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## Traditional Public School and Charter School Funding in Arkansas (UPDATED)

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### Summary Points

- Traditional public school districts and public charter schools in Arkansas are funded based on the Foundation Funding Formula, whereby all public (traditional or charter) schools have access to the foundation amount (\$6,267 in 2012-13) for each student and to any appropriate categorical funds.
- Traditional public schools can also generate funds through local millage above the minimum 25 mill level; open-enrollment charter schools do not have access to the local millage.
- The details of the funding formula imply that charter schools would have less total revenue (about 20%) and of net current expenditures (15%) per pupil than traditional public schools.
- The empirical data for charter schools in Arkansas, compared to their neighboring TPS districts, show that, while there is great variation in charter funding, most charters do receive fewer resources, due mostly to the lack of funding channels dedicated to capital projects.

## Traditional Public School and Charter School Funding

*The existence and expansion of charter schools in Arkansas continue to be controversial. Proponents of charters argue that charter schools are unfairly burdened because they do not have access to local property tax revenue. Critics of charters, on the other hand, argue that charter schools pull funding away from traditional public schools. This brief examines the funding of traditional public schools and charter schools across the state and in the particular regions in which most Arkansas charter schools are located.*

### Funding for Traditional Public Schools and Charter Schools in Arkansas

In this brief, we present the available data on the funding of traditional public schools (TPS) and open-enrollment charter schools in Arkansas. While conversion charter schools have some flexibility in the manner in which they operate, they are governed and funded by the local school district and only serve students from within the boundary lines of that particular district. Thus, the funding of conversion charter schools is no different from that of TPS.

Open-enrollment charter schools, in contrast, are governed independently of local school districts and can enroll students regardless of their school district of residence. When students leave their TPS district, their respective state and federal funds follow them.

### This Brief

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Not surprisingly, the financial implications of the existence of charter schools have generated considerable controversy in Arkansas and nationwide. Charter school opponents argue that charter schools “take away” funding from TPS. Indeed, it is true that student transfers from TPS to charters result in less overall funding for TPS; however, it is also true that the TPS have fewer students to serve after students transfer to charters.

On the other side of the debate, charter advocates claim that charter schools are under-funded because they have no ability to tax local property values, one of the primary sources of funding TPS use to construct or renovate school buildings. Since charter schools do not have access to local tax revenue or state facility funds, they must use other revenue sources to fund their building projects.

We begin our examination of these arguments by describing the state funding formula. Then, before presenting the data on charter and TPS funding levels, we give an estimate of how we expect charter and TPS funding to differ based on the funding formula. Finally, we examine the differences in funding levels between charters and all Arkansas TPS and between charters and nearby school districts over the past four years.

## Arkansas Funding Formula

School districts in Arkansas are funded based on the number of students in the district and their identifying characteristics. Charter schools are treated as separate “districts” and, for the most part, are funded through the same formula as TPS districts. Because several types of categorical funding are related to school characteristics, in Table 1, we present the demographic characteristics of TPS and charter schools across the state.

The baseline for funding across all districts is the foundation level of funding. The state guarantees that each school district can provide the foundation level of funding to all students (provided that the district collects at least 25 mills worth of local property tax revenue). In 2012-13, the **state-guaranteed foundation level was \$6,267 per pupil**. (For 2013-14, the foundation level has increased to \$6,393).

Simply put, the state foundation formula requires the state to “make up the difference” between local revenues and the guaranteed foundation level. First, the state computes the local revenue per pupil for each district based on the value of the local property base. Then, the state distributes equalization aid to each district to bring the total funding to the foundation level of \$6,267 per pupil. All traditional districts receive this state aid, except for a handful of districts with local property tax revenue in excess of the foundation amount.

As noted earlier, charter schools do not have access to any local taxes, and therefore, the state covers the entire foundation funding level for these schools. Overall, the state ensures that all districts, TPS or charter, have access to the foundation level of funding for each student. The net result is no difference in foundation funding levels between charter and TPS districts.

Above and beyond this foundation amount, the state allocates four types of **categorical aid** to each district: professional development (PD), alternative learning environ-

Table 1. Traditional and Charter Schools Demographic Comparison: 2012-13

	Traditional Districts	Charter Schools	<i>Difference</i>
N Districts	239	16	
Total ADA	436,471	7,450	
% Title I Students	62%	42%	20%
% FRL Students	61%	51%	10%
% ALE Students	1%	0%	1%
% ELL Students	7%	2%	5%
% Minority Students	35%	59%	-24%

Table 2. State Funding Categories for All Districts: 2010-13

		2010-11	2011-12	2012-13
Foundation Funding	Per Student	\$6,023	\$6,144	\$6,267
Professional Development	Per Student	\$44	\$45	\$45
Alternative Learning Environment	Per ALE Student	\$4,063	\$4,145	\$4,228
English Language Learners	Per ELL Student	\$293	\$299	\$305
National School Lunch Funding (NSLA)	Per FRL Student for School with...			
	0% - <70% FRL	\$496	\$506	\$517
	70% - <90% FRL	\$992	\$1,012	\$1,033
	90% - 100% FRL	\$1,488	\$1,518	\$1,549

ment (ALE), English language learner (ELL), and National School Lunch Act (NSLA) funds. Table 2 presents the different state funding categories and amounts.

In addition, TPS districts may choose to tax beyond the minimum required millage level (25 mills). These funds may be used for special capital projects, maintenance and operations, and debt service payments.

Another source of funding for capital projects for TPS districts is the Arkansas Division of Public School Academic Facilities and Transportation, which funds specific projects as proposed by individual TPS districts. Charter schools are not eligible for this funding.

Both TPS and charter schools receive additional state funding if they experience significant growth or decline in enrollment. We do not include growth/declining enrollment funding in our projections because it is difficult to predict enrollment changes.

To further supplement their budgets, some school districts seek resources through fundraising and grant writing. These funds are dependent on the effort and labor of each individual school district and are not guaranteed on a year-to-year basis. For this reason, we present a measure that excludes donations, State and Local Revenue Less Donations (SLD), in our comparisons in the next section.

Finally, federal dollars are given to school districts and charters for specified purposes. These categories include Title I, ROTC, food services, and IDEA programs.

These categories provide a complete picture of the sources of funding for each school district in the state.

Table 3. Projected Per Pupil Revenue for TPS and Charters in 2012-13

	TPS	Charters	<i>Difference</i>
<b>2012-13</b>			
Foundation Funding	\$6,267	\$6,267	\$0
Local Tax Revenue	\$1,335	\$0	\$1,335
NSLA Funding	\$442	\$375	\$67
ALE Funding	\$53	\$0	\$53
ELL Funding	\$24	\$7	\$17
PD Funding	\$45	\$45	\$0
Federal Funding	\$1,296	\$938	\$358
Facilities Funding	\$432	\$0	\$432
<b>TOTAL</b>	<b>\$9,894</b>	<b>\$7,632</b>	<b>\$2,262</b>

### Predicted Differences in Funding

Given the funding dynamics above (Table 3), we expect charter schools to receive less funding than their neighboring TPS districts. In the text box below, we run through the categories to show the sources and the approximate magnitudes of the funding differences.

#### *What Differences Are Expected between TPS and Charter Funding based on the Funding Formula?*

- **Foundation Funding:** First, there should be no difference between the TPS and charters for this basic level of funding, which is set by the state for 2012-13 at **\$6,267**.
- **Local Tax Revenue:** In this category, charters will, of course, receive less than TPS districts. Our estimate of this difference, based on 2013 ADE financial data, suggests that the average TPS student across the state receives **\$1,335** per pupil from additional local taxes.
- **Categorical Funding:** Here, also, we expect some differences. These funds are generally targeted toward disadvantaged students, so schools with greater disadvantaged populations get more funding from these categories. Table 1 shows that, across the state, TPS students are slightly more disadvantaged than are charter students and should be expected to receive higher levels of funding in three of the categories listed below.
  - ◇ *National School Lunch Act (NSLA) Funding:* TPS districts have higher levels of poverty than charters by about 10%. For this reason, TPS districts receive **\$442** per student, while charters receive **\$375** per student.
  - ◇ *Alternative Learning Environment (ALE):* No charter students and only 1% of TPS students are eligible for this type of funding. For this reason, TPS districts receive **\$53** per student, while charters receive no funding in this category.
  - ◇ *English Language Learners (ELL):* TPS districts have higher levels of English language learners than charters by about 5%. For this reason, TPS districts receive **\$24** per student, while charters receive **\$7** per student.
- **Professional Development (PD):** Because this funding is on a per pupil basis, this level of funding is equal, with both types receiving **\$45** per student.
- **Federal Funding:** We would expect TPS students to receive higher levels of federal funding because TPS have more Title I students. (In 2012-13, TPS students received **\$1,296 per pupil**, while charter students received **\$938 per pupil**.)
- **Facilities Funding:** This is a special category of funding that only TPS districts are eligible to receive. According to data from 2011-12 and 2012-13, we find that the average TPS student receives **\$432** from this special funding as compared to \$0 for the average charter student.
- **Total:** Our prediction, based on the funding formula, is that charter students would have access to lesser funding levels in the categories of additional local revenue (about \$1,300 per pupil), categorical funding (about \$150 per pupil), federal funds (about \$350 per pupil), and facilities funds (about \$430) per pupil. In total, we should expect that charter schools receive approximately \$2,200 less per pupil than do TPS schools. This difference is over 20% of total funding.

## Charter and Traditional School Spending Statewide

In this section, we assemble the empirical funding data to compare the actual funding of TPS and charter schools statewide over the past four years. One challenge of comparing school spending is that there are a variety of measures commonly used, ranging from the most broad (total revenue or expenditures) to the very specific (net current expenditures). The sidebar on the right explains all of the school finance measures displayed in Tables 4-7.

### School Finance Measures

*The measures displayed in Table 4 are defined below. Abbreviations used in Tables 5, 6, and 7 are shown in parentheses.*

- Average Daily Attendance (ADA):** a measure of attendance for all Arkansas districts. The state allocates funding based on average daily membership (ADM) from the prior year. However, when calculating Per Pupil Expenditures (PPE), the state uses Average Daily Attendance (ADA) from the relevant school year. For this reason, we use ADA throughout, because it is an indicator of who receives the funds in the year they are distributed.
- Total Revenue per pupil (REV per pupil):** the broadest possible indicator of school funding, as it includes all revenue allocated to the school: local, state, federal, and other. It is calculated by dividing all revenue by ADA.
- State and Local Revenue per pupil:** a measure that represents funding allocated to districts from state and local sources (excluding federal revenue, but including fundraising revenue).
- State and Local Revenue Less Donations per pupil (SL-D per pupil):** a measure that represents funding allocated to a district excluding federal and fundraising revenue. This measure represents the amount “guaranteed” by the state (the entity constitutionally responsible for providing an adequate education).
- Total Expenditures per pupil:** a measure that represents all funding spent in a district, including instructional, non-instructional, district and school support services, facilities, debt service, and others.
- Net Current Expenditures per pupil (NCE per pupil):** a measure that represents funding resources for the day-to-day operations of the school (total expenditures less capital and other expenditures).

Table 4. Traditional and Charter School Revenue: 2009-2013

	Traditional Districts	Charter Schools	Difference
<b>2009-10</b>			
Number of Districts	246	18	
Average Daily Attendance	432,529	5,119	
Total Revenue per pupil	\$11,717	\$9,417	<b>\$2,300</b>
State & Local Revenue per pupil	\$9,368	\$7,253	<b>\$2,115</b>
S&L Rev. Less Donations per pupil	\$9,344	\$6,895	<b>\$2,449</b>
Total Expenditures per pupil	\$11,691	\$9,042	<b>\$2,649</b>
Net Current Expenditures per pupil	\$9,112	\$7,510	<b>\$1,602</b>
<b>2010-11</b>			
Number of Districts	239	17	
Average Daily Attendance	433,949	5,997	
Total Revenue per pupil	\$12,213	\$8,867	<b>\$3,346</b>
State & Local Revenue per pupil	\$9,492	\$7,419	<b>\$2,073</b>
S&L Rev. Less Donations per pupil	\$9,460	\$6,977	<b>\$2,483</b>
Total Expenditures per pupil	\$11,918	\$8,842	<b>\$3,076</b>
Net Current Expenditures per pupil	\$9,315	\$7,618	<b>\$1,697</b>
<b>2011-12</b>			
Number of Districts	239	17	
Average Daily Attendance	433,614	6,860	
Total Revenue per pupil	\$11,854	\$9,330	<b>\$2,524</b>
State & Local Revenue per pupil	\$9,855	\$7,856	<b>\$1,999</b>
S&L Rev. Less Donations per pupil	\$9,832	\$7,317	<b>\$2,515</b>
Total Expenditures per pupil	\$11,985	\$9,376	<b>\$2,609</b>
Net Current Expenditures per pupil	\$9,379	\$7,917	<b>\$1,462</b>
<b>2012-13</b>			
Number of Districts	239	16	
Average Daily Attendance	436,471	7,450	
Total Revenue per pupil	\$11,446	\$9,489	<b>\$1,957</b>
State & Local Revenue per pupil	\$9,824	\$8,293	<b>\$1,531</b>
S&L Rev. Less Donations per pupil	\$9,794	\$8,041	<b>\$1,753</b>
Total Expenditures per pupil	\$11,659	\$8,689	<b>\$2,970</b>
Net Current Expenditures per pupil	\$9,324	\$7,820	<b>\$1,504</b>
<b>4-Year Average (2009-2013)</b>			
Number of Districts	240.75	17	
Average Daily Attendance	434,141	6,357	
Total Revenue per pupil	\$11,808	\$9,276	<b>\$2,532</b>
State & Local Revenue per pupil	\$9,635	\$7,705	<b>\$1,930</b>
S&L Rev. Less Donations per pupil	\$9,607	\$7,308	<b>\$2,299</b>
Total Expenditures per pupil	\$11,813	\$8,987	<b>\$2,826</b>
Net Current Expenditures per pupil	\$9,283	\$7,716	<b>\$1,567</b>

In Table 4, for all of the traditional school districts and charter schools in the state from 2009 to 2013, we present the three per pupil revenue figures: **Total Revenue per pupil**, **State and Local Revenue per pupil** (because the constitutional obligation for providing education rests with state and local agencies), and **State and Local Revenue Less Donations per pupil** (because fundraising cannot be counted on each year). This last figure may be important to some, as it represents the amount that the state “guarantees” to its students each year.

Also in Table 4, we present two per pupil expenditure figures: **Total Expenditures per pupil** and **Net Current Expenditures per pupil** (this category includes day-to-day school operations but excludes most capital funding). The “4-Year Average” section of Table 4 is perhaps the most informative, as it is based on an average of the past four years, and thus is not the result of an aberration that might occur within a single year.

Based on all four years, we find that open-enrollment public charter schools across the state had an average total revenue level of \$9,276 per pupil while TPS districts received \$11,808 per pupil. This difference of approximately \$2,500 represents a 21% total revenue difference in favor of TPS. This difference is roughly predicted.

As described above, this difference is driven in large part by the ability of TPS districts to access additional local millage and state facilities funds. Not surprisingly, then, the TPS-charter difference in net current expenditures (which do not include capital expenditures) is smaller: TPS districts had \$9,283 in net current expenditures while public charter schools had net current expenditures of \$7,716 per-pupil for a difference of just over \$1,500 (about 16%).

### Regional Comparisons of Charter and Traditional School Spending

While the statewide differences are interesting, they do not necessarily tell the whole story because public charter schools are not distributed evenly across the state. Rather, because charter schools are located in only a few regions of the state, we present regional school spending comparisons between charter schools and the TPS in the same regions. We begin in Central Arkansas (Table 5), where the greatest number of Arkansas charter schools are located; we then present the results for Northwest Arkansas (Table 6) and finally for four charters scattered across different regions in the state (Table 7).

Table 5. Comparison of TPS Districts and Charters in Little Rock

	2012-13					4-Year Avg. (2009-2013)			
	REV per pupil	SL-D per pupil	NCE per pupil	FRL % <sup>2</sup>	Total ADA	REV per pupil	SL-D per pupil	NCE per pupil	Total ADA
<b>LR 3-Dist. Average<sup>1</sup></b>	<b>\$14,332</b>	<b>\$12,390</b>	<b>\$11,872</b>	<b>66%</b>	<b>46,086</b>	<b>\$14,720</b>	<b>\$12,364</b>	<b>\$11,954</b>	<b>46,215</b>
<b>LR Charter Average</b>	<b>\$8,369</b>	<b>\$7,428</b>	<b>\$7,428</b>	<b>49%</b>	<b>4,582</b>	<b>\$8,595</b>	<b>\$7,186</b>	<b>\$7,293</b>	<b>3,682</b>
Academics Plus	\$7,590	\$7,030	\$6,747	31%	623	\$7,718	\$6,897	\$6,527	574
LISA Academy	\$7,766	\$7,234	\$6,955	37%	739	\$7,924	\$7,197	\$7,236	539
Covenant Keepers	\$9,060	\$7,578	\$8,858	81%	208	\$8,918	\$7,428	\$8,690	190
eSTEM PCS	\$8,067	\$7,423	\$7,168	35%	1,440	\$8,262	\$7,323	\$7,368	1,232
LISA Academy North	\$8,179	\$7,066	\$7,029	31%	480	\$8,007	\$6,843	\$6,470	419
LR Prep. Academy	\$10,605	\$8,240	\$9,205	81%	336	\$11,082	\$7,977	\$9,730	174
Jacksonville Light-house	\$8,653	\$7,216	\$7,399	63%	680	\$10,333	\$6,870	\$7,079	502
SIA Tech Little Rock	\$13,233	\$12,845	\$13,509	99%	76	\$11,593	\$9,287	\$10,029	104

<sup>1</sup> The figures represent weighted averages.

<sup>2</sup> FRL represents the percentage of students receiving free-and-reduced lunch, and is used as a proxy to indicate the level of poverty.

### Central Arkansas

The majority of open-enrollment charter schools in Arkansas are located in the Little Rock area. Table 5 shows the financial data for the region's charter schools and the three TPS districts in the metro area (Little Rock, N. Little Rock, and Pulaski County Special). In 2012-13, ten charter schools were located in the Little Rock metro area and pulled a majority of their students from the three TPS districts. The three eSTEM schools are reported as one entity in this analysis.

Over the past four years, total revenue in Little Rock TPS averaged \$14,720 per pupil while total revenue in the region's charter schools was \$8,595 per pupil. This represents a difference of \$6,125 or 42%. Similarly, for net current expenditures, TPS averaged \$11,954 per pupil while charters averaged \$7,293 per pupil, for a difference of about \$4,700 or 39%. It is important to consider that the TPS funding levels in the Little Rock region are relatively high due to the significant state desegregation funds allocated to the three districts: on average, the districts received an additional \$1,790 per pupil during the four year period.

As is evident from the top two lines of the table, on average, Little Rock-area charter schools serve fewer disadvantaged students and receive substantially fewer resources than do the neighboring TPS districts. Making precise comparisons between charter school and TPS funding in Little Rock is difficult, however, because of the diversity and size of both the charter and TPS sectors in the area. For example, the charter total in Little Rock includes such disparate 6-12 schools as LISA Academy (37% FRL) and Covenant Keepers (81% FRL), while the Little Rock school districts include such different P-5 schools as Forest Park Elementary School (17% FRL) in the Little Rock School District and Harris Elementary School (97% FRL) in the Pulaski County Special School District. These comparisons are simply not as clear as more concentrated comparisons, such as those shown in Table 7. A better way to understand charter TPS funding differences would be to compare schools with similar demographic profiles. Unfortunately, funding data are only reported at the district level, so school level comparisons of funding cannot be made.

### Northwest Arkansas

Table 6 illustrates a similar trend in the Northwest Arkansas region. Neither of the two charters in Northwest Arkansas have spending levels near those of the fifteen TPS districts in Northwest Arkansas. Over the past four years, the total revenue per pupil in the TPS districts (\$11,606) is approximately \$4,400 greater (38%) than the corresponding figure for the two charter schools in the region (\$7,212). Again, the difference is smaller in the case of net current expenditures per pupil, where TPS districts (\$8,504) outspend the charter schools (\$6,034) by about \$2,700 (28%). These patterns are consistent with those observed in the Little Rock area and across the state.

Table 6. Comparison of TPS Districts and Charters in Northwest Arkansas

	2012-13					4-Year Avg. (2009-2013)			
	REV per pupil	SL-D per pupil	NCE per pupil	FRL % <sup>2</sup>	Total ADA	REV per pupil	SL-D per pupil	NCE per pupil	Total ADA
<b>NWA 15-District Average<sup>1,3</sup></b>	<b>\$10,696</b>	<b>\$9,159</b>	<b>\$8,065</b>	<b>52%</b>	<b>65,405</b>	<b>\$11,606</b>	<b>\$9,422</b>	<b>\$8,504</b>	<b>67,839</b>
<b>NWA Charter Average</b>	<b>\$7,315</b>	<b>\$6,952</b>	<b>\$6,365</b>	<b>24%</b>	<b>1041</b>	<b>\$7,212</b>	<b>\$6,747</b>	<b>\$6,034</b>	<b>971</b>
HAAS Hall Academy	\$6,780	\$6,650	\$6,598	1%	310	\$6,658	\$6,377	\$6,103	271
Benton County School of the Arts	\$7,545	\$7,083	\$6,270	34%	731	\$7,425	\$6,888	\$6,006	700

<sup>1</sup> The figures represent weighted averages.

<sup>2</sup> FRL represents the percentage of students receiving free-and-reduced lunch, and used as a proxy to indicate the level of poverty.

<sup>3</sup> The 15 districts included in the Northwest Arkansas average are: Bentonville, Decatur, Elkins, Farmington, Fayetteville, Gentry, Gravette, Greenland, Lincoln, Pea Ridge, Prairie Grove, Rogers, Siloam Springs, Springdale, and West Fork School Districts (all the districts in Washington and Benton Counties).

Table 7. Comparison of Individual TPS Districts and Charters Throughout Arkansas

	2012-13					4-Year Avg. (2009-2013)			
	REV per pupil	SL-D per pupil	NCE per pupil	FRL % <sup>2</sup>	Total ADA	REV per pupil	SL-D per pupil	NCE per pupil	Total ADA
TPS Statewide Average <sup>1</sup>	\$11,446	\$9,794	\$9,324	61%	436,471	\$11,808	\$9,607	\$9,283	434,141
Arkansas Virtual Academy	\$7,045	\$6,365	\$6,658	60%	494	\$7,065	\$6,271	\$6,936	487
<b>Difference</b>	<b>\$4,401</b>	<b>\$3,429</b>	<b>\$2,666</b>	<b>1%</b>		<b>\$4,743</b>	<b>\$3,336</b>	<b>\$2,347</b>	
Sloan-Hendrix School District	\$11,456	\$9,786	\$8,683	65%	628	\$11,789	\$9,482	\$8,753	583
Imboden Charter	\$11,610	\$9,637	\$11,761	85%	45	\$10,758	\$8,442	\$9,984	55
<b>Difference</b>	<b>-\$154</b>	<b>\$149</b>	<b>-\$3,078</b>	<b>-20%</b>		<b>\$1,031</b>	<b>\$1,040</b>	<b>-\$1,231</b>	
Pine Bluff School District	\$11,918	\$9,945	\$11,336	86%	4,187	\$11,974	\$9,603	\$11,163	4,343
Pine Bluff Light- house Academy	\$10,073	\$8,086	\$9,257	91%	231	\$11,228	\$7,870	\$10,605	193
<b>Difference</b>	<b>\$1,845</b>	<b>\$1,859</b>	<b>\$2,079</b>	<b>-5%</b>		<b>\$746</b>	<b>\$1,733</b>	<b>\$558</b>	
Helena/W. Helena & Blytheville Average <sup>3</sup>	\$13,485	\$10,605	\$11,524	86%	3,956	\$13,145	\$9,736	\$11,846	4,524
KIPP: Delta Charter Schools <sup>4</sup>	\$12,098	\$7,982	\$11,010	86%	1,058	\$14,032	\$7,672	\$10,844	745
<b>Difference</b>	<b>\$1,387</b>	<b>\$2,623</b>	<b>\$514</b>	<b>0%</b>		<b>-\$887</b>	<b>\$2,064</b>	<b>\$1,002</b>	

### Other Open-Enrollment Charter Schools in Arkansas

The remaining open-enrollment charter schools in operation in 2012-13 are spread throughout Arkansas outside of the Little Rock and Northwest Arkansas regions. In Table 7, the spending figures for these public charter schools are presented next to the corresponding figures for the neighboring TPS districts.

Spending for the Arkansas Virtual Academy (ARVA) is compared with statewide spending since the virtual school is free to draw students from across the state, as students take classes online from their homes. For ARVA, both the total revenue per pupil and net current expenditures per pupil are well below the statewide figures. In large part, these differences are due to the fact that ARVA receives very little state categorical funding, no poverty funding, and has no capital expenses. In previous years, ARVA has not collected student data on FRL status, explaining why ARVA did not receive NSLA categorical funding. In 2012-13, ARVA began to collect FRL-eligibility data; therefore, in the 2013-14 school year, ARVA will receive NSLA funding for these students.

The Pine Bluff Lighthouse Charter School receives funding levels that are slightly lower than those received by the local Pine Bluff School District. The relatively small

difference between the Lighthouse Charter school and the Pine Bluff School District is connected to the fact that the school serves a very high proportion of economically disadvantaged students (91% FRL).

The cases of the two remaining charter schools – Imboden Charter School and the KIPP Charter School – are each interesting due to specific circumstances. Both Imboden and KIPP receive more funding than TPS on one or more funding measures. For Imboden Charter School, the revenue figures per pupil are quite high due to the declining attendance at the school. Since the funding allocation is based on prior-year ADM (Average Daily Membership), per pupil funding is higher for districts with declining enrollments. In the case of Imboden, the school served 52 students in 2011-12 and then 40 students in 2012-13.

<sup>1</sup> The figures represent weighted averages.

<sup>2</sup> FRL represents the percentage of students receiving free-and-reduced lunch, and is used as a proxy to indicate the level of poverty.

<sup>3</sup> Data for the Helena/W. Helena and Blytheville Districts were weighted by ADA. These districts were chosen because they are the TPS districts that correspond to the two KIPP campuses, located in Helena/W. Helena and Blytheville.

<sup>4</sup> Data for KIPP Charter Schools were reported in aggregate, making individual campus comparisons impossible.



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The KIPP schools in Arkansas have had relatively high revenues over the past four years. The four-year average REV per pupil is \$887 more than the Helena Blytheville district average. However, when looking at SL-D, KIPP receives \$2,064 less than the Helena Blytheville district average. According to ADE estimates, over the past four years, the KIPP schools have generated an average of \$2,091 per pupil per year in donations/fundraising. In contrast, the average TPS generates \$27 each year per pupil. In terms of net current expenditures, KIPP schools spent about \$1,000 less per pupil than TPS neighbors over the past four years.

## Conclusion

As is well-known in education policy circles in Arkansas and across the nation, using public dollars to fund public charter schools has generated much controversy and much opposition from those in the TPS establishment. The goal of this OEP policy brief is to unravel and present the facts behind this thorny issue. Thus, in this brief, we aimed to both examine the implications of the Arkansas school funding system for TPS and charter schools and analyze the empirical data on school funding for charters and TPS over the past four years.

Just as we expected based on the details of the school funding formula, **most charter schools across the state have lower levels of total revenue than their TPS district counterparts.** While these overall differences are interesting, the important comparisons are between charter schools and their local traditional peer schools.

We looked at Arkansas charter schools in six different regions: Central Arkansas, Northwest Arkansas, and four other regions scattered across the state. While we found a great deal of variability across the state, charter schools generally received lower levels of fi-

nancial resources relative to their neighboring TPS districts.

To a great degree, these differences are due to the inability of charters to collect funding from additional local property taxes (above 25 mills) or to access the state facilities funds. Access to the local millage can generate substantial funds for many districts in the state (for example, in 175 traditional districts, the tax rate in 2012-13 was greater than 35 mills). Moreover, the Arkansas Division of Public School Academic Facilities and Transportation funding for school facilities is also helpful for many districts — 110 TPS districts accessed a total of \$188 million of these funds over the last two years. As of now, charter schools are unable to use these funds.

This issue is not unique to Arkansas; according to a 2010 study by the Fordham Institute<sup>1</sup>, charter schools across the country receive approximately 20% less funding than traditional public schools, due in large part to local tax and capital funding issues. Indeed, this issue appears to have caught the attention of Governor Beebe, who earlier this month proposed adding \$10 million to the newly-created charter school loan fund.

In the end, the data are clear that funding differences between TPS and charters exist in Arkansas and across the country. What is less clear is how policymakers in Arkansas and across the nation will react to this information.

## Sources and Resources

2012 OEP policy brief on TPS Charter funding:

<http://www.officeforeducationpolicy.org/downloads/2012/05/traditional-and-charter-school-funding-in-arkansas.pdf>

2012-13 District-Level Financial Database:

<http://www.officeforeducationpolicy.org/arkansas-schools-data-finances/>

Annual Statistical Report:

<http://www.apscn.org/reports/hld/asr/caja/1213/Annual%20Statistical%20Report%2020122013.pdf>

<sup>1</sup> <http://www.edexcellence.net/commentary/education-gadfly-daily/flypaper/2010/charter-funding-still-unfair.html>