (2015). Good news for New Orleans: Early evidence shows reforms lifting student achievement. *Education Next* 15(4), Fall, pp. 8-15.

Table 8: Revenue Disparities for New Orleans, FY14

Type	District Per Student Revenue	Charter Per Student Revenue	Disparity Per Student (\$)	Disparity Per Student (%)
Total	\$ 90,893	\$ 12,347	\$ (78,546)	-86%
Total without SPED	\$ 86,528	\$ 11,273	\$ (75,255)	-87%
Local Public	\$ 1,148	\$ 4,714	\$ 3,566	311%
State Public	\$ 6,333	\$ 4,727	\$ (1,605)	-25%
Federal Public	\$ 68,346	\$ 1,907	\$ (66,439)	-97%
Nonpublic	\$ 13,933	\$ 707	\$ (13,226)	-95%
Public Indeterminate	\$ 1,133	\$ 292	\$ (841)	-74%
Indeterminate	\$ 2,745	\$ 353	\$ (2,393)	-87%

Conclusion

Public charter schools increasingly are part of both the national conversation about education policy and the local urban scene in America. Previous studies of public charter schools have examined their achievement effects focused on both the state and metropolitan levels, and funding disparities focused on the state levels. This is the first study of funding inequities to concentrate on revenue disparities between charters and traditional public schools where charters are most common: metropolitan areas across the country. Because our 14 primary locations include eight for which we have at least some prior data, we include a longitudinal component to our study. Because our sample includes six new cities (Camden, Little Rock, Oakland, San Antonio, Shelby County, and Tulsa) our findings are representative of a broader population of charter school environments than previous research. Our data regarding the charter school funding gap was painstakingly collected from state financial data collections and audited reports regarding the 2014 fiscal year.

We find that 12 out of 14 metropolitan areas in our study receive a C or lower grade for charter school funding equity. Houston, Texas, demonstrates the greatest revenue balance between charters and traditional public schools, as charters on average receive 98 percent of the per-pupil funding average of TPS. Shelby County, Tennessee, home of the city of Memphis, is a unique case in our study in that charters receive higher per-pupil funding than TPS, by 9 percent, due to an influx of philanthropic funding to charter schools in the county. Atlanta public charter schools are underfunded relative to their TPS by 12 percent, and it gets worse for charters from there. Public charter schools in Camden, New Jersey, receive an average of \$14,771 less in per-pupil funding than TPS in that city, representing a 45 percent funding inequity.

Differences in the rates of enrolling students with special educational needs only explain most of the charter school funding in two cities: Atlanta and Boston. Houston, which already enjoyed nearly equal

funding of charters and TPS before accounting for SPED, changes from a small TPS to a small charter funding advantage after the SPED adjustment. For the other 11 cities in our study that underfund public charter schools relative to TPS, accounting for differential funding for students with special educational needs still leaves an unexplained revenue gap. A dearth of local education funding contributes mightily to the charter school funding gap in all locations studied here except for Camden, New Jersey, which provides more local funding to students in charter schools than in TPS, Washington, D.C., where all non-federal government funds are attributed to the state education agency, and Los

This is the first study of funding inequities to concentrate on revenue disparities between charters and traditional public schools where charters are most common: metropolitan areas across the country.

Angeles, which only underfunds charters by about \$1,200 per student in terms of local dollars. The average effect of state revenues on the charter funding gap for our set of metropolitan areas is nearly zero, as seven state governments provide more per-pupil revenue to public charter schools than to TPS while the other seven provide less. Federal education revenues, on average, worsen the charter school funding discrepancies. Nonpublic sources of funding vary dramatically across the 14 locations.

For three of the cities we have studied for over a decade – Atlanta, Boston and Houston – the charter school funding gap declined from 2003 to 2014. For five other cities – Denver, Indianapolis, Los Angeles, New York City and Washington, D.C. – the charter school funding gap increased over that period. Although we originally intended to include New Orleans in the main sections of our revenue study, the unique ways that public schools are funded in that city and the massive amounts of federal emergency aid that have flowed into it continuously since 2005 make it such an outlier case that we were forced to discuss it separately in this study.

Our careful analysis of funding for public charter schools and TPS in 15 metropolitan areas has revealed much about school funding inequities in the city. In future reports we will turn our attention to the spending side of urban public education and examine different expenditure patterns across school types. Additionally, we will dive into New York City's funding and expenditures by borough, and include an analysis of expenditures between charter schools that receive in-kind facilities support and those that do not.

Appendix A. Methodology

Location Selection

The team selected 15 metropolitan areas for analysis, based on one of two criteria: the concentration of charter schools within an area or the potential for charter school growth there. Locations represent selected cities or counties used as an analysis domain for aggregating district data and geographically and demographically similar charter school data for comparative purposes. The objective of our location selection is to match district students with charter students by educational setting and student need. Locations are used as a proxy for urban/metropolitan settings. They can include a single district or multiple districts, and include geographically related multiple charter schools. The study provides district and charter revenue totals and funding disparity amounts for each location.

Fiscal Year

We gathered publicly available revenue data for the 2013-14 *fiscal year* (FY14). Because states differ in the fiscal year used for their public schools, we attempted to select the fiscal year that most closely matched the 2013-14 school year. We refer to that year throughout this report as “FY 2014.”

Data Gathering

Source records were acquired directly from official state department of education records, and from independently audited financial statements when a state does not collect financial data. For New York City, we used detailed expenditure data from the New York City Education Department due to the greater level of detail available. We use the most reliable, most detailed, official records available. The same

data and analysis standards for the past three revenue studies were applied for each location in the study.

Revenues and expenditures were collected from many sources, from state and federal agencies where these data are kept, as well as from audits. After the FY14 school year concluded, the team waited 18 months to begin researching this project to allow state departments of education and charter schools time to produce and submit all of their official financial records, Annual Financial Reports, independent audits, enrollment statistics, and other data. The methodology matches a state’s Department of Education’s (DOE) records of school district revenues to the same fiscal year of data drawn from independent audits for the charter schools. Because all data analyzed for districts and charter schools are as of the same date, FY14, all data are properly matched based on reporting time period.

The analytic team did not rely upon finance data or demographic data collected by Federal agencies, except in very rare cases where the data are not available from state and local sources. Data sourced from Federal agencies have gone through extensive aggregation and reporting processes that tend to be aggregated to the point where there is insufficient specificity to be useful for our analysis, and where we have seen reporting errors when checked against state sources. Due to lack of enrollment data for Title I and students qualifying for Free & Reduced Price Meals from some states, Federal NCES data were used for those states for these special enrollment statistics for Table 2 in the study.

New Orleans is excluded from the national averages and disparity calculations. State funding and accounting for charter schools

since Hurricane Katrina has been unusual in the Crescent City and not representative of patterns or practices in other states.

Data from Various Unique State Sources, Analyzed into Comparative Datasets

In each state, we encountered a maze of web sites, reports, audits, and other information that, while extremely challenging to piece together, ultimately provided the best sources of primary data for understanding and analysis of funding levels and comparisons. By using each state’s individual accounting system, we were able to isolate revenue streams for inclusion/exclusion to accommodate our consistent methodology and to make valid comparisons across locations.

We began our research on state web sites, searching for financial data reported by local, state, federal, and other revenue categories. Though many states provided some form of revenue data, often the data existed only for school districts (not charters), or the data did not conform to the classifications used in other states. In those cases, we used additional data sources to develop conforming revenue figures. In instances where the state did not collect charter school revenue data, we used independent audits of financial data and sometimes federal Form 990.

We gathered enrollment data from state education department web sites. We also obtained funding formula guidelines for both districts and charters for FY 2013-14.

Analysis of Revenues, Expenditures, Inclusions and Exclusions, Demographic Context

We studied revenues and special education expenditures for this report. Our mission was to examine how charter schools are treated in state public finance systems, so we focused on how much money schools receive and, secondarily, how much of their revenue they spent on special education services. We looked for the following data and supporting detail:

- **Revenues:** We included all revenues received by districts and public charter schools. Our goal was to determine the total amount of revenue received to run all facets of a school system, regardless of source. For charter schools, we included one-time revenues associated with starting the school, such as the federal Public Charter School Program and, in some cases, state and private grants. Fund transfers are not considered revenue items, and are not included in the analysis.

Arguably, one-time revenues could have been excluded since they are not part of a charter school's recurring revenues. However, they are a notable part of the funding story for the charter sector; when considering how much money is provided to run charter schools, these revenues cannot be and were not ignored. Furthermore, we also included onetime grants of various kinds to districts.

Funds initially received by traditional public schools that were passed along to charters usually were flagged as pass-through funds in the documentation we used to determine charter school revenue. In some cases we were able to identify additional cases of

TPS providing services to charter students, usually involving special education, through examining expenditure data. In all cases where we were able to determine that TPS funds either passed through to charters or were spent on charter school students we counted that as charter school revenue and not TPS revenue. For example, the New York City school district made \$186 million in in-kind expenditures supporting the charter schools in the city in FY14. We reduced the district's revenue by \$186 million and increased the charter sector total by the same amount, as that revenue supported charter students.

- **Enrollment:** Where more than one form of enrollment data were available, we used the figures related to the official fall count day. Depending on a state's particular method of reporting enrollment, the official count could be either Average Daily Attendance (ADA) or Average Daily Membership (ADM).
- **Comparable Longitudinal Data:** This analysis includes revenues and enrollments related to Adult Education and Pre-K. Also included are charter school contributions for the purpose of building schools (or other capital items), and similarly charter (if any) and district bond and loan proceeds for the purpose of building schools, excluding proceeds resulting from restructuring of debt. Our previous Revenue Study methodology for fiscal years 2003, 2007, and 2011 excluded bond and loan proceeds and Adult Education and Pre-K to enhance entire state-to-state comparability in an environment with varied educational settings. We changed our methodology here, making it more inclusive of all revenues, because it is common for all schools in urban educational settings to provide these auxiliary services and to take on debt for building

construction, renovation, and maintenance. For the longitudinal analysis shown in FIG. 6 adjustments were made to the current analysis data to conform to the Revenue Study methodology. For FIG. 6 only, Adult Education and Pre-K revenues and enrollments were removed from FY2014 data. Also removed, for FIG. 6 only, were bond and loan proceeds. For New York City, we adjusted FY03, FY07 and FY11 data to account for any in-kind services offered to charters in those years based on the percentage of in-kind in the FY14 analysis.

- **Exclusion of Revenue:** The only revenue item we excluded from our analysis was funds resulting from the restructuring of debt, as those are not "new revenues" but merely a re-packaging of existing assets and obligations.
- **Selection of Schools:** All charter schools in each locality were included in this study with the exception of schools for which we could not obtain valid revenue and enrollment data. If we could not obtain revenue data, the enrollments for those schools were excluded from the analysis. If we could not obtain enrollment data, the revenues for that school were excluded from the analysis.
- **Demographic Data:** To better understand the funding gaps in each location, we collected data on students eligible for free or reduced price lunch programs, schools participating in Title I programs, and where available, special education programs. These data appear in Table 1c. Since some schools choose not to participate in the free and reduced price lunch program even though they enroll significant numbers of low-income children, these data exclude district and charter schools that reported zero free and reduced price lunch students.

Revenue Source Classifications

The revenue analysis classifies revenues by source. The six source classifications – which apply to both districts and charter schools -- include the following:

- **Federal** – Revenues whose origins are federal taxation and public usage fees. These revenues may include federal impact aid, Title I, mineral rights and access payments, federal charter school startup revenues, ARRA funds, and federal “State Fiscal Stabilization Fund” grants, and any other obviously federal revenue.
- **State** – Revenues whose origins are state taxation and public licensing and usage fees. These revenues may originate from sales taxes, property taxes, licensing fees, auto registrations, lotteries, or any other state origins.
- **Local** – Revenues whose origins are local taxation and public per capita and usage fees. The most common local source is local property taxes and may also include piggy-back sales taxes, per capital taxes, local capital bonds, and any other allowed local revenue sources.
- **Other** – Revenues from non-tax, nonpublic sources. These revenues include gate receipts, meal sales, philanthropy, fundraising, interest on bank accounts and investments, and any other non-tax revenues.
- **Public-Indeterminate** – A revenue item is classified as Public-Indeterminate if it can be determined that the item is from public taxation but due to lack of the state’s accounting record specificity it cannot be determined if it is from a Federal, State, or Local source.
- **Indeterminate** – If the State’s financial detail lacks sufficient

specificity to classify a revenue item into any of the other five source classifications, then that revenue item is classified as “Indeterminate.”

Negative Revenue Amounts

If an analyst backs out revenue amounts for items that are exclusions based on the revenue study methodology, the actual line item amounts are removed, flagged to be excluded in totals, or a negative revenue item is added to the file. The method used is dependent upon the specificity of the data record available to the analyst and based on the nature of the adjustment and data structure. When any adjustment amount is added to the file it is added to the most appropriate source category and is specific to districts versus charter schools.

Negative revenue amounts can occur when one side of an accounting entry is classified into one source category and the other side of the accounting entry is classified into a different source category. Negative revenue amounts occur naturally in most financial systems for a variety of reasons. They have a small net effect on the categorical totals for Federal, State, Local, and Other revenues used in this study.

Expenditures

For the purpose of this study, we included all expenditures made by a district or a public charter school with the exceptions below:

- **Identifying Special Education Expenditures:** All financial accounts were evaluated to determine if the fund, program or source identified the expenditure as supporting special education programming. In the case of some charter schools where the state does not collect detailed financial data, we used the school’s program designation.

- **Intra-agency Transfers:** Transfer payments between accounts could lead to double counting of expenditures and therefore were excluded from the analysis.
- **In-Kind Payments:** Where noted, we excluded any non-cash services provided by the district that supported public charter schools. Our intention is to determine how much funding supports students in each type of education setting. When the district documentation indicated In-Kind services were provided to public charter schools but the charters did not record those services on their balance sheets, we included those in-Kind services as part of the costs of operating the public charter schools.

Inflation Adjustments

Inflation-adjustments were used in the revenue study for the comparative longitudinal metrics and discussions. All inflation adjustments are made to 2007 dollars. Therefore, FY03 dollar amounts were adjusted by a factor of 1.13 to 2007 dollars, FY07 metrics remained at face amount, FY11 amounts were adjusted by a factor of 0.92, and FY14 funds by 0.88. The source for these inflation adjustment factors is the Bureau of Labor Statistics – their CPI Inflation Calculator at: <http://data.bls.gov/cgi-bin/cpicalc.pl>.

Rounding

Dollar values are rounded to the nearest dollar for each chart, so some totals may be off by \$1 compared to the sum of the visible values on a chart. Similarly, some values may differ by \$1 for the same metric depending on the analysis source for that metric. Percentages also are rounded to the nearest whole number, which may cause apparent differences by a percentage.

Tables and Charts

If no citation accompanies a table or chart, the information therein was compiled by the research team according to the process outlined above. When we relied on the data or publications of other organizations, we provide the relevant citation.

Weighted Average Calculations

The totals presented in each table are weighted averages based on enrollments in each city. We generate them by taking the revenue totals for each metropolitan area in the table, adding them up, then dividing that aggregate by the total combined student enrollment for those metropolitan areas. We do this separately for the TPS and charter sectors. The average funding gap, then, is the total charter average minus the total TPS average. This straightforward method automatically generates a per-pupil average that is a “true” mean for the aggregated set of cities, given their different enrollments. The relative contribution of each metropolitan area to our 14-city averages is presented in Table A1.

Table A1: Percent of Students from Study Locations, FY14

Overall Funding Disparity Grade	Ranked Regions	State	Percent of Total (Districts)	Percent of Total (Charters)
B	Shelby	TN	6.24%	3.18%
A	Houston	TX	9.31%	9.74%
C	Atlanta	GA	1.98%	1.92%
D	Boston	MA	2.40%	2.90%
D	New York City	NY	41.37%	21.70%
D	San Antonio	TX	2.38%	2.15%
D	Denver	CO	3.25%	4.35%
F	Tulsa	OK	1.77%	0.72%
F	Little Rock	AR	1.05%	0.96%
F	Indianapolis	IN	1.36%	6.72%
F	Washington, D.C.	DC	2.06%	11.26%
F	Los Angeles	CA	24.68%	29.95%
F	Oakland	CA	1.63%	3.21%
F	Camden	NJ	0.52%	1.24%

Appendix B. Information Sources

Arkansas

- Arkansas Department of Education

California

- California Department of Education, the California Longitudinal Pupil Achievement Data System (CALPADS)
<http://www.cde.ca.gov/ds/fd/fd/>

Colorado

- Colorado Department of Education, the School Finance Unit

District of Columbia

- District of Columbia Public Charter School Board
- District of Columbia Department of Revenue

Georgia

- Georgia Department of Education, Office of Finance and Business Operations and Charter Schools Office
- Georgia Charter Schools Association
- Atlanta Public Schools Financial Services and Charter Schools Office

Indiana

- Indiana Department of Education, School Finance

Louisiana

- Louisiana Department of Education, School Finance

Massachusetts

- Massachusetts Department of Elementary and Secondary Education, School Finance
- Massachusetts Department of Elementary and Secondary Education, Charter Schools Office
- Massachusetts Department of Revenue, Division of Local Services

New Jersey

- New Jersey Department of Education, School Finance

New York

- New York City Department of Education
- New York City School Construction Authority
- New York State Education Department
- Audited Annual Financial Reports from school districts

Oklahoma

- Oklahoma Department of Education

Tennessee

- Tennessee Comptroller of the Treasury
- Tennessee Department of Education

Texas

- Texas Education Agency, Division of School Finance, Information Analysis Division, and Division of Charter Schools
- Texas Resource Center for Charter Schools
- Houston Independent School District
- Dallas Independent School District

Appendix C. Summary Tables for Each Location

Below are tables which summarize the data presented in the report for each location. They are ordered from the metropolitan area with the revenue disparity most favorable to charters to the area with the disparity most favorable to traditional public schools.

Table C1: Revenue Disparities for Shelby County, FY14 (Grade of B)

Type	District Per Student Revenue	Charter Per Student Revenue	Disparity Per Student (\$)	Disparity Per Student (%)
Total	\$ 9,720	\$ 10,624	\$ 904	9%
Total without SPED	\$ 8,515	\$ 10,575	\$ 2,059	24%
Local Public	\$ 3,958	\$ 0	\$ (3,958)	-100%
State Public	\$ 4,899	\$ 469	\$ (4,430)	9%
Federal Public	\$ 1,149	\$ 1,319	\$ 170	15%
Nonpublic	\$ 188	\$ 1,446	\$ 1,257	668%
Public Indeterminate	\$ (475)	\$ 7,193	\$ 7,668	1,616%
Indeterminate	\$ 0	\$ 197	\$ 197	~

Note: Public Indeterminate amount is high for charters due to a lack of specificity regarding the government source of public funding to that charter sector.

Table C2: Revenue Disparities for Houston, FY14 (Grade of A)

Type	District Per Student Revenue	Charter Per Student Revenue	Disparity Per Student (\$)	Disparity Per Student (%)
Total	\$ 10,829	\$ 10,604	\$ (225)	-2%
Total without SPED	\$ 10,028	\$ 10,142	\$ 115	1%
Local Public	\$ 6,910	\$ 0	\$ (6,910)	-100%
State Public	\$ 2,100	\$ 8,186	\$ 6,086	290%
Federal Public	\$ 1,502	\$ 1,523	\$ 21	1%
Nonpublic	\$ 318	\$ 895	\$ 577	181%
Public Indeterminate	\$ 0	\$ 0	\$ 0	-
Indeterminate	\$ 0	\$ 0	\$ 0	-

Appendix C – cont.

Table C3: Revenue Disparities for Atlanta, FY14 (Grade of C)

Type	District Per Student Revenue	Charter Per Student Revenue	Disparity Per Student (\$)	Disparity Per Student (%)
Total	\$ 16,429	\$ 14,490	\$ (1,939)	-12%
Total without SPED	-	-	-	-
Local Public	\$ 11,631	\$ 3,318	\$ (8,313)	-72%
State Public	\$ 3,732	\$ 5,382	\$ 1,650	44%
Federal Public	\$ 2,302	\$ 1,269	\$ (1,032)	-45%
Nonpublic	\$ (68)	\$ 4,327	\$ 4,395	~
Public Indeterminate	\$ (1,211)	\$ 185	\$ 1,396	-115%
Indeterminate	\$ 42	\$ 9	\$ (33)	-79%

Table C4: Revenue Disparities for Denver, FY14 (Grade of D)

Type	District Per Student Revenue	Charter Per Student Revenue	Disparity Per Student (\$)	Disparity Per Student (%)
Total	\$ 14,027	\$ 11,083	\$ (2,944)	-16%
Total without SPED	\$ 12,911	\$ 10,138	\$ (2,772)	-22%
Local Public	\$ 7,852	\$ 4	\$ (7,849)	-100%
State Public	\$ 3,136	\$ 7,195	\$ 4,060	145%
Federal Public	\$ 1,676	\$ 816	\$ (861)	-51%
Nonpublic	\$ 1,356	\$ 706	\$ (650)	-48%
Public Indeterminate	\$ 7	\$ 2,315	\$ 2,308	33,363%
Indeterminate	\$ 0	\$ 48	\$ 48	~

Table C5: Revenue Disparities for Boston, FY14 (Grade of D)

Type	District Per Student Revenue	Charter Per Student Revenue	Disparity Per Student (\$)	Disparity Per Student (%)
Total	\$ 22,389	\$ 18,475	\$ (3,913)	-17%
Total without SPED	\$ 17,629	\$ 17,045	\$ (584)	-3%
Local Public	\$ 15,301	\$ 0	\$ (15,301)	-100%
State Public	\$ 4,415	\$ 13,690	\$ 9,275	210%
Federal Public	\$ 1,775	\$ 1,699	\$ (75)	-4%
Nonpublic	\$ 899	\$ 3,087	\$ 2,188	243%
Public Indeterminate	\$ 0	\$ 0	\$ 0	-
Indeterminate	\$ 0	\$ 0	\$ 0	-

Appendix C – cont.

Table C6: Revenue Disparities for New York City, FY14 (Grade of D)

Type	District Per Student Revenue	Charter Per Student Revenue	Disparity Per Student (\$)	Disparity Per Student (%)
Total	\$ 26,289	\$ 21,281	\$ (5,008)	-19%
Total without SPED	\$ 24,091	\$ 19,604	\$ (4,487)	-19%
Local Public	\$ 16,135	\$ 8,747	\$ (7,388)	-46%
State Public	\$ 9,245	\$ 5,616	\$ (3,629)	-39%
Federal Public	\$ 1,470	\$ 691	\$ (779)	-53%
Nonpublic	\$ 841	\$ 349	\$ (492)	-59%
Public Indeterminate	\$ (1,402)	\$ 5,869	\$ 7,272	519%
Indeterminate	\$ 0	\$ 9	\$ 9	~

Table C7: Revenue Disparities for San Antonio, FY14 (Grade of D)

Type	District Per Student Revenue	Charter Per Student Revenue	Disparity Per Student (\$)	Disparity Per Student (%)
Total	\$ 12,097	\$ 9,629	\$ (2,468)	-20%
Total without SPED	\$ 10,778	\$ 9,026	\$ (1,752)	-16%
Local Public	\$ 3,104	\$ 0	\$ (3,104)	-100%
State Public	\$ 5,506	\$ 7,565	\$ 2,059	37%
Federal Public	\$ 2,421	\$ 1,414	\$ (1,007)	-42%
Nonpublic	\$ 1,066	\$ 650	\$ (416)	-39%
Public Indeterminate	\$ 0	\$ 0	\$ 0	0%
Indeterminate	\$ 0	\$ 0	\$ 0	-

Table C8: Revenue Disparities for Tulsa, FY14 (Grade of F)

Type	District Per Student Revenue	Charter Per Student Revenue	Disparity Per Student (\$)	Disparity Per Student (%)
Total	\$ 9,661	\$ 6,681	\$ (2,980)	-31%
Total without SPED	\$ 9,571	\$ 6,623	\$ (2,948)	-31%
Local Public	\$ 3,816	\$ 0	\$ (3,816)	-100%
State Public	\$ 3,822	\$ 4,320	\$ 498	13%
Federal Public	\$ 1,415	\$ 766	\$ (649)	-46%
Nonpublic	\$ 715	\$ 965	\$ 250	35%
Public Indeterminate	\$ (107)	\$ 625	\$ 736	687%
Indeterminate	\$ 0	\$ 0	\$ 0	-

Appendix C – cont.

Table C9: Revenue Disparities for Little Rock, FY14 (Grade of F)

Type	District Per Student Revenue	Charter Per Student Revenue	Disparity Per Student (\$)	Disparity Per Student (%)
Total	\$ 13,299	\$ 8,229	\$ (5,069)	-38%
Total without SPED	\$ 11,452	\$ 7,763	\$ (3,689)	-32%
Local Public	\$ 6,273	\$ 0	\$ (6,273)	-100%
State Public	\$ 5,048	\$ 6,908	\$ 1,860	37%
Federal Public	\$ 1,391	\$ 716	\$ (675)	-49%
Nonpublic	\$ 585	\$ 556	\$ (29)	-5%
Public Indeterminate	\$ 1	\$ 49	\$ 48	4,295%
Indeterminate	\$ 0	\$ 0	\$ 0	-

Table C10: Revenue Disparities for Indianapolis, FY14 (Grade of F)

Type	District Per Student Revenue	Charter Per Student Revenue	Disparity Per Student (\$)	Disparity Per Student (%)
Total	\$ 14,388	\$ 8,810	\$ (5,578)	-39%
Total without SPED	\$ 12,751	\$ 8,313	\$ (4,438)	-35%
Local Public	\$ 4,068	\$ 0	\$ (4,068)	-100%
State Public	\$ 8,247	\$ 7,015	\$ (1,232)	-15%
Federal Public	\$ 1,833	\$ 1,288	\$ (545)	-30%
Nonpublic	\$ 115	\$ 508	\$ 393	342%
Public Indeterminate	\$ 125	\$ 0	\$ (125)	-100%
Indeterminate	\$ 0	\$ 0	\$ 0	-

Table C11: Revenue Disparities for Washington D.C., FY14 (Grade of F)

Type	District Per Student Revenue	Charter Per Student Revenue	Disparity Per Student (\$)	Disparity Per Student (%)
Total	\$ 35,261	\$ 21,387	\$ (13,874)	-39%
Total without SPED	\$ 30,138	\$ 19,186	\$ (10,952)	-36%
Local Public	NA	NA	NA	NA
State Public	\$ 25,539	\$ 17,851	\$ (7,688)	-30%
Federal Public	\$ 8,618	\$ 2,046	\$ (6,572)	-76%
Nonpublic	\$ 163	\$ 1,300	\$ 1,137	697%
Public Indeterminate	\$ 940	\$ 130	\$ (811)	-86%
Indeterminate	\$ 0	\$ 60	\$ 60	~

NOTE: Washington lacks local taxing authority due to its status as the nation's capital.

Appendix C – cont.

Table C12: Revenue Disparities for Los Angeles, FY14 (Grade of F)

Type	District Per Student Revenue	Charter Per Student Revenue	Disparity Per Student (\$)	Disparity Per Student (%)
Total	\$ 16,751	\$ 10,086	\$ (6,665)	-40%
Total without SPED	\$ 14,345	\$ 10,086	\$ (4,259)	-30%
Local Public	\$ 2,943	\$ 1,661	\$ (1,281)	-44%
State Public	\$ 8,198	\$ 6,219	\$ (1,979)	-24%
Federal Public	\$ 1,725	\$ 824	\$ (901)	-52%
Nonpublic	\$ 495	\$ 676	\$ 181	37%
Public Indeterminate	\$ 6	\$ 706	\$ 700	12,683%
Indeterminate	\$ 3,386	\$ 0	\$ (3,386)	-100%

Table C13: Revenue Disparities for Oakland, FY14 (Grade of F)

Type	District Per Student Revenue	Charter Per Student Revenue	Disparity Per Student (\$)	Disparity Per Student (%)
Total	\$ 17,749	\$ 10,575	\$ (7,173)	-40%
Total without SPED	\$ 15,460	\$ 10,575	\$ (4,884)	-32%
Local Public	\$ 7,579	\$ 1,636	\$ (5,943)	-78%
State Public	\$ 7,380	\$ 6,932	\$ (448)	-6%
Federal Public	\$ 1,886	\$ 944	\$ (943)	-50%
Nonpublic	\$ 814	\$ 932	\$ 118	15%
Public Indeterminate	\$ 19	\$ 0	\$ (19)	-100%
Indeterminate	\$ 70	\$ 131	\$ 61	87%

Table C14: Revenue Disparities for Camden, FY14 (Grade of F)

Type	District Per Student Revenue	Charter Per Student Revenue	Disparity Per Student (\$)	Disparity Per Student (%)
Total	\$ 32,569	\$ 17,798	\$ (14,771)	-45%
Total without SPED	\$ 28,985	\$ 17,597	\$ (11,388)	-39%
Local Public	\$ 677	\$ 974	\$ 298	44%
State Public	\$ 28,384	\$ 13,867	\$ (14,517)	-51%
Federal Public	\$ 3,083	\$ 1,966	\$ (1,117)	-36%
Nonpublic	\$ 425	\$ 978	\$ 553	130%
Public Indeterminate	\$ 0	\$ 0	\$ 0	0%
Indeterminate	\$ 0	\$ 12	\$ 12	~

Table C15: Revenue Disparities for New Orleans, FY14 (Exception Case)

Type	District Per Student Revenue	Charter Per Student Revenue	Disparity Per Student (\$)	Disparity Per Student (%)
Total	\$ 90,893	\$ 12,347	\$ (78,546)	-86%
Total without SPED	\$ 86,528	\$ 11,273	\$ (75,255)	-87%
Local Public	\$ 1,148	\$ 4,714	\$ 3,566	311%
State Public	\$ 6,333	\$ 4,727	\$ (1,605)	-25%
Federal Public	\$ 68,346	\$ 1,907	\$ (66,439)	-97%
Nonpublic	\$ 11,188	\$ 355	\$ (10,833)	-97%
Public Indeterminate	\$ 1,133	\$ 292	\$ (841)	-74%
Indeterminate	\$ 2745	\$ 353	\$ (2393)	-87%

Appendix D. Indeterminate Revenue Streams

Some sources of revenue for public charter and traditional public schools are documented to vaguely for us to clearly assign them to our primary categories of Federal, State, Local, and Nonpublic funds. If it is clear that the revenue is from a public source, but we cannot determine conclusively which level of government provided it, we classify it as "Public Indeterminate." If all we can tell is that it is revenue, and cannot discern the source of the revenue, we classify it as "Indeterminate." Public Indeterminate and Indeterminate funds are included in our calculations of total per-pupil revenues by sector presented in Table 1, consistent with our approach of accounting for all revenue from all sources. We present them in an appendix here, instead of in the main text, because they are unpredictable and idiosyncratic.

Table D1: **Public Indeterminate Revenue Disparity Per Student, FY14**

Overall Disparity Grade	Ranked Regions	State	District Per Student Revenue	Charter Per Student Revenue	Disparity Per Student (\$)
B	Shelby	TN	\$(475)	\$7,193	\$7,668
A	Houston	TX	\$0	\$0	\$0
C	Atlanta	GA	\$(1,211)	\$185	\$1,396
D	Boston	MA	\$0	\$0	\$0
D	New York City	NY	\$(1,402)	\$5,869	\$7,272
D	San Antonio	TX	\$0	\$0	\$0
D	Denver	CO	\$7	\$2,315	\$2,308
F	Tulsa	OK	\$(107)	\$629	\$736
F	Little Rock	AR	\$1	\$49	\$48
F	Indianapolis	IN	\$125	\$0	\$(125)
F	Washington, D.C.	DC	\$940	\$130	\$(811)
F	Los Angeles	CA	\$6	\$706	\$700
F	Oakland	CA	\$19	\$0	\$(19)
F	Camden	NJ	\$0	\$0	\$0
Weighted Average			\$ (613)	\$ 1,838	\$ 2,450

Appendix D – cont.

Table D2: Non-Specified Indeterminate Revenue Disparity Per Student, FY14

Overall Disparity Grade	Ranked Regions	State	District Per Student Revenue	Charter Per Student Revenue	Disparity Per Student (\$)
B	Shelby	TN	\$0	\$197	\$197
A	Houston	TX	\$0	\$0	\$0
C	Atlanta	GA	\$42	\$9	\$(33)
D	Boston	MA	\$0	\$0	\$0
D	New York City	NY	\$0	\$9	\$9
D	San Antonio	TX	\$0	\$0	\$0
D	Denver	CO	\$0	\$48	\$48
F	Tulsa	OK	\$0	\$0	\$0
F	Little Rock	AR	\$0	\$0	\$0
F	Indianapolis	IN	\$0	\$0	\$0
F	Washington, D.C.	DC	\$0	\$60	\$60
F	Los Angeles	CA	\$3,386	\$0	\$(3,386)
F	Oakland	CA	\$70	\$131	\$61
F	Camden	NJ	\$0	\$12	\$12
Weighted Average			\$ 838	\$ 22	\$ (816)

Research Team



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Dr. Wolf is a Distinguished Professor of Education Policy and 21st Century Endowed Chair in School Choice at the University of Arkansas in Fayetteville. He previously taught at Columbia and Georgetown. He has authored, co-authored, or co-edited four books and over 120 journal articles, book chapters, and policy reports on school choice, civic values, public management, special education, and campaign finance. He received his Ph.D. in Political Science from Harvard University in 1995.



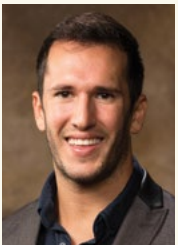
Larry Maloney

Mr. Maloney is president of Aspire Consulting and has investigated expenditure patterns of the nation's public schools on behalf of states and individual school districts since 1992. Mr. Maloney participated in the research team for the Fordham Institute revenue study in 2005, the Ball State University revenue study in 2010, and the University of Arkansas study in 2014. Recent projects include evaluations of revenues and expenditure patterns of eleven major metropolitan school districts and the charter schools located within their boundaries. Mr. Maloney co-authored a series of reports for the Fordham Institute on future retirement costs for three school districts, as well as conducting a school-by-school expenditure analysis for the Washington, D.C. region. He served as the evaluator for a U.S. Department of Education program designed to enhance the level of products and services provided by state charter associations. Additionally, he provided the financial analysis for the U.S. Government Accountability Office study of Title 1 expenditures and the U.S. Department of Education National Charter School Finance Study.



Jay F. May

Mr. May is founder of, and senior consultant for, EduAnalytics, LLC, a consulting practice focused on hands-on data-based initiatives to improve student performance. Mr. May's client work includes developing technology infrastructure for various aspects of student performance management – student information systems, instructional data management systems, assessment results delivery and analysis frameworks. Mr. May, a CPA, has expertise in K-12 education finances and provides research, consulting, and analysis for various aspects of funding equity and allocation. He is a co-inventor of In\$ite® - the Finance Analysis Model for Education® - a patented software tool for school-level and district-level expenditure analysis.



Corey A. DeAngelis

Mr. DeAngelis is a Distinguished Doctoral Fellow and Ph.D. student in Education Policy at the University of Arkansas in Fayetteville. His research focuses on the effects of school choice programs on student achievement and non-academic outcomes. He holds a Bachelor of Business Administration and a Master of Arts in Economics from the University of Texas at San Antonio.