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Charter School Funding: Inequity Persists

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Foreword

by W. Holmes Finch

Nationally, charter schools continue to expand; over 1.6 million students attend charter schools, representing more than a 50 percent increase over the last five years. State representatives in Tennessee, Illinois, and Louisiana, among others, have voted to raise or eliminate existing caps on charter schools over the same time period. Forty states have laws that allow charter school authorizations. The U.S. Department of Education under the Obama administration has even used charter schools as a condition for states and districts to receive additional funds for education improvement. It seems that many of the traditional barriers that once stunted charter school growth have been breached. A question remains, however, regarding previously discovered disparities in charter school funding. Such financial inequities could impede the continued development of charter schools. This report details the findings of a study designed to investigate the issue of charter school funding.

The Funding Disparity: Now and Then

In 2005, a group of researchers associated with the Thomas B. Fordham Institute examined the comparative funding of charter schools in the broader context of educational finance. The goal of that study, which used data from the 2002-2002-03 school year, was to determine whether and to what extent there were differences in the financial resources provided to charter schools when compared to public school districts in the same states. These researchers used data from 18 states across the United States, and released their results in the report "Charter School Funding: Inequity's Next Frontier." The results of this first study demonstrated a clear pattern of inequity in charter school funding. Across the states included in the study, the per pupil funding gap was $1,801 per pupil, or 21.7 percent of district funding. The funding disparity was most severe in the study's 27 focus districts, many of them urban, where charter schools received $2,256, or 23.5 percent less funding per pupil compared to the school districts in which they were located. The researchers identified lower local funding as the primary source of this fiscal gap, particularly with respect to capital investment.

The current study is a follow up of the original "Charter School Funding" report, focusing on funding data from the 2006-07 school year. This new effort used data both from states included in the previous study, as well as seven additional states. With the expansion of states, more than 90 percent of the nation's charter school population is represented in the findings of this study. In addition to the expanded scope of the study, the researchers also employed an updated methodology to better measure the relative differences in funding receipts between charter schools and public school districts.

Results from the current study mirror those reported in 2005 in many ways. For example, in FY 2006-07, the disparity in funding between charter schools and the broader public school population represented a variance of 19.2 percent, which was very comparable to the results from 2005. Meanwhile, the disparity in the study's focus districts expanded, with charter schools receiving $3,727 less per pupil than their district counterparts – a 27.8 percent difference.

In short, the disparities identified in the 2005 report did not subside over four years. Charter schools have remained underfunded, and in some cases severely so, as compared to public school districts. The persistence of this fiscal inequity should be of major concern not only to charter school advocates, but to all educators, parents and citizens interested in the welfare of the children attending these schools. Perhaps most concerning of the results presented in this report is that charter schools in many urban areas, where students might derive the greatest benefit from new and innovative ways of thinking about learning, experienced the greatest disparity in funding. Thus, true school choice may be de facto denied, or at least severely impaired, for those students who already have few positive

educational opportunities. The policy implications of this fact are profound, and will need to be addressed by leaders in the field if they truly want to improve the educational environments in inner cities.

A Need to Know More

Of equal concern to these funding disparities is the lack of available and credible fiscal data for many school districts across the nation. This data inaccessibility is problematic not only for researchers interested in the issue of school funding, but also for policy makers and the general public. At the time of this writing, school districts across the nation are facing a financial crisis unlike any they have dealt with in the last 70 years. In Kansas City, MO, Detroit, MI, Cleveland, OH, and elsewhere, School Boards are debating double-digit school closures, representing as much as half of district schools. Districts in California have cut 22,000 teachers, while 17,000 teachers will likely receive pink slips in Illinois, and another 15,000 in New York may also lose their jobs in June. In such fiscally perilous times, educators must be prepared to fully open their financial books to reassure the public that their money is being well spent. When states and districts cannot answer questions regarding funding for individual schools because the data are not available, one must wonder how other decisions, such as those regarding personnel layoffs and school closures, can be made in a fair, rigorous, and transparent fashion.

The methods used in this study were designed to gather the greatest amount of data possible on educational funding both for charter schools and public school districts. Despite the difficulties mentioned previously in obtaining the necessary data, the researchers were able to get much of what they needed to address the broad research question regarding funding equity by piecing together various fiscal reports over more than a year. The methods of comparison, which are described in detail in the Methodology section of this report, should serve as a model for other researchers interested in the general issue of comparative educational funding, whether it involves charter schools or not.

A Call to Action

The findings in this report represent important and extremely timely additions to the literature on charter school funding. They build not only upon those in the 2005 paper, but also on other research examining the political and social issues surrounding school choice. As America moves into the 21st century, charter schools will be a primary component of public education. They have received support from President Barack Obama, both politically and practically, and have become part of the educational fabric in many states. As such, they must be funded at a level sufficient for them to thrive, and not merely survive. From this perspective, the current results must be viewed as troubling. Not only has the gap in funding between charter schools and public districts not diminished, but in some areas it has actually increased since FY 2002-03. In this era of educational accountability, such inequity is tantamount to providing charter schools with only one oar, and then asking them to paddle as fast as other schools that have two oars in the water. This report should therefore serve to galvanize school choice advocates to work to decrease the gap that threatens to hobble charter schools as they strive to provide a viable educational option for parents, teachers, and most importantly, students.

We would like to thank the Walton Family Foundation for their financial support of this project. In addition, our research team benefited from the astute guidance and sound advice of many people. A list of those individuals and organizations to which we are most indebted is provided in Appendix B.

Executive Summary

In 2005, the Thomas B. Fordham Institute, with the support of the Walton Family Foundation and the Bill and Melinda Gates Foundation, published a report showing that charter schools were greatly underfunded compared to traditional district schools in the 2002-03 school year.[1] This report uses FY 2006-07 data, the most recent available when this project began, to describe the state of charter funding, and to see if it has changed since the last report. It includes all of the original 17 states and Washington D.C., as well as seven new states. The new edition also improves our method of analyzing state-level disparities to provide a better estimate of how much funding charter schools receive compared to how much funding district schools would have received to educate the same students.

Major Findings

For the second time, this study finds that:

- Charter schools overall were significantly underfunded relative to district schools:
  - The average state disparity was 19.2 percent, $2,247 per pupil.
  - Differences in student need, including students with disabilities, free or reduced price lunch students, and the grade levels taught, do not justify the disparity.
- Funding disparities were even wider in most focus school districts:
  - The average disparity was 27.8 percent, $3,727 per pupil.
- The chief culprit was charter schools' lack of access to local and capital funding:
  - No state provided charter schools equal access to all funding sources (federal, state, local, and facilities).
  - Statewide, more than 85 percent of the disparity between charter and district school funding resulted from differences in access to local revenues.
  - Across focus districts, access to local funding streams also drove the funding disparity, but state funding was more unequal than at the state level, representing 30.4 percent of the disparity in focus districts vs. 8.9 percent of the disparity statewide.
- Quality data were not always available:
  - Most states provided access to funding data for district schools, but fewer states were able to provide the same funding data for charter schools.
  - For two states, South Carolina and Wisconsin, the absence of reliable charter school revenue data statewide made it necessary to estimate state figures.

Changes Between 2002-03 and 2006-07

With two studies now complete, this report also finds that:

- The average funding disparity at the state level was slightly lower as a percent of district per pupil revenue (PPR):
  - In 14 states, the disparity as a percent of district PPR was higher, while in 10 states, the disparity was lower. Nationally, the disparity at the state level was 3.3 percentage points lower in FY 2006-07 than it was in FY 2002-03, although improvements in data quality, rather than true policy change seem to be driving the shift.
- The average funding disparity in focus districts was higher as a percent of district PPR:
  - The disparity as a percent of district PPR was higher in 27 districts and lower in 11 districts. Overall the disparity at the district level was 4.6 percentage points higher in FY 2006-07 than in FY 2002-03.

- Although access to local and facilities funding was still the main cause of the funding disparity, access to state and federal funding sources became more unequal:
  - The local funding disparity statewide explained a smaller percentage of the total funding disparity in FY 2006-07 than in FY 2002-03.
  - Statewide, the disparity in both federal and state funding grew. State funding favored charter schools in FY 2002-03, but generated an estimated $198 more per pupil for district schools in FY 2006-07. The disparity in federal funding grew by 13 percentage points over the same time period.
  - The same trends held across the focus districts.
- Despite improvements in data quality, school funding data was still largely inaccessible to the general public:
  - Data took an excessively long time to collect. Only 14 of 25 states provided data online or after an initial request.
  - Even when data were readily available, the research team had to spend considerable time and energy to get the data into a usable format.

Endnotes

[1] Progress Analytics Institute and Public Impact. "Charter School Funding: Inequity's Next Frontier." A report for the Thomas B. Fordham Institute. 2005. Available at: http://www.edexcellence.net/doc/Charter%20School%20Funding%202005%20FINAL.pdf.

Major Findings

by Daniela Doyle and Bryan Hassel

In 2005, the Thomas B. Fordham Institute, with the support of the Walton Family Foundation and the Bill and Melinda Gates Foundation, published a report showing that charter schools were greatly underfunded compared to traditional district schools in the 2002-03 school year.[1] Much has changed since then, however, and in part due to the Fordham report, policymakers have increasingly become aware of the charter school funding gap.

So in 2008, the Walton Family Foundation awarded funding to Ball State University to enlist members of the original research team to compile this new edition and determine if the state of charter funding has also changed since FY 2002-03. The new edition uses FY 2006-07 data, the most recent available for all states when this project began, and includes all of the original 17 states and Washington D.C. It also adds seven new states, so that the data account for approximately 93 percent of the country's charter school students. (See States Included in Charter School Funding Study.) The new edition also improves the method of analyzing state-level disparities to provide a better estimate of how much funding charter schools receive compared to how much funding district schools would have received to educate the same students.

States Included in Charter School Funding Study

Arizona	Michigan
California	Minnesota
Colorado	Missouri
Connecticut	New Jersey
Delaware	New Mexico
Florida	New York
Georgia	North Carolina
Idaho	Ohio
Illinois	Pennsylvania
Indiana	South Carolina
Louisiana	Texas
Massachusetts	Washington, D.C.
	Wisconsin

For the second time, this study finds that:

1. Charter schools overall were significantly underfunded relative to district schools, with an average disparity of 19.2 percent ($2,247 per pupil);

2. Funding disparities were even wider in most focus school districts, with an average disparity of 27.8 percent ($3,727 per pupil);

3. The chief culprit was charter schools' lack of access to local and capital funding; and

4. Quality data were not always available.

With two studies now complete, this report also finds that the size of the disparity as a percent of district per pupil revenue (PPR) was 3.3 percentage points lower in FY 2006-07 compared to FY 2002-03, although improvements in data quality seem to drive the shift. The same figure was 4.6 percentage points higher in FY 2006-07 across the 40 focus districts. And although differences in access to local and facilities funding still drove the funding disparity in most places, a growing gap developed between the federal and state funding that charter schools received compared to district schools, both favoring the latter. Finally, data availability improved, but high-quality data were still difficult and timely to collect, and therefore largely inaccessible to the general public.

Finding 1: Charter Schools Are Significantly Underfunded

On average, charter schools received $2,247 less per pupil than district schools would have received to educate the same students, representing a disparity of 19.2 percent (Table 1). Our estimates show that in every state in this study, charter schools received less per pupil than district schools would have received. The disparity ranged from $506, or 5.1 percent, in Indiana, to $12,283, 41.2 percent, in Washington, D.C.[2] In an average-sized charter school with 250 students, the disparity would have been almost $562,000.

In a change from the 2005 report, our calculation of each state's disparity accounts for the fact that charter schools may be concentrated in some of a state's districts, and the district PPR may vary considerably across districts. This adjustment means that our calculations come closer to answering the most pertinent question: How much funding did charter schools receive per pupil compared to what districts would have received to educate the same students? For more on this adjustment, see the box "Adjusting Revenue Figures to Account for Charter Enrollment Concentration."

Table 1 ranks all of the study's states and the District of Columbia by the size of their funding

Table 1: State Disparities Between Charter and District Funding, FY 2006-07*

Disparity	State	District PPR Weighted for Charter Enrollment**	Charter PPR	State Disparity	Funding Disparity as a Percent of District PPR
Moderate	Indiana	$9,834	$9,328	($506)	(5.1%)
	New Mexico	$9,907	$9,240	($667)	(6.7%)
	California	$10,995	$9,987	($1,008)	(9.2%)
	Texas	$10,158	$9,141	($1,017)	(10.0%)
	North Carolina	$8,978	$8,065	($913)	(10.2%)
	Illinois	$12,130	$10,616	($1,514)	(12.5%)
	Minnesota	$12,720	$11,081	($1,639)	(12.9%)
Large	Colorado	$9,827	$8,306	($1,521)	(15.5%)
	South Carolina (est.***)	$10,104	$8,396	($1,708)	(16.9%)
	Massachusetts	$15,917	$12,838	($3,079)	(19.3%)
	Michigan	$10,781	$8,652	($2,129)	(19.7%)
	Arizona	$9,576	$7,597	($1,979)	(20.7%)
	Pennsylvania	$12,896	$10,230	($2,666)	(20.7%)
	Ohio	$10,421	$8,190	($2,231)	(21.4%)
	Connecticut	$16,476	$12,631	($3,845)	(23.3%)
	Georgia	$11,686	$8,880	($2,806)	(24.0%)
	Wisconsin (est.***)	$13,913	$10,422	($3,491)	(25.1%)
	Idaho	$8,179	$6,178	($2,001)	(24.5%)
Severe	Florida	$10,944	$8,195	($2,749)	(25.1%)
	Delaware	$13,852	$9,990	($3,862)	(27.9%)
	Missouri****	$14,398	$10,085	($4,313)	(30.0%)
	New York	$19,782	$12,908	($6,874)	(34.7%)
	New Jersey	$19,837	$12,442	($7,395)	(37.3%)
	Washington, D.C.	$29,808	$17,525	($12,283)	(41.2%)
	Louisiana*	$30,654	$9,971	($20,683)	(67.5%)
Average* (Weighted for Charter Enrollment)		**$11,708**	**$9,460**	**($2,247)**	**(19.2%)**

* Louisiana re-opened schools for the first time after Hurricane Katrina in FY 2006-07. As a result, its school funding streams were highly unusual and not representative of the ongoing funding disparity in the state. We therefore excluded Louisiana from the national average and did not rank the size of its disparity.

** Since the data do not allow us to identify the district of residence for every charter school, it was not possible to weight every district by its charter enrollment. We therefore weighted the district PPR by charter enrollment only in focus districts and "all other districts." Full details on this calculation appear in the Methodology.

*** In South Carolina and Wisconsin, we were unable to obtain statewide data on charter and / or district revenues. In those states, we used data from districts as a proxy. Full details on this calculation appear in the Methodology and those state chapters.

**** Includes just Kansas City and St. Louis.

Adjusting Revenue Figures to Account for Charter Enrollment Concentration

In this report, we aim to answer the question: *How much funding did charter schools receive compared to the funding district schools would have received to educate the same students?*

Our original data calculations, used in the 2005 report, find the district PPR for the whole state and the charter PPR for the whole state, and then take the difference between them. Using this method, districts enrolling more students in their schools carry more weight. (See Table 1A for the same calculations using FY 2006-07 data.)

Table 1A: District-Charter Funding Disparities Using Revenue Data Unadjusted for Charter Enrollment Concentration, FY 2006-07

State	District PPR*	Charter PPR	Funding Disparity	Funding Disparity as a Percent of District PPR
Arizona	$9,577	$7,597	($1,980)	(20.7%)
California	$10,559	$9,987	($572)	(5.4%)
Colorado	$9,763	$8,306	($1,457)	(14.9%)
Connecticut	$14,742	$12,631	($2,110)	(14.3%)
Delaware	$13,655	$9,990	($3,665)	(26.8%)
Florida	$10,966	$8,195	($2,771)	(25.3%)
Georgia	$9,892	$8,880	($1,011)	(10.2%)
Idaho	$8,108	$6,178	($1,930)	(23.8%)
Illinois	$11,478	$10,616	($862)	(7.5%)
Indiana	$7,047	$9,328	$2,281	32.4%
Louisiana**	$10,327	$9,971	($357)	(3.5%)
Massachusetts	$15,396	$12,838	($2,558)	(16.6%)
Michigan	$10,341	$8,652	($1,689)	(16.3%)
Minnesota	$11,250	$11,081	($169)	(1.5%)
Missouri***	$14,200	$10,085	($4,115)	(29.0%)
New Jersey	$17,110	$12,442	($4,669)	(27.3%)
New Mexico	$10,149	$9,240	($909)	(9.0%)
New York	$19,518	$12,908	($6,610)	(33.9%)
North Carolina	$8,995	$8,065	($930)	(10.3%)
Ohio	$9,779	$8,190	($1,589)	(16.2%)
Pennsylvania	$12,004	$10,230	($1,774)	(14.8%)
South Carolina(est.****)	$10,165	$8,396	($1,769)	(17.4%)
Texas	$9,773	$9,141	($631)	(6.5%)
Washington, D.C.	$29,808	$17,525	($12,283)	(41.2%)
Wisconsin (est.****)	$13,295	$10,422	($2,872)	(21.6%)
Average* (Weighted for Enrollment)	**$11,252**	**$9,469**	**($1,783)**	**(15.8%)**

* Total district revenue statewide divided by total number of district students.

** Louisiana re-opened schools for the first time after Hurricane Katrina in FY 2006-07. As a result, its school funding streams were highly unusual and not representative of the ongoing funding disparity in the state. We therefore excluded Louisiana from the national average.

*** Includes just Kansas City and St. Louis.

**** In South Carolina and Wisconsin, we were unable to obtain statewide data on charter and / or district revenues. In those states, we used data from districts as a proxy. Full details on this calculation appear in the Methodology and those state chapters.

Adjusting Revenue Figures to Account for Charter Enrollment Concentration (cont.)

That method does not answer the research question as well as we would like for some states because urban areas often have a different district PPR than less urban parts of the state, and charter students tend to be concentrated in those urban areas. So with few exceptions, the original method compares a charter PPR to a district PPR that is different than the district PPR most charter students would have received had they attended their district school.

Consider what would happen if all of a state's charter students came from one district. In this hypothetical state, charter schools receive $8,000 for every student, and the district receives $10,000 for every student. Statewide, however, the average district receives $9,000 per student. Clearly we would want to say that the disparity in that state is $2,000 per pupil, not $1,000, because if those charter students attended their district school instead, those district schools would receive $2,000 more than charter schools receive to educate the same students.

The Calculations Behind the "Weighted" Value

Ideally, we would have been able to identify the district PPR for each charter student's home district, and subtract it from that student's charter PPR. In most states though, the student level data we would need is not available, forcing us to estimate. Our figures in Table 1 weight the district PPR by the number of charter students enrolled in each district. Using this method, districts enrolling more charter students carry more weight, providing a good estimation of how much more or less money charter students would have been allocated if they attended their district school.

Since the data do not allow us to identify the district of residence for every charter school, however, it was not possible to weight every district by its charter enrollment. Instead, we only weighted the district PPR by charter enrollment in focus districts and "all other districts" in the state. (See Methodology for details.) Since such a large proportion of charter students attend schools in focus districts, however, we believe this is a close estimation of the disparity between what charter students *actually* receive compared to what they *would* have received at their district school. In fact, we believe that our approach provides a conservative estimate of the disparity because it includes a number of low PPR districts without any charter students.

How Much of a Difference Does the Adjustment Make?

The answer depends upon the state. The larger the variance in district PPR across the state, and the more disproportionate the charter enrollment, the larger the difference between the original and weighted results. In Arizona, the adjustment only changes the disparity by a dollar, but in other states, the disparity grows by more than $2,700.

For some states, though, the adjustment presents state funding in a whole new light. Consider Indiana. Comparing the district PPR for the state to the charter PPR for the state shows that charter schools receive almost $2,300 *more* than district schools. Does this mean that charter schools are overfunded? The weighted figures suggest not. Since charter students are disproportionately concentrated in Indianapolis and Gary, and the district PPR in those districts is significantly higher than the statewide PPR, the weighted values show that charter schools actually receive about $500 less than each school's surrounding district would have received for the same students.

disparities, creating three distinct bands. Seven states had a "Moderate" disparity, between 5 and 14.9 percent. The disparity in 11 states was between 15 and 24.9 percent, and therefore "Large." Another six states had "Severe" disparities that were more than 25 percent.

School funding streams in Louisiana were highly unusual and not representative of the ongoing funding disparity in the state in FY 2006-07 because it was the first time the state re-opened schools after Hurricane Katrina. We therefore excluded Louisiana from the national average and did not rank the size of its disparity.

Differences in Student Need Do Not Justify Disparity

One possibility worth considering is that the disparities presented in Table 1 stem not from unequal treatment of charter schools, but from real differences in the costs of educating charter vs. district students. For example, we might expect schools serving more low-income children or students with disabilities to receive greater funding because those students have greater educational needs. Similarly, the PPR for high school students might be larger than for other grade levels as a result of sports, clubs, and other activities schools provide those students. If district schools serve more students who require more money to educate, then states may simply be sending funds where they are needed, rather than treating charter schools unfairly.

As in the report's first edition, however, our analyses show that differences in student population are not the driving force behind these gaps. Such differences may account for some portion of the disparity in a few states, but not the entire disparity. Instead, structural features of how states fund charter schools are responsible for the disparity, as will be discussed under Finding 3.

Free or Reduced Price Lunch Eligibility

Free or reduced price lunch (FRL) eligibility is often used as a proxy for student poverty because eligibility is based on family income. Table 2 shows the proportion of students in both district and charter schools that were FRL eligible for each of the states in the study and Washington, D.C.[3] Accurately estimating FRL eligibility in charter schools is difficult, however, because the data are self-reported and a number of schools with a large number of eligible students choose not to participate in the program due to the large

Table 2: Percentage of Students Eligible for Free or Reduced Price Lunch, District vs. Charter Schools, by State, FY 2006-07

State	Percentage Of Students Eligible For Free Or Reduced Price Lunch	
	District	Charter
Arizona	41.7%	31.6%
California	51.2%	46.6%
Colorado	34.6%	25.6%
Connecticut	27.1%	59.4%
Delaware	37.2%	32.3%
Florida	45.6%	35.2%
Georgia*	50.0%	56.0%
Idaho	38.3%	N/A
Illinois	82.2%	79.8%
Indiana	37.4%	60.3%
Louisiana	61.4%	68.5%
Massachusetts	28.3%	45.1%
Michigan	35.2%	52.4%
Minnesota	30.2%	53.3%
Missouri*	80.0%	77.6%
New Jersey	26.9%	65.3%
New Mexico	61.1%	48.7%
New York	43.5%	73.3%
North Carolina	48.5%	55.5%
Ohio	33.4%	43.2%
Pennsylvania**	34.5%	56.1%
South Carolina (est.)	51.5%	30.6%
Texas	46.9%	61.7%
Washington, D.C.	55.6%	42.4%
Wisconsin (est.)	30.3%	49.5%

Source: National Center for Education Statistics, Common Core of Data, 2006-07, unless indicated otherwise. Shaded cells indicate larger value.

* Based on data from the GA DOE

** Based on data from the PA PDE

administrative burden it poses. We therefore excluded from our FRL calculations any schools – charter or district – that reported zero eligible children in FY 2006-07, consistent with our methodology in the 2005 report.

In 14 states, charter schools served a higher percentage of FRL eligible students. In another four states – California, Delaware, Illinois, and Missouri – the FRL eligible population in charter and district schools was comparable, falling within five percentage points of one another. Charter schools served a substantially lower percentage of FRL eligible students in just six states, accounting for approximately one quarter of charter students in the study. On a national level then, differences in student need related to family income cannot justify the funding disparity between charter schools and district schools.

Even in the six states where district schools served a substantially higher percentage of FRL eligible students though, that difference accounted for between just 3 and 23 percent of the funding disparity in those states. Assuming that the average school enrolls 250 students, schools would have to receive between $6,000 (Florida) and $93,000 (Washington, D.C.) more for every FRL eligible student to account for the disparity.

The average level of additional poverty-based education funding states provide for low-income students, however, is 17.2 percent of average funding for all students, according to FY 2001-02 data, the most recent of its kind.[4] For these six states, that often amounted to less than $2,000 per pupil – much less than the $6,000 to $93,000 needed to explain the funding disparity. Using that estimate, poverty-based funding would have accounted for no more than 23 percent of the funding gap in a school with 250 students, and less than 10 percent of the funding gap in all but three states (Table 3).

Special Education

Evidence also suggests that differences in the number of students with disabilities enrolled in district and charter schools cannot explain the funding disparity between them. Unfortunately, there is no national database that allows us to compare charter vs. district special education rates state-by-state. Two of the most recent studies to look at the enrollment of special education students across school types – an SRI International report using FY 1999-2000 data and a University of Maryland report using FY 2004-05 data – estimate that district schools serve a special education population that is two to three percentage points larger than in charter schools.[5]

Table 3: Percent of Funding Disparity Explained by Differences in FRL Enrollment*

State	Funding Disparity for Typical School* (Charter - District)	How Much More a Same-Sized District School Would Have Received Due to Low-Income Enrollment*	Percent of Funding Disparity the Difference in FRL Enrollment Can Explain
Arizona	$ (495,000)	$32,994	6.7%
Colorado	$ (364,250)	$32,144	8.8%
Florida	$ (692,750)	$160,642	23.2%
New Mexico	$ (227,250)	$49,268	21.7%
South Carolina (est.)	$ (442,250)	$75,455	17.1%
Washington, D.C.	$ (3,070,750)	$99,472	3.2%

* Uses original disparity data for calculations because FRL data is aggregated at the state level.

** Assumes 250 students per school and an extra 17.2 percent funding for each FRL student.

*** In South Carolina, we were unable to obtain statewide data on charter and / or district revenues. In that state, we used data from large districts as a proxy. Full details on this calculation appear in the Methodology and in the state chapter.

Meanwhile, schools spend approximately 90 percent more on the average special education student compared to other students, according to a Special Education Expenditure Project study using FY 1999-2000 data.[6]

In a school with 250 students, differences in the number of special education students enrolling in district and charter schools explains less than 25 percent of the funding disparity in almost every state.[8]

Grade Levels

Table 4 shows how grade levels are distributed across charter and district schools. These data are difficult to interpret because there is so much variability between charter and district schools. Most notably, "other" grade configurations are much more common in charter schools. As a result, it is not possible to draw definitive conclusions from the data, although multiple regression analysis controlling for schools' grade configuration and the percent of FRL eligible students enrolled shows that there is not a significant relationship between the funding gap and any of the grade configurations. From the data we do have, then, we can reasonably conclude that differences in grade configurations could not possibly account for the funding gaps we observe.

Table 4: Students Served by Grade Levels, District vs. Charter Schools, by State, FY 2006-07

State	Percentage of Primary (K-5) Students		Percentage of Middle School (6-8) Students		Percentage of High School (9-12) Students		Percentage of Students In Other Grade Configurations (e.g., K-12, K-8)	
	District	Charter	District	Charter	District	Charter	District	Charter
Arizona	55.1%	42.6%	16.1%	3.0%	26.5%	31.6%	2.3%	22.8%
California	48.8%	33.7%	18.7%	10.7%	29.9%	24.4%	2.6%	31.3%
Colorado	49.7%	48.4%	19.2%	5.2%	29.0%	12.0%	2.0%	34.4%
Connecticut	47.9%	51.6%	20.7%	31.6%	30.7%	16.8%	0.8%	0.0%
Delaware	43.4%	59.4%	23.9%	7.7%	30.4%	21.0%	2.3%	11.9%
Florida	49.4%	54.4%	14.4%	18.1%	13.1%	16.5%	13.5%	7.7%
Georgia	50.6%	47.3%	18.4%	20.0%	14.0%	14.5%	3.0%	16.4%
Idaho	48.4%	36.7%	16.7%	3.3%	25.5%	23.3%	6.6%	36.7%
Illinois	58.9%	44.1%	17.1%	5.9%	18.0%	23.5%	4.1%	26.5%
Indiana	47.3%	59.0%	20.1%	3.3%	30.5%	7.5%	2.2%	30.2%
Louisiana	48.8%	59.4%	19.2%	3.3%	24.8%	21.0%	7.2%	16.3%
Massachusetts	63.0%	30.5%	18.4%	22.0%	17.0%	20.3%	1.6%	27.1%
Michigan	43.7%	64.8%	20.8%	3.1%	31.1%	12.4%	4.4%	19.7%
Minnesota	45.2%	50.4%	18.4%	7.1%	33.4%	27.0%	2.9%	15.6%
Missouri*	59.0%	61.1%	18.0%	16.7%	17.8%	22.2%	5.2%	0.0%
New Jersey	47.7%	63.4%	20.4%	11.3%	30.3%	11.2%	1.6%	14.1%
New York	45.0%	68.8%	19.5%	10.2%	30.6%	2.9%	4.8%	18.0%
New Mexico	48.9%	30.0%	20.9%	10.3%	27.7%	40.2%	2.5%	19.6%
North Carolina	54.6%	55.0%	19.5%	7.0%	17.9%	9.0%	5.8%	22.0%
Ohio	45.0%	42.6%	20.0%	3.0%	31.1%	15.2%	3.9%	39.2%
Pennsylvania	44.2%	31.8%	19.3%	3.4%	34.4%	14.9%	2.2%	50.0%
South Carolina**	47.8%	41.5%	22.4%	6.0%	28.0%	50.1%	1.8%	2.4%
Texas	48.2%	31.5%	19.6%	10.3%	17.3%	20.3%	12.5%	29.5%
Washington, D.C.	54.9%	38.1%	13.7%	9.2%	22.0%	15.9%	9.4%	36.8%
Wisconsin**	46.6%	56.5%	18.5%	13.1%	32.9%	20.7%	2.0%	9.7%

Source: National Center for Education Statistics, Common Core of Data, 2006-07

* In Missouri, charter schools may only be opened in Kansas City and St. Louis, and so demographic figures derive from those two districts only.

** In South Carolina and Wisconsin, statewide charter revenue data were not available, so we extrapolated from district data. In those states, demographic comparisons shown here are for the districts used for the extrapolation, not the state as a whole.

Finding 2: Funding Disparities Are Wider in Focus Districts

Given the concentration of charter enrollment in some areas, we conducted a separate comparative analysis of charter vs. district revenue in 40 focus districts, most of them urban centers. Together, these 40 districts enrolled 14.7 percent of the students attending district schools in these states. Yet these same districts enrolled 42.5 percent of charter school students in these states.

In the focus districts we studied, funding disparities between district and charter schools were larger than the state disparity. Charter schools were underfunded in all 40 urban districts we reviewed, and the funding disparity was more than 25 percent of district PPR in more than half of those sites. Weighted for student enrollment, charter schools received $3,727 less per pupil compared to district schools, representing a deficit of 27.8 percent. The size of the funding disparity ranged from 4.5 percent in Albuquerque, NM ($441), to 50.5 percent in Newark, NJ ($11,917).[8]

Table 5 ranks the 40 districts by the size of the funding disparity as a percent of district PPR, creating four distinct bands. One is "Approaching Parity," with a disparity that is 5 percent or less. Eight have a "Moderate" disparity between 5 percent and 14.9 percent. The disparity in eight districts is between 15 percent and 24.9 percent, and therefore "Large." Twenty-two districts have "Severe" disparities that are more than 25 percent.

Table 5: Disparities Between Charter and District Funding in Focus Districts, FY 2006-07*

Disparity	District	District PPR	Charter PPR	Funding Disparity	Funding Disparity as a Percent of District PPR
Approaching Parity	Albuquerque, NM	$9,709	$9,268	($441)	(4.5%)
Moderate	Houston, TX	$10,735	$10,127	($608)	(5.7%)
	Gary, IN	$11,722	$10,559	($1,163)	(9.9%)
	Wake Co., NC	$8,804	$7,917	($887)	(10.1%)
	Chicago, IL	$12,181	$10,871	($1,309)	(10.7%)
	Indianapolis, IN	$11,147	$9,835	($1,312)	(11.8%)
	St. Paul, MN	$13,510	$11,700	($1,810)	(13.4%)
	Philadelphia, PA	$11,661	$10,019	($1,642)	(14.1%)
	Boston, MA	$20,570	$17,602	($2,968)	(14.4%)
Large	Denver, CO	$11,531	$9,738	($1,793)	(15.5%)
	Colorado Springs, CO	$9,741	$8,053	($1,687)	(17.3%)
	Greenville, SC	$9,332	$7,465	($1,867)	(20.0%)
	Dallas, TX	$10,409	$8,322	($2,087)	(20.1%)
	Minneapolis, MN	$15,118	$11,930	($3,188)	(21.1%)
	Milwaukee, WI	$14,602	$11,448	($3,154)	(21.6%)
	Fulton Co., GA	$11,009	$8,536	($2,473)	(22.5%)
	Maricopa Co., AZ	$9,560	$7,376	($2,183)	(22.8%)
Severe	Kansas City, MO	$15,159	$11,229	($3,930)	(25.9%)
	Broward, FL	$10,794	$7,884	($2,910)	(27.0%)
	Miami-Dade, FL	$10,881	$7,940	($2,941)	(27.0%)
	Atlanta, GA	$15,720	$11,237	($4,483)	(28.5%)
	Detroit, MI	$12,338	$8,791	($3,547)	(28.7%)
	Bridgeport, CT	$14,030	$9,920	($4,110)	(29.3%)
	Wilmington, DE	$14,754	$10,150	($4,604)	(31.2%)
	Cleveland, OH	$13,016	$8,931	($4,085)	(31.4%)
	New York City, NY	$20,021	$13,468	($6,553)	(32.7%)

Table 5: Disparities Between Charter and District Funding in Focus Districts, FY 2006-07* (cont.)

Disparity	District	District PPR	Charter PPR	Funding Disparity	Funding Disparity as a Percent of District PPR
Severe	Dayton, OH	$13,121	$8,585	($4,536)	(34.6%)
	St. Louis, MO	$13,544	$8,801	($4,743)	(35.0%)
	Boise, ID	$9,623	$6,215	($3,408)	(35.4%)
	Buffalo, NY	$18,666	$11,647	($7,018)	(37.6%)
	Los Angeles, CA	$13,904	$8,363	($5,541)	(39.9%)
	Washington, D.C.	$29,808	$17,525	($12,283)	(41.2%)
	Albany, NY	$22,761	$13,262	($9,499)	(41.7%)
	San Diego, CA	$13,312	$7,658	($5,654)	(42.5%)
	Pittsburgh, PA	$18,901	$10,823	($8,078)	(42.7%)
	New Haven, CT	$22,159	$12,080	($10,078)	(45.5%)
	Jersey City, NJ	$21,952	$11,886	($10,066)	(45.9%)
	Trenton, NJ	$23,655	$12,649	($11,006)	(46.5%)
	Newark, NJ	$23,594	$11,677	($11,917)	(50.5%)
	New Orleans, LA*	$35,262	$9,589	($25,673)	(72.8%)
Average* (Weighted for Student Enrollment)		**$13,418**	**$9,691**	**($3,727)**	**(27.8%)**

* Louisiana re-opened schools for the first time after Hurricane Katrina in FY 2006-07. As a result, its school funding streams were highly unusual and not representative of the ongoing funding disparity in the state. We therefore excluded New Orleans from the national average and did not rank the size of its disparity.

Like Louisiana in the state analysis, we excluded New Orleans from the national average and did not rank the size of its disparity because funding streams were highly unusual and not representative of the ongoing funding disparity in the state in FY 2006-07 because it was the first time the state re-opened schools after Hurricane Katrina.

We were able to make meaningful comparisons between the disparity in 36 of the focus districts and the statewide disparity in their states.[9] In 27 of those districts, the disparity, as a percentage of district PPR, was larger than the statewide disparity.

Finding 3: The Chief Culprit Is Lack of Access to Local and Facilities Funding

Why do the funding disparities exist? Funding decisions are made at the state level, so the answer differs by state. Generally though, schools receive funding from three primary sources – local, state, and federal – with the vast majority of funding coming from the first two. Schools may also receive facilities funding, which local sources often provide, although state sources, or, less frequently, federal sources, may offer them as well. In addition, schools may receive "other" kinds of funding, including special grants, fundraising dollars, and funds from revenue-generated activities.

Table 6 considers each possible source of the disparity. First, we examined the degree to which state statute provides charter schools with access to federal, state, local, and facilities funding, assigning a score of "Yes" or "No." Then we determined if charter schools actually receive a share of the funding stream proportionate to their enrollment, which we ranked as ">," "<," or "=".

In the chart, black boxes are good – they represent equity in funding – while white boxes are not good. As in the first edition of this report, we find that no state is perfect in all areas, so the final row of the chart reads, "No," straight across.

Table 6: Charter Schools' Access to Federal, State, Local, and Facilities Funding, by State, FY 2006-07

	Findings	States											
		AZ	CA	CO	CT	DE	FL	GA	ID	IL	IN	LA	MA
Federal Funding	Charters have access to federal funds according to state statutes (Yes = black, No = white)*	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
	Percentage of federal revenue is *greater than* (>; black), *equal to* (=; black), or is l*ess than* (<; white) that of total enrollment for charter schools	<	<	<	>	>	<	<	<	<	>	>	>
State Funding	Charters have access to state funds according to state statutes (Yes = black, No = white)	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
	Percentage of state revenue is *greater than* (>; black), *equal to* (=; black), or is l*ess than* (<; white) that of total enrollment for charter schools	>	<	>	>	>	<	<	>	<	<	>	<
Local Funding	Charters have access to local funds according to state statutes (Yes = black, No = white)	N	Y	Y	N	Y	Y	Y	N	Y	Y	Y	Y
	Percentage of local revenue is *greater than* (>; black), *equal to* (=; black), or is l*ess than* (<; white) that of total enrollment for charter schools	<	>	<	<	>	<	<	<	<	>	>	<
Facilities Funding	Charters have access to facilities funds according to state statutes (Yes = black, No = white)	Y	Y	Y	Y	N	Y	Y	N	N	Y	N	Y
	Percentage of facilities revenue is *greater than* (>; black), *equal to* (=; black), or is *less than* (<; white) that of total enrollment for charter schools	<	<	<	N/A	<	<	<	<	<	N/A	<	<
	Funding is Fair and Equitable	No	No	No	No	No	No	No	No	No	No	No	No

Table 6: Charter Schools' Access to Federal, State, Local, and Facilities Funding, by State, FY 2006-07 (Cont.)

	Findings	States												
		MI	MN	MO	NJ	NM	NY	NC	OH	PA	SC	TX	DC	WI
Federal Funding	Charters have access to federal funds according to state statutes (Yes = black, No = white)	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	Y	Y
	Percentage of federal revenue is *greater than* (>; black), *equal to* (=; black), or is l*ess than* (<; white) that of total enrollment for charter schools	>	>	<	>	<	>	<	<	<	N/A	>	<	<
State Funding	Charters have access to state funds according to state statutes (Yes = black, No = white)	Y	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y	Y
	Percentage of state revenue is *greater than* (>; black), *equal to* (=; black), or is l*ess than* (<; white) that of total enrollment for charter schools	>	>	>	>	>	>	<	>	<	N/A	>	>	>
Local Funding	Charters have access to local funds according to state statutes (Yes = black, No = white)	N	Y	Y	Y	N	N	Y	N	Y	Y	N	N/A	N
	Percentage of local revenue is *greater than* (>; black), *equal to* (=; black), or is l*ess than* (<; white) that of total enrollment for charter schools	<	<	<	>	<	>	<	<	>	N/A	<	N/A	>
Facilities Funding	Charters have access to facilities funds according to state statutes (Yes = black, No = white)	N	Y	N	N	Y	Y	N	N	N	N	N	Y	N
	Percentage of facilities revenue is *greater than* (>; black), *equal to* (=; black), or is *less than* (<; white) that of total enrollment for charter schools	N/A	N/A	<	<	<	N/A	<	<	N/A	N/A	<	<	<
	Funding is Fair and Equitable	No	No	No	No	No	No	No	No	No	No	No	No	No

Mirroring the first edition's findings, the table grows remarkably lighter as we move from top to bottom, indicating that although states often treated charter schools fairly with respect to federal and state funding, that was not the case with local and facilities funding. All but one state provided charter schools access to federal funding in statute, and all but one state provided them access to state funding in statute. By contrast, just 15 had access to local funds, according to state statutes. In only 12 states did charter schools have access to facilities funding.

The Importance of Local and Facilities Funding

In practice, the story looks even bleaker for charter schools, especially with respect to local and facilities funding. There is some overlap between "local" and "facilities" funding in Table 6 because in many states, local governments raise and distribute revenue for facilities financing. Even more concerning, the local funding reflected in our figures does not include all local funding that came into school districts. School districts can, and do, levy additional taxes to pay for special projects, such as building a new facility, or excessive operational costs. So even in the states where charter schools received approximately equal local funding in practice, they were still at a disadvantage.

Some would argue that these local funds "belong" to school districts, and that, therefore, states are justified in denying charter schools access to them. (See box, "To Whom Does Local Funding Really Belong?") Yet irrespective of these debates, there is little doubt that much of the disparity revealed in Findings 1 and 2 emerges from the gaps in local funding.

To Whom Does Local Funding Really Belong?

An Excerpt from 2005's Charter School Funding: Inequity's Next Frontier

Property taxes are the core of public revenue received from local funding; most states use property taxes as the primary source of local funding in education. (Michigan, one of the notable exceptions, changed its property tax-based education taxes.) Thus, in order to achieve fair funding for charter schools, policymakers must wrestle with the question, "To whom does local funding really belong, the district or the children?"

Broadly, there are two answers. One is to think of local tax dollars as belonging to local school boards, which are elected (in most places) by the citizens to oversee public education. Following this reasoning, directing local tax dollars to charter schools (at least those not authorized by local school boards) would be problematic – these charter schools do not report to local school boards, so one could argue that sending local tax dollars to them is effectively "taxation without representation".

A better, and in our view, fairer, approach is to think of local taxes as being assessed for the purpose of educating the children who reside in that local jurisdiction – no matter what school they attend. The money, in essence, "belongs" to the children. If, under a duly enacted state policy, families choose to send their children to public charter schools, it's only fair for all of their funding to "follow" them there. Any other policy treats some public school students differently from others and is thus unfair.

Posing this debate in such philosophical terms, of course, minimizes the driving force behind these decisions, which is politics. Every state has a unique school funding history, but almost everywhere, state policymakers have been pressed by local districts to minimize the amount of funding, especially local funding, that flows to charter schools. In many states, the political compromises underlying the charter law have incorporated funding decisions that yield inequitable results. The state of charter school funding today reflects the outcome of such compromises.

So just how much does the lack of local funding drive the funding disparity between charter and district schools? According to Table 7, which shows how district and charter funding compared along each funding stream, charter schools received $1,884 less per pupil from local sources compared to district schools, representing more than 85 percent of the disparity across states. In fact, charter schools received less local funding than district schools in all but three states.

Some states tried to compensate for a deficit in local spending by increasing other funding streams – namely dollars from the state and "other/indeterminate" sources. Charter schools themselves also strive to make up deficits by finding more "other" dollars, typically through fundraising. The table makes clear, however, that small increases in these funding streams failed to compensate for a lack of local funding in FY 2006-07. In Texas, for example, charter schools received $4,500 more per pupil in state funding

Table 7: Comparing Funding Streams Between District and Charter Schools, States, FY 2006-07*

	Difference Between Charter And District Schools*				
	Federal	State	Local	Other/ Indeterminate	Total Disparity
Arizona	($345)	$1,749	($3,393)	$10	($1,979)
California	($426)	($1,508)	$925	$0	($1,008)
Colorado	($439)	$2,471	($3,859)	$306	($1,521)
Connecticut	($2)	$1,659	($7,323)	$1,820	($3,845)
Delaware	($19)	($2,134)	($1,902)	$194	($3,862)
Florida	($714)	($161)	($2,006)	$133	($2,749)
Georgia	($584)	($1,048)	($1,801)	$627	($2,806)
Idaho	($412)	$115	($1,502)	($203)	($2,001)
Illinois	($1,319)	($3,791)	($5,350)	$8,946	($1,514)
Indiana	($270)	($1,403)	$691	$476	($506)
Louisiana**	($11,711)	($418)	($7,411)	($1,141)	($20,683)
Massachusetts	$52	($2,065)	($1,689)	$623	($3,079)
Michigan	($241)	$800	($2,687)	$1	($2,129)
Minnesota	($41)	$784	($2,200)	($181)	($1,639)
Missouri	($849)	$3,687	($6,626)	($524)	($4,313)
New Jersey	$178	($2,986)	($3,644)	($943)	($7,395)
New Mexico	($559)	$1,042	($1,150)	$0	($667)
New York	($655)	($3,421)	($4,394)	$1,596	($6,874)
North Carolina	($237)	($138)	($556)	$20	($913)
Ohio	($123)	$2,460	($4,843)	$276	($2,231)
Pennsylvania	($497)	($5,627)	$3,583	($124)	($2,666)
Texas	$47	$4,532	($5,593)	($3)	($1,017)
Washington, D.C.	($2,920)	($9,050)	N/A	($314)	($12,283)
State Average* (weighted for charter enrollment)	**($408)**	**($198)**	**($1,884)**	**$276**	**($2,247)*** **

Note: Table excludes South Carolina and Wisconsin, for which detailed revenue data for charter schools is unavailable.

* Values based on district PPR weighted for charter enrollment. Since the data do not allow us to identify the district of residence for every charter school, it was not possible to weight every district by its charter enrollment. We therefore weighted the district PPR by charter enrollment only in focus districts and "all other districts." Full details on this calculation appear in the Methodology.

** Louisiana re-opened schools for the first time after Hurricane Katrina in FY 2006-07. As a result, its school funding streams were highly unusual and not representative of the ongoing funding disparity in the state. We therefore excluded Louisiana from the national average.

*** The value in the final row of the "Total Disparity" column is consistent with the state disparity across all states in the study. Since revenue source data is not available for South Carolina and Wisconsin, and they are excluded from the table, the sum of the column averages does not equal the total disparity average.

than district schools received, a larger difference than in any other state in this study. Yet, those additional state dollars could not cover the nearly $5,600 local funding gap charter schools faced.

Meanwhile, in the three states where charter schools received more local funding than district schools – California, Indiana and Pennsylvania – charter schools received so much less state funding that they also experienced a funding disparity.

The same pattern held in our focus districts, where differences in local funding accounted for almost $2,400, or 63.9 percent of the funding disparity across the sample (Table 8). In focus districts, however, there was a larger disparity in state funding than there was at the state-level, both in dollar terms and as a percent of district PPR. According to our state-level analysis, charter schools received $198 dollars less per pupil in state funding, representing just 8.9 percent of the disparity. By contrast, charter schools in the focus districts received, on average, $1,132 fewer state dollars, accounting for more than 30 percent of the disparity.

Table 8: Comparing Funding Streams Between District and Charter Schools, Focus Districts, FY 2006-07*

	Difference Between District And Charter Funding				
	Federal	State	Local	Other/ Indeterminate	Total Disparity
Maricopa Co., AZ	($378)	$1,957	($3,769)	$7	($2,183)
Los Angeles, CA	($835)	($2,403)	($2,303)	$0	($5,541)
San Diego, CA	($595)	($2,942)	($2,117)	$0	($5,654)
Colorado Springs, CO	($695)	$2,259	($3,231)	($19)	($1,687)
Denver, CO	($370)	$3,660	($5,070)	($13)	($1,793)
Bridgeport, CT	($465)	($1,947)	($2,562)	$863	($4,110)
New Haven, CT	($770)	($6,544)	($4,520)	$1,756	($10,078)
Wilmington, DE	$283	($2,430)	($2,398)	($60)	($4,604)
Miami-Dade, FL	($991)	$399	($2,501)	$153	($2,941)
Broward, FL	($791)	$671	($2,999)	$208	($2,910)
Atlanta, GA	($879)	($604)	($3,833)	$834	($4,483)
Fulton Co., GA	($383)	($904)	($1,774)	$590	($2,473)
Boise, ID	($139)	($24)	($3,129)	($115)	($3,408)
Chicago, IL	($1,368)	($3,813)	($5,263)	$9,134	($1,309)
Indianapolis, IN	($784)	($1,937)	$1,236	$173	($1,312)
Gary, IN	($46)	($3,241)	$31	$2,093	($1,163)
New Orleans, LA*	($14,393)	($1,300)	($8,564)	($1,416)	($25,673)
Boston, MA	($262)	($3,657)	($2,170)	$3,120	($2,968)
Detroit, MI	($1,545)	($191)	($1,812)	$2	($3,547)
Minneapolis, MN	($518)	$161	($2,681)	($149)	($3,188)
St. Paul, MN	($477)	$444	($1,875)	$99	($1,810)
Kansas City, MO	($853)	$3,842	($6,592)	($326)	($3,930)
St. Louis, MO	($845)	$3,513	($6,665)	($747)	($4,743)
Jersey City, NJ	($175)	($8,763)	($1,069)	($59)	($10,066)
Newark, NJ	($408)	($8,335)	($922)	($2,252)	($11,917)
Trenton, NJ	($13)	($11,842)	$962	($114)	($11,006)
Albuquerque, NM	($266)	$1,004	($1,178)	$0	($441)
Albany, NY	$759	($2,562)	($8,914)	$1,217	($9,499)
Buffalo, NY	($877)	($5,466)	($1,424)	$749	($7,018)
New York City, NY	($1,239)	($3,892)	($3,696)	$2,274	($6,553)
Wake Co., NC	($159)	($20)	($1,055)	$348	($887)

Table 8: Comparing Funding Streams Between District and Charter Schools, Focus Districts, FY 2006-07*

	Difference Between District and Charter Funding				
	Federal	State	Local	Other/ Indeterminate	Total Disparity
Cleveland, OH	($1,083)	$777	($4,039)	$261	($4,085)
Dayton, OH	($1,317)	$1,426	($5,181)	$535	($4,536)
Philadelphia, PA	($437)	($5,889)	$4,827	($142)	($1,642)
Pittsburgh, PA	($1,596)	($6,901)	$604	($185)	($8,078)
Greenville, SC	$123	$1,947	($3,431)	($507)	($1,867)
Dallas, TX	($411)	$5,171	($6,660)	($188)	($2,087)
Houston, TX	$227	$5,092	($6,672)	$745	($608)
Washington, D.C.	($2,920)	($9,050)	$0	($314)	($12,283)
Milwaukee, WI	($1,010)	($2,338)	($768)	$962	($3,154)
Average* (Weighted For Charter Enrollment)	**($800)**	**($1,132)**	**($2,381)**	**$586**	**($3,727)**

* Louisiana re-opened schools for the first time after Hurricane Katrina in FY 2006-07. As a result, its school funding streams were highly unusual and not representative of the ongoing funding disparity in the state. We therefore excluded New Orleans from the national average.

Finding 4: Quality Data Are Not Always Available

In conducting this analysis, we found that quality data are not always available. We rated each state according to the quality of school finance data available for this type of analysis along two criteria: (1) How the state provided access to detailed data on federal, state, local, and other revenues for district schools; and (2) How the state provided access to the same data for charter schools. The state received a "Yes" if the state department of education was able to provide all of the relevant data. States received a "Partial" if they could supply some, but not all of the data. If a state could not provide any of the data, was only able to provide individual school and district audits, or our research team had to acquire the data from another organization, the state received a response of "No."

As Table 10 shows, most states provided access to funding data for district schools. Ideally, we were able to collect detailed revenue data, which allowed us to evaluate which costs should and should not be included in the analysis. Since this study considers only K-12 students, for example, we excluded Pre-K and adult education dollars wherever we could. Often the data we received fell short of that ideal, but still met our needs. In many states, for example, we received summarized revenue data and were able to isolate the data we needed by cross-referencing it with other data sets.

In several states, however, we had to rely on audit figures for our analysis, which are highly summarized and can mask items that should be categorized in a different way. Although our team was able to piece together and supplement audit data for this analysis, they are not primary accounting records, and should not have to be relied upon as a system of record for data analysis. Since some states do not require that charter schools report revenue data, it was more common for us to rely on audit data for charter schools than for district schools. A lack of reliable charter school revenue data statewide required us to estimate state figures for South Carolina and Wisconsin.

Table 9: Data Quality by State

State	State Provides Detailed, Public Data on Federal, State, Local and Other Revenues for District Schools (Yes = black, Partial = grey, No = white)	State Provides Detailed, Public Data on Federal, State, Local and Other Revenues for Charter Schools (Yes = black, Partial = grey, No = white)
Arizona	Y	Y
California	Y	Y
Colorado	Y	Y
Connecticut	Y	Y
Delaware	Y	Y
Florida	Y	N
Georgia	P	N
Idaho	Y	Y
Illinois	Y	N
Indiana	P	P
Louisiana	Y	P
Massachusetts	N	Y
Michigan	Y	Y
Minnesota	Y	Y
Missouri	Y	Y
New Jersey	Y	Y
New York	P	P
New Mexico	Y	Y
North Carolina	Y	P
Ohio	Y	Y
Pennsylvania	Y	Y
South Carolina	Y	N
Texas	Y	Y
Washington, D.C.	P	N
Wisconsin	Y	N

Endnotes

[1] Progress Analytics Institute and Public Impact. "Charter School Funding: Inequity's Next Frontier." A report for the Thomas B. Fordham Institute. 2005. Available at: http://www.edexcellence.net/doc/Charter%20School%20Funding%202005%20FINAL.pdf.

[2] Louisiana re-opened schools for the first time after Hurricane Katrina in FY 2006-07. As a result, its school funding streams were highly unusual and not representative of the ongoing funding disparity in the state. The state, and New Orleans in particular, received an abundance of federal funds that year. But it was unclear how many students would return to the areas most affected by the hurricane. Estimates were high, leading New Orleans and other afflicted parishes to acquire too many teachers, district personnel, and materials for the number of students who returned. Additionally, the New Orleans districts funded some costs for operations of the charter schools, but the recordkeeping for that year did not reflect how much support the districts provided to charter schools. As a result, the district per pupil revenues are inflated for FY 2006-07, causing the disparity between district and charter schools to be considerably larger than expected. Throughout the report, we therefore present data for Louisiana and New Orleans in our charts, but exclude them from all national averages in an attempt to present the fairest snapshot of charter school funding across our sample for FY 2006-07.

[3] In states where we used district proxies to extrapolate state figures, as discussed in the Methodology portion of this report, the data relate only to students in those districts.

[4] Carey, Kevin. "State Poverty-Based Education Funding: A Survey of Current Programs and Options for Improvement." 2002. Center on Budget and Policy Priorities. Available at: http://www.cpec.ca.gov/CompleteReports/ExternalDocuments/State_Poverty_Education.pdf.

[5] Finnigan, Kara, Nancy Adelman, Lee Anderson, Lynyonne Cotton, Mary Beth Donnelly, and Tiffany Price. "Evaluation of the Public Charter Schools Program: Final Report. 2004. Available at: http://www2.ed.gov/rschstat/eval/choice/pcsp-final/finalreport.pdf. Rhim, Lauren Morando, Cheryl M. Lange, and Eileen M. Ahearn. "Project

Intersect: Studying Special Education in Charter Schools." Research Report #7, Survey of Charter School Operators. 2007. Available at: http://www.education.umd.edu/EDSP/ProjectIntersect/docs/RR7OperatorSurvey10_07_2.pdf.

[6] Harr, Jennifer J., Tom Parrish, and Jay Chambers. "Special Education." In Handbook of Research in Education Finance and Policy. Ed. Helen F. Ladd and Edward B. Fiske. 2008. Routledge: New York, NY.

[7] Uses original disparity data for calculations because special education data is aggregated at the national level.

[8] Again, the disparity was greatest in New Orleans, but given the aftermath of Hurricane Katrina, New Orleans serves as a poor comparison for the rest of the country with respect to funding for this time frame.

[9] We could not make meaningful state comparisons for Milwaukee, WI and Greenville, SC because the state figures are estimated. Louisiana does not offer New Orleans a meaningful comparison because federal funding in response to Hurricane Katrina was concentrated in New Orleans, inflating the district PPR there. There is no comparison state for Washington, D.C.

Changes Between FY 2002-03 and FY 2006-07

by Daniela Doyle and Bryan Hassel

Compared to the FY 2002-03 data we analyzed in the first iteration of this report, we found that in FY 2006-07:

1. The average funding disparity at the state level was slightly lower as a percent of district PPR. In 14 states the disparity was higher in FY 2006-07 compared to FY 2002-03, and in 10 states it was lower. However, improvements in data quality seem to be driving the shift, rather than changes in policy;

2. The average funding disparity in focus districts was higher as a percent of district PPR, with a higher disparity in 27 districts and a lower disparity in 11 districts;

3. Although access to local and facilities funding was still the main driver of the funding disparity, access to other funding sources became more unequal; and

4. Despite improvements in data quality, school funding data were still largely inaccessible to the general public.

Change 1: The Average Funding Disparity at the State-Level Was Slightly Lower

Across all states in the study, the funding disparity changed from $2,010 in FY 2002-03 to $2,247 in FY 2006-07.[1] Since education expenses also increased over this time frame though, the average funding disparity was slightly lower as a percent of district PPR, from 22.5 percent in FY 2002-03 to 19.2 percent in FY 2006-07, for a difference of 3.3 percentage points.

Table 10 ranks all of the study's states and the District of Columbia by how much their disparity changed from FY 2002-03 to FY 2006-07. It shows that the disparity value was slightly higher in seven states and slightly lower in three. The disparity was more than 5 percentage points higher in seven states, and the disparity was more than 5 percentage points lower in seven states.

In many of the states that saw a large shift in the size of the disparity, changes in data quality and reporting likely explain the difference, rather than changes to actual revenue disbursement. In particular, California, Georgia, and Ohio, for all of which the disparity decreased by more than five percentage points, stand out. In the 2005 report, we had to estimate the state disparity for these states by extrapolating data from large urban districts. Since the disparity in large urban districts tends to exceed the statewide disparity, however, the estimate was likely larger than the true disparity in those states for FY 2002-03. The large difference we see in the size of the disparity in these states therefore reflects the fact that our estimates for the disparity in FY 2002-03 were too high, and with better data now available, we can conduct a more accurate analysis.

In fact, if we exclude these three states from the national average for FY 2002-03, then we find that the disparity as a percent of district PPR was actually 18.4 percent that year, 0.8 percentage points lower than in FY 2006-07. This is consistent with other indicators that the disparity was in fact higher in FY 2006-07 compared to FY 2002-03 – namely that the disparity is higher in the majority of states, and that the disparity is higher across focus districts, for which we had sufficient data for both reports.

In South Carolina and Wisconsin, changes in data reporting seem to be behind the much lower disparity, as well.[2] Meanwhile in Florida, changes in reporting procedures had the opposite effect. By including more of the state's schools in the data, the FY 2006-07 analysis makes Florida's funding disparity appear higher. Additionally, in both New York and Washington, D.C.,

improvements in data collection allowed us to identify additional revenues for this report, causing the disparity to seem higher.[3]

In at least one state, real policy changes seem to have taken place. In Illinois, charters generated higher amounts of "other" revenue. Changes in data quality also drove the change; reporting changes allowed us to better identify "other" dollars. In addition, revenues from Chicago Public Schools, which hosts 98 percent of all Illinois charter schools, increased.

Change 2: The Average Funding Disparity in Focus Districts Was Higher

The funding disparity in many focus districts was higher in FY 2006-07 than in FY 2002-03. In dollar terms, the disparity was higher in 27 districts, and lower in 11 districts. The average district disparity as a percent of district PPR was 4.6 percentage points higher, 27.8 percent in FY 2006-07 compared to 23.2 percent in FY 2002-03(Table 11).

The disparity as a percent of district PPR was more than five percentage points higher in 21 districts – more than half of the districts included in the study. By contrast, the disparity was more than five percentage points lower in only eight districts. The disparity was slightly higher in six districts and slightly lower in three.

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Table 10: FY 2002-03 State Disparity Compared to FY 2006-07 State Disparity

		2002-03				2006-07			
	State	District PPR Weighted for Charter Enrollment*	Charter PPR	Funding Disparity	Funding Disparity as a Percent of District PPR	District PPR Weighted for Charter Enrollment*	Charter PPR	Funding Disparity	Funding Disparity as a Percent of District PPR
Shrank by more than 5 percentage points	California**	$7,193	$4,835	($2,358)	(32.8%)	$10,995	$9,987	($1,008)	(9.2%)
	South Carolina **	$8,693	$5,289	($3,404)	(39.2%)	$10,104	$8,396	($1,708)	(16.9%)
	Ohio**	$8,893	$5,629	($3,264)	(36.7%)	$10,421	$8,190	($2,231)	(21.4%)
	Illinois	$8,893	$6,779	($2,114)	(23.8%)	$12,130	$10,616	($1,514)	(12.5%)
	Wisconsin**	$10,805	$7,250	($3,555)	(32.9%)	$13,913	$10,422	($3,491)	(25.1%)
	Georgia**	$7,352	$5,125	($2,227)	(30.3%)	$11,686	$8,880	($2,806)	(24.0%)
	Massachusetts	$13,737	$10,324	($3,413)	(24.8%)	$15,917	$12,838	($3,079)	(19.3%)
Shrank by less than 5 percentage points	Colorado	$10,221	$8,363	($1,858)	(18.2%)	$9,827	$8,306	($1,521)	(15.5%)
	Texas	$8,237	$7,300	($937)	(11.4%)	$10,158	$9,141	($1,017)	(10.0%)
	Delaware	$11,336	$8,171	($3,165)	(27.9%)	$13,852	$9,990	($3,862)	(27.9%)
Grew by less than 5 percentage points	Arizona	$8,522	$6,771	($1,751)	(20.6%)	$9,576	$7,597	($1,979)	(20.7%)
	Idaho	$7,207	$5,491	($1,716)	(23.8%)	$8,179	$6,178	($2,001)	(24.5%)
	Missouri***	$12,719	$9,003	($3,716)	(29.2%)	$14,398	$10,085	($4,313)	(30.0%)
	Pennsylvania	$9,495	$7,647	($1,848)	(19.5%)	$12,896	$10,230	($2,666)	(20.7%)
	North Carolina	$7,651	$7,051	($600)	(7.8%)	$8,978	$8,065	($913)	(10.2%)
	Minnesota	$11,396	$10,302	($1,094)	(9.6%)	$12,720	$11,081	($1,639)	(12.9%)
	New Jersey	$15,026	$10,009	($5,017)	(33.4%)	$19,837	$12,442	($7,395)	(37.3%)
Grew by more than 5 percentage points	Michigan	$9,348	$8,031	($1,317)	(14.1%)	$10,781	$8,652	($2,129)	(19.7%)
	New Mexico	$8,418	$8,589	$171	2.0%	$9,907	$9,240	($667)	(6.7%)
	Florida	$7,812	$6,936	($876)	(11.2%)	$10,944	$8,195	($2,749)	(25.1%)
	New York	$13,251	$10,548	($2,703)	(20.4%)	$19,782	$12,908	($6,874)	(34.7%)
	Connecticut	$12,207	$11,283	($924)	(7.6%)	$16,476	$12,631	($3,845)	(23.3%)
	Washington, D.C.	$16,117	$12,565	($3,552)	(22.0%)	$29,808	$17,525	($12,283)	(41.2%)
	Louisiana****	$7,691	$6,952	($739)	(9.6%)	$30,654	$9,971	($20,683)	(67.5%)
N/A	Indiana*****	-	-	-	-	$9,834	$9,328	($506)	(5.1%)
Average* (Weighted for Charter Enrollment)**		**$8,931**	**$6,921**	**($2,010)**	**(22.5%)**	**$11,708**	**$9,460**	**($2,247)**	**(19.2%)**

* Since the data do not allow us to identify the district of residence for every charter school, it was not possible to weight every district by its charter enrollment. We therefore weighted the district PPR by charter enrollment only in focus districts and "all other districts." Full details on this calculation appear in the Methodology.

** California, Georgia, and Ohio were estimated in FY 2002-03 because we were unable to obtain statewide data on charter and / or district revenues. They were not estimated in FY 2006-07. Values for South Carolina and Wisconsin were estimated in both FY 2002-03 and FY 2006-07 because we were unable to obtain statewide data on charter and / or district revenues.

*** Missouri includes just Kansas City and St. Louis in both FY 2002-03 and FY 2006-07.

**** Louisiana re-opened schools for the first time after Hurricane Katrina in FY 2006-07. As a result, its school funding streams were highly unusual and not representative of the ongoing funding disparity in the state. We therefore excluded Louisiana from the national average for FY 2006-07.

***** FY 2002-03 was the first year that Indiana had charter schools. Consequently, its data for that year is atypical and not a useful point of comparison, so we did not include it. See Methodology for details.

Table 11: FY 2002-03 Focus District Disparity Compared to FY 2006-07 Focus District Disparity

		2002-03				2006-07			
Change in Funding Disparity	**State**	**District PPR**	**Charter PPR**	**Funding Disparity**	**Funding Disparity as a Percent of District PPR**	**District PPR**	**Charter PPR**	**Funding Disparity**	**Funding Disparity as a Percent of District PPR**
Shrank by more than 5 percentage points	Greenville, SC	$8,477	$5,126	($3,351)	(39.5%)	$9,332	$7,465	($1,867)	(20.0%)
	Wake Co., NC	$9,237	$6,510	($2,727)	(29.5%)	$8,804	$7,917	($887)	(10.1%)
	Boston, MA	$17,552	$12,791	($4,760)	(27.1%)	$20,570	$17,602	($2,968)	(14.4%)
	Chicago, IL	$8,907	$6,847	($2,060)	(23.1%)	$12,181	$10,871	($1,309)	(10.7%)
	Houston, TX	$7,724	$6,382	($1,341)	(17.4%)	$10,735	$10,127	($608)	(5.7%)
	Colorado Springs, CO	$8,401	$6,100	($2,301)	(27.4%)	$9,741	$8,053	($1,687)	(17.3%)
	Atlanta, GA	$12,766	$7,949	($4,818)	(37.7%)	$15,720	$11,237	($4,483)	(28.5%)
	Milwaukee, WI	$11,267	$7,944	($3,323)	(29.5%)	$14,602	$11,448	($3,154)	(21.6%)
Shrank by less than 5 percentage points	Maricopa Co., AZ	$8,743	$6,389	($2,354)	(26.9%)	$9,560	$7,376	($2,183)	(22.8%)
	Kansas City, MO	$12,795	$8,990	($3,806)	(29.7%)	$15,159	$11,229	($3,930)	(25.9%)
	Wilmington, DE	$10,643	$6,961	($3,682)	(34.6%)	$14,754	$10,150	($4,604)	(31.2%)
Grew by less than 5 percentage points	Dayton, OH	$11,498	$7,614	($3,884)	(33.8%)	$13,121	$8,585	($4,536)	(34.6%)
	Fulton Co., GA	$11,748	$9,325	($2,423)	(20.6%)	$11,009	$8,536	($2,473)	(22.5%)
	San Diego, CA	$8,333	$4,964	($3,369)	(40.4%)	$13,312	$7,658	($5,654)	(42.5%)
	Cleveland, OH	$10,732	$7,704	($3,028)	(28.2%)	$13,016	$8,931	($4,085)	(31.4%)
	St. Paul, MN	$11,876	$10,800	($1,076)	(9.1%)	$13,510	$11,700	($1,810)	(13.4%)
	Boise, ID	$8,382	$5,817	($2,565)	(30.6%)	$9,623	$6,215	($3,408)	(35.4%)

Table 11: FY 2002-03 Focus District Disparity Compared to FY 2006-07 Focus District Disparity (cont.)

		2002-03				2006-07			
Change in Funding Disparity	**State**	**District PPR**	**Charter PPR**	**Funding Disparity**	**Funding Disparity as a Percent of District PPR**	**District PPR**	**Charter PPR**	**Funding Disparity**	**Funding Disparity as a Percent of District PPR**
Grew by more than 5 percentage points	Philadelphia, PA	$9,091	$8,281	($810)	(8.9%)	$11,661	$10,019	($1,642)	(14.1%)
	Minneapolis, MN	$13,701	$11,575	($2,127)	(15.5%)	$15,118	$11,930	($3,188)	(21.1%)
	Dallas, TX	$8,300	$7,125	($1,174)	(14.2%)	$10,409	$8,322	($2,087)	(20.1%)
	Newark, NJ	$18,667	$10,424	($8,243)	(44.2%)	$23,594	$11,677	($11,917)	(50.5%)
	St. Louis, MO	$12,531	$9,035	($3,495)	(27.9%)	$13,544	$8,801	($4,743)	(35.0%)
	Miami-Dade, FL	$7,971	$6,465	($1,506)	(18.9%)	$10,881	$7,940	($2,941)	(27.0%)
	Trenton, NJ	$17,185	$10,596	($6,589)	(38.3%)	$23,655	$12,649	($11,006)	(46.5%)
	Broward, FL	$7,669	$6,273	($1,396)	(18.2%)	$10,794	$7,884	($2,910)	(27.0%)
	Albany, NY	$15,226	$10,235	($4,991)	(32.8%)	$22,761	$13,262	($9,499)	(41.7%)
	Los Angeles, CA	$7,960	$5,653	($2,307)	(29.0%)	$13,904	$8,363	($5,541)	(39.9%)
	Jersey City, NJ	$15,283	$10,104	($5,179)	(33.9%)	$21,952	$11,886	($10,066)	(45.9%)
	Detroit, MI	$9,899	$8,395	($1,504)	(15.2%)	$12,338	$8,791	($3,547)	(28.7%)
	Albuquerque, NM	$7,745	$8,511	$766	9.9%	$9,709	$9,268	($441)	(4.5%)
	Buffalo, NY	$13,197	$10,211	($2,986)	(22.6%)	$18,666	$11,647	($7,018)	(37.6%)
	Bridgeport, CT	$11,006	$9,459	($1,547)	(14.1%)	$14,030	$9,920	($4,110)	(29.3%)
	Pittsburgh, PA	$13,486	$10,220	($3,266)	(24.2%)	$18,901	$10,823	($8,078)	(42.7%)
	Washington, D.C.	$16,117	$12,565	($3,552)	(22.0%)	$29,808	$17,525	($12,283)	(41.2%)
	New York City, NY	$12,505	$10,881	($1,624)	(13.0%)	$20,021	$13,468	($6,553)	(32.7%)
	Denver, CO	$9,954	$8,755	($1,199)	(12.0%)	$11,531	$9,738	($1,793)	(15.5%)
	New Haven, CT	$16,963	$14,354	($2,609)	(15.4%)	$22,159	$12,080	($10,078)	(45.5%)
	New Orleans, LA*	$7,744	$7,683	($61)	(0.8%)	$35,262	$9,589	($25,673)	(72.8%)
N/A	Indianapolis, IN	-	-	-	-	$11,147	$9,835	($1,312)	(11.8%)
	Gary, IN	-	-	-	-	$11,722	$10,559	($1,163)	(9.9%)
Average* (Weighted for Charter Enrollment)		**$9,909**	**$7,610**	**($2,299)**	**(23.2%)**	**$13,418**	**$9,691**	**($3,727)**	**(27.8%)**

* Louisiana re-opened schools for the first time after Hurricane Katrina in FY 2006-07. As a result, its school funding streams were highly unusual and not representative of the ongoing funding disparity in the state. We therefore excluded New Orleans from the national average for FY 2006-07.

Change 3: Access to Federal And State Funding Sources Is Becoming More Unequal.

Access to local and facilities funding continued to drive the funding disparity between charter and district schools in FY 2006-07, but the data show that access to federal and state funding sources also became more unequal.

Table 12 shows that the disparity in local revenues shrunk slightly since FY 2002-03. But the disparities in both federal and state funding mushroomed. In FY 2002-03, charter schools received $595 *more* per pupil from state sources than district schools received. Just four years later, charter schools received $198 *less* in state funding than comparable district schools.

Funding from federal sources looks similar. Although charter schools received slightly less funding from federal sources in FY 2002-03 than district schools received, this gap represented just 5 percent of the total disparity. The disparity in federal funding now accounts for $408 per pupil, more than 18 percent of the total disparity.

Table 13 shows that the problem was accentuated in many of the focus districts. The funding disparity between district and charter schools, with regard to federal revenues, increased from $322 in FY 2002-03, representing 14 percent of the disparity, to $800 – 21.5 percent of the disparity – in FY 2006-07. Meanwhile, the state revenue funding disparity grew from $201 in FY 2002-03, representing just 8.7 percent of the total funding disparity, to $1,132, or 30.4 percent of the disparity, in FY 2006-07.

The local funding disparity grew as well, but at a much slower rate. As a result, unequal access to local funding sources represented 63.9 percent of the funding disparity in FY 2006-07, a decrease of more than 15 percentage points since FY 2002-03.

At the same time, "other and indeterminate" funding for charter schools increased over the same time period, from $69 to $586. But this small gain did little to offset larger increases to the disparity along other revenue sources.

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Table 12: Comparing Funding Streams Between District and Charter Schools by State, FY 2002-03 vs. FY 2006-07*

	2002-03					2006-07				
State	Federal Dollars	State Dollars	Local Dollars	Other / Indeterminate	Total Disparity	Federal Dollars	State Dollars	Local Dollars	Other / Indeterminate	Total Disparity
Arizona	($90)	$1,670	($3,332)	$0	($1,751)	($345)	$1,749	($3,393)	$10	($1,979)
California	-	-	-	-	($2,358)	($426)	($1,508)	$925	$0	($1,008)
Colorado	($279)	$2,277	($3,513)	($341)	($1,859)	($439)	$2,471	($3,859)	$306	($1,521)
Connecticut	$350	$3,290	($6,386)	$1,821	($925)	($2)	$1,659	($7,323)	$1,820	($3,845)
Delaware	($201)	($2,204)	($486)	($275)	($3,165)	($19)	($2,134)	($1,902)	$194	($3,862)
Florida	($334)	$1,714	($2,901)	$645	($877)	($714)	($161)	($2,006)	$133	($2,749)
Georgia	-	-	-	-	($2,227)	($584)	($1,048)	($1,801)	$627	($2,806)
Idaho	($217)	$479	($2,036)	$57	($1,717)	($412)	$115	($1,502)	($203)	($2,001)
Illinois	($946)	($2,836)	($4,284)	$5,952	($2,115)	($1,319)	($3,791)	($5,350)	$8,946	($1,514)
Indiana	-	-	-	-	-	($270)	($1,403)	$691	$476	($506)
Louisiana**	($132)	($507)	($549)	$448	($739)	($11,711)	($418)	($7,411)	($1,141)	($20,683)
Massachusetts	($478)	($447)	($3,045)	$557	($3,413)	$52	($2,065)	($1,689)	$623	($3,079)
Michigan	$12	$1,015	($1,078)	($1,265)	($1,317)	($241)	$800	($2,687)	$1	($2,129)
Minnesota	$204	($113)	($1,095)	($91)	($1,095)	($41)	$784	($2,200)	($181)	($1,639)
Missouri	($933)	$3,422	($6,208)	$2	($3,716)	($849)	$3,687	($6,626)	($524)	($4,313)
New Jersey	$66	($4,024)	($1,059)	$0	($5,017)	$178	($2,986)	($3,644)	($943)	($7,395)
New Mexico	$479	$950	($1,259)	$0	$171	($559)	$1,042	($1,150)	$0	($667)
New York	($202)	($1,265)	($2,085)	$849	($2,703)	($655)	($3,421)	($4,394)	$1,596	($6,874)
North Carolina	($136)	($14)	($421)	($29)	($600)	($237)	($138)	($556)	$20	($913)
Ohio	-	-	-	-	($3,264)	($123)	$2,460	($4,843)	$276	($2,231)
Pennsylvania	($83)	($4,026)	$2,273	($11)	($1,848)	($497)	($5,627)	$3,583	($124)	($2,666)
Texas	$496	$3,259	($4,568)	($124)	($937)	$47	$4,532	($5,593)	($3)	($1,017)
Washington, D.C.	($322)	($3,994)	$0	$764	($3,552)	($2,920)	($9,050)	$0	($314)	($12,283)
Average* (Weighted for Charter Enrollment)	**($89)**	**$595**	**($2,245)**	**$57**	**($2,010)*****	**($408)**	**($198)**	**($1,884)**	**$276**	**($2,247)*****

Note: Table excludes South Carolina and Wisconsin, for which detailed revenue data for charter schools is unavailable for both periods. FY 2002-03 was the first year that Indiana had charter schools. Consequently, data for that year is atypical and not a useful point of comparison, so we did not include it for Indianapolis or Gary. See Methodology for details.

* Values based on district PPR weighted for charter enrollment. Since the data do not allow us to identify the district of residence for every charter school, it was not possible to weight every district by its charter enrollment. We therefore weighted the district PPR by charter enrollment only in focus districts and "all other districts." Full details on this calculation appear in the methodology.

** Louisiana re-opened schools for the first time after Hurricane Katrina in FY 2006-07. As a result, its school funding streams were highly unusual and not representative of the ongoing funding disparity in the state. We therefore excluded Louisiana from the national average for FY 2006-07.

*** The value in the final row of the "Total Disparity" column is consistent with the state disparity across all states in the study for each year. Since revenue source data is not available for some states in a given year, and they are excluded from the table, the sum of the column averages does not equal the total disparity average.

Table 13: Comparing Funding Streams Between District And Charter Schools By Focus District, FY 2002-03 vs. FY 2006-07

	2002-03					2006-07				
District	Federal Dollars	State Dollars	Local Dollars	Other / Indeterminate	Total Disparity	Federal Dollars	State Dollars	Local Dollars	Other / Indeterminate	Total Disparity
Maricopa Co., AZ	($228)	$1,907	($4,033)	$0	($2,354)	($378)	$1,957	($3,769)	$7	($2,183)
Los Angeles, CA	($489)	($1,829)	$11	$0	($2,307)	($835)	($2,403)	($2,303)	$0	($5,541)
San Diego, CA	($560)	($1,819)	($990)	$0	($3,369)	($595)	($2,942)	($2,117)	$0	($5,654)
Colorado Springs, CO	($539)	$2,038	($3,777)	($24)	($2,301)	($695)	$2,259	($3,231)	($19)	($1,687)
Denver, CO	$468	$3,119	($4,446)	($339)	($1,199)	($370)	$3,660	($5,070)	($13)	($1,793)
Bridgeport, CT	$278	($438)	($2,193)	$805	($1,547)	($465)	($1,947)	($2,562)	$863	($4,110)
New Haven, CT	($721)	($2,575)	($3,811)	$4,498	($2,609)	($770)	($6,544)	($4,520)	$1,756	($10,078)
Wilmington, DE	($128)	($2,113)	($1,261)	($180)	($3,682)	$283	($2,430)	($2,398)	($60)	($4,604)
Miami-Dade, FL	($625)	$1,408	($2,948)	$658	($1,506)	($991)	$399	($2,501)	$153	($2,941)
Broward, FL	($478)	$1,262	($2,900)	$720	($1,396)	($791)	$671	($2,999)	$208	($2,910)
Atlanta, GA	($654)	$478	($4,666)	$24	($4,818)	($879)	($604)	($3,833)	$834	($4,483)
Fulton Co., GA	$628	($1,294)	($852)	($905)	($2,423)	($383)	($904)	($1,774)	$590	($2,473)
Boise, ID	$104	$1,093	($4,109)	$346	($2,565)	($139)	($24)	($3,129)	($115)	($3,408)
Chicago, IL	($1,020)	($2,947)	($4,105)	$6,013	($2,060)	($1,368)	($3,813)	($5,263)	$9,134	($1,309)
Indianapolis, IN	-	-	-	-	n/a	($784)	($1,937)	$1,236	$173	($1,312)
Gary, IN	-	-	-	-	n/a	($46)	($3,241)	$31	$2,093	($1,163)
New Orleans, LA*	($148)	$80	($367)	$374	($61)	($14,393)	($1,300)	($8,564)	($1,416)	($25,673)
Boston, MA	($1,047)	($1,636)	($3,665)	$1,587	($4,760)	($262)	($3,657)	($2,170)	$3,120	($2,968)
Detroit, MI	($511)	$202	($381)	($813)	($1,504)	($1,545)	($191)	($1,812)	$2	($3,547)
Minneapolis, MN	$490	($1,232)	($1,364)	($21)	($2,127)	($518)	$161	($2,681)	($149)	($3,188)
St. Paul, MN	($219)	($200)	($608)	($50)	($1,076)	($477)	$444	($1,875)	$99	($1,810)
Kansas City, MO	($964)	$3,741	($6,602)	$19	($3,806)	($853)	$3,842	($6,592)	($326)	($3,930)
St. Louis, MO	($856)	$2,643	($5,243)	($38)	($3,495)	($845)	$3,513	($6,665)	($747)	($4,743)

Table 13: Comparing Funding Streams Between District And Charter Schools By Focus District, 2002-03 vs. 2006-07 (Cont.)

	2002-03					2006-07				
District	Federal Dollars	State Dollars	Local Dollars	Other / Indeterminate	Total Disparity	Federal Dollars	State Dollars	Local Dollars	Other / Indeterminate	Total Disparity
Jersey City, NJ	($108)	($5,371)	$300	$0	($5,179)	($175)	($8,763)	($1,069)	($59)	($10,066)
Newark, NJ	($457)	($7,845)	$59	$0	($8,243)	($408)	($8,335)	($922)	($2,252)	($11,917)
Trenton, NJ	$213	($10,345)	$3,543	$0	($6,589)	($13)	($11,842)	$962	($114)	($11,006)
Albuquerque, NM	$481	$1,486	($1,201)	$0	$766	($266)	$1,004	($1,178)	$0	($441)
Albany, NY	($886)	($991)	($3,481)	$366	($4,991)	$759	($2,562)	($8,914)	$1,217	($9,499)
Buffalo, NY	($1,040)	($2,799)	($374)	$1,227	($2,986)	($877)	($5,466)	($1,424)	$749	($7,018)
New York City, NY	($435)	($1,241)	($1,321)	$1,373	($1,624)	($1,239)	($3,892)	($3,696)	$2,274	($6,553)
Wake Co., NC	($111)	($89)	($2,593)	$65	($2,727)	($159)	($20)	($1,055)	$348	($887)
Cleveland, OH	$77	$6,030	($2,983)	($6,152)	($3,028)	($1,083)	$777	($4,039)	$261	($4,085)
Dayton, OH	$349	$5,539	($4,659)	($5,113)	($3,884)	($1,317)	$1,426	($5,181)	$535	($4,536)
Philadelphia, PA	($187)	($4,350)	$3,722	$4	($810)	($437)	($5,889)	$4,827	($142)	($1,642)
Pittsburgh, PA	($406)	($4,393)	$1,614	($81)	($3,266)	($1,596)	($6,901)	$604	($185)	($8,078)
Greenville, SC	($541)	($3,493)	($3,371)	$4,054	($3,351)	$123	$1,947	($3,431)	($507)	($1,867)
Dallas, TX	$192	$4,054	($5,398)	($21)	($1,174)	($411)	$5,171	($6,660)	($188)	($2,087)
Houston, TX	$552	$3,164	($4,939)	($118)	($1,341)	$227	$5,092	($6,672)	$745	($608)
Washington, D.C.	($322)	($3,994)	$0	$764	($3,552)	($2,920)	($9,050)	$0	($314)	($12,283)
Milwaukee, WI	($976)	($1,624)	($27)	($696)	($3,323)	($1,010)	($2,338)	($768)	$962	($3,154)
Average* (Weighted For Charter Enrollment)	**($322)**	**($201)**	**($1,845)**	**$69**	**($2,299)**	**($800)**	**($1,132)**	**($2,381)**	**$586**	**($3,727)**

Note: FY 2002-03 was the first year that Indiana had charter schools. Consequently, data for that year is atypical and not a useful point of comparison, so we did not include it for Indianapolis or Gary. See Methodology for details.

* Louisiana re-opened schools for the first time after Hurricane Katrina in FY 2006-07. As a result, its school funding streams were highly unusual and not representative of the ongoing funding disparity in the state. We therefore excluded New Orleans from the national average for FY 2006-07.

Change 4: Despite Improvements in Data Quality, School Funding Data Are Largely Inaccessible to the General Public

Since FY 2002-03, there have been clear improvements to data reporting and accessibility. In our first funding report, for example, data limitations forced us to estimate state figures for five states. In this second iteration, the necessary data was available for three of those states, facilitating a sharper analysis. We find, however, that school funding data is still largely inaccessible to the general public.

For one, data often took an extremely long period of time to collect from state departments. In some states, the department of education would not provide us with funding data until we filed a Freedom of Information Act request. The staff in other states was extremely helpful and provided very good data, but took months to gather and release it to us. As Table 14 shows, 11 states failed to provide the data online or produce it after our research team made an initial request.

In the course of this analysis, the research team frequently had to conduct extensive data work to obtain basic facts for analysis. It took the members of our research team, all of whom are experts in the field, more than a year to collect, transform, and analyze the data for this report. Although the data they sought were often available, the data never came in a "ready-to-use" format. Even in the best case scenarios, our research team had to analyze multiple files using different accounting code structures to calculate statewide figures, requiring hours to piece together data and go back and forth between state agencies to understand their reporting methods. More often, the research team had to take many more steps just to create a usable data file – identifying which districts provided online access to their audited financial reports, downloading the reports individually for each district, identifying the relevant revenues from each report, and then estimating the revenues if access to audited records was not available. For a limited number of states, it was necessary for our research team to go through individual charter school audit reports – of which there were more than 360, in one case. This analysis work required weeks to first understand the availability and sources of data, collect the data from numerous sources for analysis, and to properly compile and structure the data for analysis.

Table 14: Timeliness of Data by State

State	State Provided Data Online or After an Initial Request
Arizona	N
California	Y
Colorado	Y
Connecticut	Y
Delaware	Y
Florida	N
Georgia	N
Idaho	Y
Illinois	N
Indiana	N
Louisiana	Y
Massachusetts	N
Michigan	Y
Minnesota	Y
Missouri	Y
New Jersey	N
New Mexico	Y
New York	N
North Carolina	N
Ohio	Y
Pennsylvania	Y
South Carolina	N
Texas	Y
Washington, D.C.	Y
Wisconsin	N

While this process can be frustrating to researchers, of greater concern is the fact that the general public – parents, educators, and other interested citizens – are often unlikely to exert the kind of effort that a band of researchers with foundation funding were willing to undertake. In

addition to being equitable, finance systems ought to be sufficiently transparent so that interested citizens can find out how much money is flowing to which schools and other activities. None of these states meet that test.

Conclusion

This study represents our second attempt to quantify the disparity between district schools and charter schools across a large number of jurisdictions using a common method of data-gathering and analysis. As such, it is another step forward in the field, and we believe an improvement in this kind of analysis. Still, this study makes clear the need for more and better financial data to guide policy around school funding, and charter funding, in particular.

Having arrived at the same bottom line once again, we can be even more confident in our conclusion – there is a large gap between district and charter school funding. Moving forward, it is critical that we continue to work to find solutions to address these inequities. By both identifying the underlying causes of the disparity and showing how it has changed over time, we hope this study provides a useful stepping stone for additional analysis of inequities in school funding.

Endnotes

[1] In the 2005 report, the average funding disparity at the state level was $1,801, or 21.7 percent. The disparity listed in this iteration – $2,010, or 22.5 percent – is the relevant point of comparison for FY 2006-07 because it includes the seven new states and makes the adjustments described in Finding 1.

[2] Data collection for Wisconsin improved in FY 2006-07 in that audits for the 2R charters authorized by the city of Milwaukee and the University of Wisconsin-Milwaukee were included, and the audits provided information on "Other" revenue for those schools. "Other" revenue for the 2R charters was not included in the FY 2002-03 data, resulting in a swing of $1,658 per pupil from FY 2002-03 ($696) to FY 2006-07 ($962). The inclusion of "Other" revenue in FY 2006-07, therefore, gives the appearance of overall improvement in the funding disparity, when in fact the improvement is due to improved data collection.

In the original study, we extrapolated statewide charter school revenue in South Carolina from just one district, Greenville, which represented just 26.1 percent of the state's charter students. Although we still needed to estimate South Carolina's charter school revenues for this report, the FY 2006-07 data allowed us to base our estimate on charter revenue data from six districts that not post their audited Comprehensive Annual Financial Reports (CAFRs) online, which encompass 76.2 percent of charter students statewide. By basing our estimate on more actual data from South Carolina, our estimate in this report is more accurate. Consequently, improvements in data quality are driving the lower value in South Carolina's funding disparity from FY 2002-03 to FY 2006-07.

[3] Research for the District of Columbia Public Schools includes revenues for the state education agency in FY 2002-03 and FY 2006-07 as many of the funds provided to the agency supported the district. Moreover, there was no accurate way to separate funds that supported the district and funds that supported the state education agency in those two fiscal years. Additionally, district data for FY 2002-03 does not include retirement contributions for district teachers, which totals $301.7 million in the district analysis for FY 2006-07. If those funds are excluded, the variance for Washington, DC in FY 2006-07 would have been 25.2 percent, or 3.2 percent more than the FY 2002-03 findings.

Research for New York for FY 2002-03 does not include capital for school districts, which totals $4.2 billion in the district analysis for FY 2006-07. If those funds are excluded, the variance for New York FY 2006-07 would have been 29.2 percent, or 8.8 percent more than the FY 2002-03 findings.

Individual State Reports

(Individual State Reports pp. 32-209, available in separate files)

Why Pre-K?

By Meagan Batdorff

The original 2005 Fordham study comparing district and charter school revenues did not compare Pre-K revenue data and enrollments between district and charter schools. In the original study, Pre-K and early childhood revenues and enrollments for FY 2002-03 were identified, where possible, and were deducted from the revenue totals. The same holds true for our main comparative analysis of FY 2006-07 revenue data. During the five years between FY 2002-03 and FY 2006-07, however, the number of states funding statewide Pre-K programming has grown steadily and Pre-K education plays a more prominent role in education policy and programming. Although our main analysis focused on K-12 education and associated revenues, we felt it was important to establish baseline data for comparative Pre-K revenues and enrollments in district and charter schools serving Pre-K populations. Therefore, we attempted to track and identify revenues flowing to public schools for the purposes of Pre-K education and to determine the levels of Pre-K funding across states and between charters and district schools. Creating an accurate picture of these revenues and funding levels has proven much more difficult than anticipated.

Because our analysis focuses exclusively on public school districts and charter schools, a large percentage of Pre-K funding and students served are not captured by our analysis because those students and the corresponding funding go to institutions other than public school districts or charter schools. In many states, local institutions deliver a significant portion of Pre-K education.

It is important to emphasize that our collection of Pre-K data for districts and charter schools was intended to build a better picture (though it is far from a complete picture) of the number of states – and the charter and district schools within those states – providing Pre-K programs, and the level of revenues associated with those programs. We in no way draw any conclusions about the quality of Pre-K programming in each of these states; we are simply tracking revenue and enrollment data.

Pre-K Policy

With the exception of three states – Idaho, Indiana, and Missouri – all states in this study offered some form of a statewide Pre-Kindergarten (Pre-K) program. Although Missouri and Indiana do not have comprehensive statewide programs, those states do offer some competitive grant funding for districts to provide Pre-K programming. Only three states in the study – Minnesota, New York, and Ohio – have state statutes that specifically deny charter schools the ability to serve Pre-K. But even though many states' statutes permit charter schools to serve Pre-K – or are silent on the issue – charter schools, in general, serve lower numbers of Pre-K students than do district schools. We must note, however, that in many states data was insufficient to determine whether charter schools are serving Pre-K students.[1] We turn to a larger discussion of data availability and data quality in Table 1.

Pre-K Data

In comparison with data collection efforts in the original study of FY 2002-03 data, the availability of quality of Pre-K data has increased – especially for school districts. However, states must improve their data collection and publication if researchers are to conduct valid analyses and reach sound conclusions using Pre-K revenue and enrollment information for either district schools or charter schools. The following are some of the data collection problems we faced for district schools: (1) In many states, researchers were able to identify a range of early childhood revenues streams but were not able to isolate specific Pre-K revenues; (2) States may administer a statewide Pre-K program, but departments of education may not be required to track Pre-K enrollment; (3) Enrollment and funding are often comingled with all Pre-K providers across a state (including private) and cannot be broken-out for districts and charters alone; (4) Pre-K funding may be included with "tuition" amounts or other revenue streams that we (or the state) could not break apart; or (5)

Table 1. Availability and Quality of FY 2006-07 Pre-K Revenue and Enrollment Data

State	State Provided District Revenue & Enrollment Data?	State Provided Charter Revenue & Enrollment Data?	Are Revenues Based On Actuals Or Estimates?	Rating For The State's Pre-K Data (Excellent, Good, Fair, Poor)
Arizona	Neither	Neither	Charter and district combined estimates	Poor
California	Revenue Data only	Revenue Data only	Charter and district combined actuals	Poor
Colorado	Both	Both	Separate actuals	Good
Connecticut	Both	Both	District actuals	Good
Delaware	Enrollment only	NA	District actuals	Poor
Florida	Both	Neither	Actuals for districts and NIEER PPR estimates for charter schools	Good - for districts only
Georgia	Enrollment only	Neither	Estimates using NIEER data	Poor
Idaho	Both	NA	Actuals for districts	N/A
Illinois	Both	Neither	Actuals for districts and Estimates for charter schools	Fair - for districts only
Indiana	Enrollment only	NA	N/A	Poor
Louisiana	Both	Both	Actuals	Good
Massachusetts	Both	Both	Actuals	Fair
Michigan	Enrollment only	Enrollment only	NIEER estimates for both districts and charters.	Poor
Minnesota	Both	Both	Actuals	Good
Missouri	Revenue data Only	NA	Estimates for districts	Fair
New Jersey	Both	Both	Actuals	Fair – for districts only
New Mexico	Both	Both	Actuals	Good
New York	Both	NA	Actuals	Fair
North Carolina	Revenue data Only	NA	NA	Fair
Ohio	Enrollment Only	NA	Estimates for districts	Poor
Pennsylvania	Combined charter and district enrollment and revenues	Combined charter and district enrollment and revenues	Estimates based on combined actuals	Poor
South Carolina	Combined charter and district revenues only	Combined charter and district revenues only	Estimates	Poor
Texas	Both	Both	Estimates	Fair
Washington, D.C.	Enrollment only	Enrollment only	Estimates	Poor
Wisconsin	Both	Enrollment only	Actuals	Good - for districts only

Pre-K funding may be comingled with Kindergarten funding and in some states, Pre-K students are often coded as "K" students for funding purposes, thus skewing the actual Pre-K enrollment.

Problems with data availability ran even deeper for charter schools. In addition to the above difficulties, charter school funds are often bundled in pass-through amounts from districts, which would include any Pre-K funding, and those amounts were therefore unidentifiable. Alternatively, in some states charter school revenues are combined with their sponsoring district's revenues and are inseparable. Therefore, charter school Pre-K estimates in some states are estimates based on actual or estimated district Pre-K per pupil revenues (PPRs).

For most states in this study, we used the National Institute for Early Education Research's (NIEER) "The State of Preschool 2007" report as our "go to" source when primary revenue and enrollment data from the state was unavailable.[2] NIEER's data, however, is expenditure based and includes funding streams inclusive of all early childhood from all statewide providers. We note the few states where we used NIEER data to generate an estimate of revenues in the tables and text that follow.

For some states, especially the states where we had good school-level detail, there were instances where potential Pre-K enrollments and associated revenues are removed from totals. In most cases, this was because Pre-K and other enrollments or revenues were inseparable. In Washington D.C., for example, there is a charter school that solely serves Pre-K and adult education but the school's revenues for both populations are comingled. That school was removed from the analysis. This type of school-level identification was most common for charter schools in states where state statutes treat charters schools as independent school districts.

In short, the overall picture we were able to develop lacks detail. The total amounts of Pre-K funding identified and estimated PPRs are conservative at best. Many revenues associated with Pre-K also cover all of early childhood and some parenting or adult education as well. Those revenue streams are most often not included in our estimates. Table 1 summarizes the research team's findings on data availability and data quality.

Findings: Pre-K Revenues And Enrollments

As Table 2 suggests, our estimates of Pre-K revenues and enrollments for both district and charter schools are tentative, at best, given the data limitations. Most states that offer some form of statewide Pre-K programming do so through multiple providers, with district and charter schools being one option out of many. This means that revenue and enrollment data often are collected for the state as a whole and identifying specific data for district and charters schools alone is dependent upon a state's reporting requirements and how funds flow to Pre-K providers. Table 2 includes a comparison column with data taken from the 2007 NIEER report. NIEER's report of state spending per pupil accounts for all providers statewide, whereas the data collected for this study focused on district and charter schools only and measures revenues rather than spending for the majority of states.

Rather than include a footnote for each state, we provide a summary of the method used to account for Pre-K revenues and enrollments in each state following Table 2. Nearly every state presented complications and it is important to understand the limitations of the data provided herein.

State By State Explanations For Table 2 Data

- Arizona: The state was unable to provide revenue or enrollment data for both district and charter schools. NIEER estimates were therefore used to approximate a combined PPR.

- California: According to the California CDE Access Database files, the total of Fund 12, Child Development – a fund which includes Pre-K

Table 2. District and Charter School Pre-K Revenues, Enrollments, and Estimated Per Pupil Revenues (PPRs) for FY 2006-07

State	Total Enrollment Of District Pre-K Students	Total Enrollment Of Charter School Pre-K Students	Total District Pre-K Revenues	Total Charter School Pre-K Revenues	District PPR	Charter PPR	NIEER Expenditure Estimate Per Pupil 07
Arizona	5,076		$12,077,496		$2,379	$2,379	$2,379
California	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	$3,486
Colorado	23,993	561	$46,190,561	$193,728	$1,925	$345	$2,047
Connecticut	13,362	150	$51,928,850	Unknown	$3,886	Unknown	$7,707
Delaware	671	NA	$5,685,800	NA	$8,474	NA	$6,745
Florida	19,294	416	$91,625,857	$971,197	$4,749	$2,335	$2,335
Georgia	43,301		$178,010,411		$4,111	$4,111	$4,111
Idaho	3,075	NA	$199,879	NA	$65	NA	$-
Illinois	74,947	328	$275,580,119	$1,206,056	$3,677	$3,677	$3,322
Indiana	10,081	15	Unknown	Unknown	Unknown	Unknown	$-
Louisiana	23,517	504	$22,496,496	$225,163	$957	$447	$5,138
Massachusetts	24,875	Unknown	$99,450,250	$417,960	$3,998	Unknown	$3,681
Michigan	23,992	400	$89,441,035	$1,408,965	$3,728	$3,522	$4,167
Minnesota	12,319	Unknown	$75,218,256	$78,058	$6,106	Unknown	$7,251
Missouri	4,972	NA	$10,084,386	NA	$2,028	NA	$2,540
New Jersey	120,871	Unknown	$549,743,065	$1,286,107	$4,548	Unknown	$10,494
New Mexico	4,853	-	$9,803,749	$5,000	$2,020	NA	$2,975
New York	40,063	NA	$138,377,602	NA	$3,454	NA	$3,454
North Carolina	Unknown	-	$12,335,859	NA	Unknown	NA	$4,712
Ohio	31,962	NA	$19,002,195	NA	$595	NA	$2,515
Pennsylvania	4,429		$13,581,303		$3,066	$3,066	$5,519
South Carolina	18,475		$34,747,844		$1,881	$1,881	$1,600
Texas	187,818	8,857	$527,925,110	$28,949,428	$2,811	$3,269	$2,836
Washington, D.C.	4,426	1,658	$41,082,132	$17,681,039	$9,282	$10,664	$6,010
Wisconsin	32,038	1,783	$88,225,000	$4,092,217	$2,754	$2,295	$3,178
Average Pre-K PPR					***$3,477***	***$3,166***	***$3,928***

revenues comingled with Child Development and Family Literacy revenues – for districts and charters statewide is $1,513,447,357 (this total was subtracted from total revenue for purposes of the revenue study; Pre-K enrollments are not included in the state enrollment numbers). According to FY 2006-07 NIEER data, the total for only Pre-K statewide for districts and charter schools is $295,104,549. In addition to Fund 12, California CDE financial reporting also comingles Pre-K with Childhood Development and Family Literacy in accounting Resource Codes 6050 and 6051. Pre-K revenues by themselves by all districts and by all charter schools cannot be determined using state reporting. Actual Pre-K revenues and enrollments are therefore unknown.

- Colorado: Colorado was one the few states in the study with "good" Pre-K data availability and data quality for both district and charter schools.

- Connecticut: Connecticut Pre-K revenue estimates are based on a state-provided file of federal and state Pre-K expenditures. These estimates are therefore expenditure based. Although some Pre-K enrollment was reported for charter schools in the state, no expenditures were reported for charter schools.

- Delaware: NIEER expenditure information was used as the state financial data does not provide detail related to Pre-K revenues. Delaware charter schools did not serve Pre-K students.

- Florida: Revenue and enrollments for Pre-K were provided by the state for districts only. Some limited Pre-K revenue data was identifiable from charter school audits, but most Pre-K funds for charter schools were combined with other revenues. We therefore used the NIEER expenditure estimate per pupil with the state provided Pre-K enrollment data to arrive at an estimate charter Pre-K PPR.

- Georgia: Georgia was the first state to offer a universal statewide Pre-K program in 1995. Since then the program has grown quickly. Pre-K programming is administered through an agency independent of the Georgia DOE and revenue data for districts and charter schools alone was unavailable. The state did provide a total district Pre-K enrollment figure, which would be inclusive of any charter Pre-K enrollment. We used the NIEER expenditure estimate per pupil with the state enrollment figure to approximate a combined charter/district PPR.

- Idaho: Idaho does not offer a statewide Pre-K program.

- Illinois: The Illinois State Board of Education provided district Pre-K revenues and enrollments for both charter and district schools. Limited Pre-K revenues could be identified in charter school audits but we assumed the majority of Pre-K revenues were captured in pass-through "tuition" amounts from districts. We therefore used the district PPR to approximate a charter school Pre-K PPR.

- Indiana: Indiana has no state-funded Pre-K program.

- Louisiana: Pre-K data from Louisiana was rated "good" by researchers. The only limitation was incomplete Pre-K data for all types of charter schools; Pre-K revenue data was only available for Type II and V charter schools. This data, however, provided a good estimate for charter schools as a whole.

- Massachusetts: Pre-K revenue and enrollment data was provided for both district and charter schools by the DOE. However, Massachusetts has experienced a reporting or "student coding" problem for Pre-K students. The state provides a "K1" and "K2" program for students; Pre-K students are often classified by schools as "K1" students. This problem has skewed the actual numbers of enrolled Pre-K students, which is higher than reported. The reported number of charter school enrolled Pre-K students is therefore inaccurate and a PPR could not be determined.

- Michigan: The state provided Pre-K enrollment data for district and charter schools, but could not provide Pre-K revenue data. NIEER expenditure estimates were therefore used in combination with state district and charter school enrollment information to generate a combined district/charter PPR.

- Minnesota: The state provided total enrollments by school, not by grade level. Information on district school Pre-K students was located on a separate state document. That document indicated no Pre-K students in charter schools. The state also provided a separate file of revenues for district schools and charter schools.

- Missouri: Pre-K is offered by districts and private providers through a competitive grant process. Charter schools did not provide Pre-K services in FY 2006-07.

- New Jersey: Most of the Pre-K funding streams were bundled with Kindergarten revenues in New Jersey and could not be separately identified. Only "Preschool Expansion Aid" was reported without co-mingled funds. Therefore, in order to provide an estimate of Pre-K per pupil revenues for New Jersey, kindergarten students were included in the enrollment count.

- New Mexico: New Mexico provided "good" Pre-K revenue and enrollment data for districts. Charter schools did not serve Pre-K in FY 2006-07.

- New York: The state provided data on statewide Universal Pre-K revenues along with Pre-K district enrollment figures. However, we used the NIEER reported expenditures per pupil to approximate revenues per pupil for district Pre-K students only using state-provided enrollment figures. New York charter schools cannot serve Pre-K.

- North Carolina: Despite its large-scale Pre-K program statewide, the North Caolina Department of Public Instruction is not required to track and collect Pre-K enrollment data. Limited Pre-K revenues were identified from revenue files. Because we could not determine a district Pre-K enrollment estimate, we were unable to estimate a Pre-K PPR. According to the state charter schools office, charter schools did not receive any Pre-K revenues during FY 2006-07.

- Ohio: The state provided district enrollment counts, but no Pre-K revenue data. NIEER expenditure estimates per pupil were used in conjunction with state enrollment figures to determine a district Pre-K PPR estimate. Charter schools are not permitted to serve Pre-K in Ohio.

- Pennsylvania: The statewide amount of $13,581,303 includes inseparable amounts for child care, development block grants (state), and Head Start for both districts and charter schools, which are also inseparable. The amounts associated with charter schools cannot be determined due to the fact that charter funds flow through the district and accounting and reporting requirements are not specific enough to track a charter portion. Therefore, a combined district and charter school PPR was generated as an estimate.

- South Carolina: The revenue data maintained by the South Carolina DOE combines district and charter school data for Pre-K, child development, and Head Start revenues. The enrollment data from the South Carolina DOE does not include Pre-K enrollment numbers. No Pre-K information is available for charter schools. Actual combined Pre-K revenues were removed from the revenue study, and NIEER Pre-K enrollment was subtracted from the revenue study. The NIEER revenue amounts differed from state actuals.

- Texas: The Forecasting and Fiscal Analysis Department at the Texas Department of Education generated an estimated Pre-K tuition amount per pupil ($5800 per ADA) since specific

Pre-K revenues could not be identified. This amount, plus additional Pre-K awards per charter school and district were totaled to produce separate, estimated PPRs.

- Washington, D.C.: DCPS provided enrollment figures but no revenue data. The research team used budgeted Pre-K expenditures to generate both district and charter school PPRs.

- Wisconsin: Pre-K enrollment data was provided by the state for both charter and district schools, but revenue data was provided for districts only. Charter school Pre-K revenue data came from charter school financial audits for FY 2006-07. However, district data likely included some charter school counts, but there is no way to determine the extent of this inclusion through Wisconsin's accounting system.

Endnotes

[1] The state of NC, for example, does not track Pre-K ADM. The Department of Public Instruction reported that no charter schools received revenues attributed to Pre-K but there are no enrollment reports to identify whether any charter schools may have actually been serving Pre-K students using private sources.

[2] Barnett, Steven W., Jason T. Hustedt, Allison H. Friedman, Judi Stevenson Boyd, and Pat Ainsworth. "The State of Preschool 2007". The National Institute for Early Education Research, 2007.

[3] Estimations of Pre-K charter and district per pupil revenues are lower than actual revenues due to the number of excluded revenues streams. For most states, revenue streams that support and fund early childhood education beyond Pre-K programs were excluded because we could not isolate revenues specific to Pre-K. Overall Pre-K revenues are therefore higher than reported here.

Appendix A
Methodology

State Selection

The team selected 24 states and the District of Columbia for analysis, based on one of three criteria: inclusion in the 2005 report; the length of time that charter laws had been on the books in a state; or the concentration of charter schools within a state. Together, these states account for approximately 93 percent of the country's charter school students in 2006-07. Within these jurisdictions, we also selected between one and three cities or counties for in-depth analysis. When a city had more than one school district located within its boundaries, we selected one or two of the largest school districts for our analysis. The states and cities are easily referenced throughout the text and tables. The primary criterion used to include a city or county in the analysis was the number of charter schools within the district's boundaries.

Fiscal Year

We gathered publicly available revenue data for the 2006-07 *fiscal year.* Because states differ in the fiscal year used for their public schools, we attempted to select the fiscal year that most closely matched the 2006-07 school year. We refer to that year throughout this report as "FY 2006-07." We note in the state chapters those cases in which the fiscal year did not match the school year.

For seven new states included in this report (Connecticut, Delaware, Idaho, Louisiana, Massachusetts, New Jersey, and Pennsylvania), we also gathered publicly available revenue data for the 2002-03 *fiscal* year to allow for the same time span comparisons conducted for the original 16 states and the District of Columbia in the first study.

Indiana is excluded from our analysis for 2002-03 because that was the first year of the Indiana charter schools program, and there was no established mechanism for funding charter schools. All Indiana charter schools borrowed money from a state fund to cover their operations during FY 2002-03. They did not receive the normal funding streams that would ultimately finance charter schools. In addition, all Indiana charter schools that year were "start-ups." Their reported revenues from 2002-03 therefore included not just their operating revenues for the year, but also funds raised in a previous year but reported in 2002-03. The revenue data therefore overstated total annual revenues for charter schools. We had no way, however, of determining the degree of overstatement.

Furthermore, since that time Indiana has revised its funding procedure. Now, with the exceptions of capital and transportation funding, for which charter schools are not eligible, charters receive federal, state, and local funds that approximate those received by district schools. As a result, the 2002-03 data had little relevance to how charter schools are now funded in Indiana. Together, these factors led us to eliminate Indiana from the 2002-03 analysis.

Data Gathering

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 for understanding and analysis of funding levels and comparisons based on primary data. By using each state's individual accounting system, we were able to isolate revenue streams for inclusion/exclusion thus allowing us to make across state comparisons.

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 contacted school districts and asked for their charter data. For many states, charter revenue data is taken from annual financial audits; the only way charter school revenues are reported separately in those states.

We gathered enrollment data from state education department web sites. We also obtained funding formula guidelines for both districts and charters for FY 2006-07. Finally, we reviewed other funding studies in certain states to ensure that our analysis was accurate and our conclusions sound.

Gathering Revenue Data

We studied revenues, not expenditures. Our mission was to examine how charter schools are treated in state public finance systems, so we focused on how much money schools receive rather than how they spent it. An expenditure study would be fascinating, though given what we learned about data availability, it would also be extremely difficult. We looked for the following data and supporting detail:

- Revenues: We included all revenues, except as noted below, for both district and 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.

  Arguably, one-time revenues could be 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 the public devotes to charter schools, these revenues cannot be ignored. Furthermore, we also included onetime grants of various kinds to districts. (It should be noted though, that charter schools likely rely more heavily on these start-up funds than do district schools, so including them probably understates the charter funding shortfalls.)

- Enrollment**:** Where more than one form of enrollment data were available, we used the figures related to the official count day rather than self-reported data. 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). In some states, this is a weighted funding figure.

- K-12 Schools Only**:** Where identifiable, we excluded revenues and enrollments associated with adult education or preschool. This study is intended to focus on K-12 education only. We dedicate a separate chapter to Pre-K funding.

- Bonds And Loans**:** We excluded bond proceeds and other revenue readily identifiable as loans to be repaid. For example, if a district issued $200 million in bonds for school construction in a given year, we did not count that as revenue. To do so would greatly overstate the amount of resources available for the district's ongoing costs. We did, however, attempt to count any ongoing revenue streams received by schools for debt service (paying off such bonds and loans) and other capital needs.

- Indeterminate Revenues: We categorized revenue as "Indeterminate" when it was not possible to ascertain its origin (e.g., local, state, federal, or other).

- 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 data. If we could not obtain revenue data, the enrollment for those schools were excluded from the study.

- Demographic Data: To better understand the funding gaps in each state, we collected data on

students eligible for free or reduced price lunch programs; schools participating in Title I programs; and grade levels served. These data appear in Figure 5 in each state chapter. It is important to note that, 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.

Extrapolating State Results

Using state-supplied data, we were able to develop reliable district and charter information for 22 of the states and the District of Columbia. Wisconsin does not collect financial data on its charter schools with the exception of the independent charters located in the Milwaukee area. For this study, we relied on audits from independent charters and financial data from Milwaukee Public Schools for the instrumentality and non-instrumentality charter schools.

Meanwhile in South Carolina, the Department of Education does not collect and make available detailed revenue data, but we were able to develop reliable district and charter information from audits.

In those states, we obtained reliable datasets from large districts on district and charter spending in order to extrapolate the state result. Where we had data from more than one district, we used an average of the districts, weighted by their charter school enrollments, to develop the statewide extrapolation. Details of these extrapolations are available in each state's chapter, and all extrapolated figures are clearly marked.

We must emphasize that the revenue patterns of these large urban districts may not be representative of the state as a whole. Still, these extrapolations were the best estimates we could develop based on the data available to us. We hope that in future years more states will supply the data needed to conduct a comprehensive statewide analysis.

Data Adjustments

In this report, we aim to answer the question: *How much funding did charter schools receive compared to the funding district schools would have received to educate the same students?*

Our original data calculations, used in the 2005 report, determine the funding disparity for each state by weighting the district PPR by district enrollment. It finds the district PPR for the whole state and the charter PPR for the whole state, and then takes the difference between them. Using this method, districts enrolling more students in their schools carry more weight.

That method does not answer the research question as well as we would like for some states because urban areas often have a different district PPR than less urban parts of the state, and charter students tend to be concentrated in those urban areas. Therefore, with few exceptions, the original method compares a charter PPR to a district PPR that does not equate to the district PPR most charter students would have received had they attended their district school.

Ideally, we would have been able to identify the district PPR for each charter student's home district, and calculate the difference from that student's charter PPR. In most states though, the student level data we would need for those calculations is not available. We therefore used each charter school's district of residence as a proxy for students' home districts. Then we weighted the district PPR by the number of charter students attending charter schools in the district. Using this method, districts hosting more charter students carry more weight, providing a good estimation of how much money charter students would have been allocated had they attended their district school.

Since the data do not allow us to identify the district of residence for every charter school, however, it was not possible to weight every

district by its charter enrollment. Instead, we weighted the district PPR by charter enrollment for each of the focus districts and a new group that included “all other districts” in the state.

To calculate the district PPR for “all other districts,” we took the total revenues for the state and subtracted the revenues of focus districts and divided that number by total district enrollment in the state minus district enrollment in the focus districts.

Rounding

Values are rounded to the nearest dollar for each chart, so totals may not be exactly equal across the report.

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.

Appendix B

Sources and Informants

Arizona
- Arizona Department of Education, School Finance Division, Operations Department

California
- California Department of Education, the California Longitudinal Pupil Achievement Data System (CALPADS)

Colorado
- Colorado Department of Education, the School Finance Unit

Connecticut
- Connecticut Department of Education, School Finance

Delaware
- Delaware Department of Education, School Finance

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

Florida
- Auditor General's Office
- Florida Department of Education, Office of Funding and Financial Reporting
- Florida Consortium of Charter Schools
- Florida Charter Schools Office

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

Idaho
- Idaho State Department of Education, Finance, Child Nutrition, and Student Transportation Division
- Idaho State Department of Education, Innovation and School Choice Division

Illinois
- Illinois State Board of Education, Accountability Division
- Illinois State Board of Education, School Business and Support Services Division
- Illinois Network of Charter Schools
- Chicago Public Schools

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
NCES
- Massachusetts Department of Revenue, Division of Local Services

Michigan
- Jim Goenner (Central Michigan University Charter School Office)
- Michigan Department of Education, Public School Academy Program
- Michigan Department of Education, State Aid and School Finance

Minnesota
- Minnesota Department of Education, Department of Program Finance
- Jon Schroeder (Education/Evolving)

Missouri
- Missouri Department of Elementary and Secondary Education, Division of School Finance and Division of School Improvement
- Missouri Charter Schools Information Center

New Jersey
- New Jersey Department of Education, School Finance
- New Jersey Department of Education, Charter School Office

New Mexico
- New Mexico Public Education Department

New York
- New York State Education Department

North Carolina
- North Carolina Department of Public Instruction, Financial and Business Services Division
- North Carolina Department of Public Instruction, Office of Charter Schools
- North Carolina Department of State Treasurer

Ohio
- Ohio Department of Education, School Finance

Pennsylvania
- Pennsylvania Department of Education, Division of Subsidy Data and Administration, Bureau of Budget and Fiscal Management

South Carolina
- South Carolina Department of Public Instruction, Office of Finance
- Audited Annual Financial Reports from school districts

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

Wisconsin
- City of Milwaukee
- Milwaukee Public Schools, Department of Finance and Operations
- Wisconsin Department of Public Instruction

Nationwide
- Local Initiatives Support Corporation, The Educational Facilities Financing Center
- National Institute for Early Education Research at Rutgers Graduate School of Education

Appendix C

Research Team

Meagan Batdorff

Ms. Batdorff has worked in education for the past 15 years. She is a former high school teacher, Teach for America alumnus, and Communications Director for the NC Charter School Resource Center. She is the founder and lead consultant of Progressive EdGroup, an education consulting organization in Michigan. Ms. Batdorff conducts research in areas of school policy, reform efforts, and at the school level tracking program implementation and evaluation. Progressive EdGroup also works with numerous groups around the country in the process of school development, ongoing operations and grant writing.

Daniela Doyle

Ms. Doyle is a consultant with Public Impact. Her work addresses a wide range of education issues, including teacher quality, school finance, charter schools, early and alternative education, and student engagement. A former elementary school teacher, Ms. Doyle is an alumna of Teach For America and Education Pioneers, a national human capital organization. She holds a Bachelor's degree in Public Policy from Princeton University, a Master's of Science for Teachers from Pace University, and a Master's in Public Policy from Duke University.

W. Holmes Finch

Holmes Finch is an Associate Professor in the Department of Educational Psychology at Ball State University where he has been since 2003. He received his PhD from the University of South Carolina in 2002. Dr. Finch teaches courses in factor analysis, structural equation modeling, categorical data analysis, regression, multivariate statistics and measurement to graduate students in psychology and education. His research interests are in the areas of latent variable modeling and nonparametric multivariate statistics.

Bryan C. Hassel

Dr. Hassel is Co-Director of Public Impact. He consults nationally with leading public agencies, nonprofit organizations and foundations working for dramatic improvements in K-12 education. He is a recognized expert on charter schools, school turnarounds, education entrepreneurship and human capital in education. His work has appeared in Education Next, Education Week and numerous other publications. Dr. Hassel received his doctorate in public policy from Harvard University and his masters in politics from Oxford University, which he attended as a Rhodes Scholar. He earned his B.A. at the University of North Carolina at Chapel Hill, which he attended as a Morehead Scholar.

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 schools districts since 1992. Mr. Maloney participated in the research team for the Fordham Institute revenue study in 2005. Recent projects include evaluations of revenues and expenditure patterns of six major metropolitan school districts and the charter schools located within their boundaries. He also is serving 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, and

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. Mr. May is currently providing a client with finance analysis support on a state equity issue.