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Evaluating Research That Alleges Funding Disparities Between Charter and District Schools

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Rutgers, The State University of New Jersey
New Jersey Policy Perspective

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Executive Summary

Over the past decade, think tanks and other organizations that advocate for charter schools have published a series of publications that purport to show large funding disparities between charter and district public schools, to the detriment of charter schools. These reports all tend to suffer from similar flaws in methodology—flaws that are significant enough to render their conclusions invalid.

Charter schools have grown significantly within the past several years, and policy around them has important consequences. Diverting more funding toward them based on unsound research could have real and pernicious effects on district schools and state budgets.

The following problems have been repeatedly pointed out by disparate third-party reviewers. Yet there appears to be little or no willingness to move away from the flawed approaches, which continue to plague report after report.

- Inadequate documentation of data
- Misunderstanding of financial transfers
- Invalid conflation of individual schools and school districts as units of analysis
- Invalid comparisons of student populations
- Invalid comparisons of the functions of charter and district public schools
- Unaccounted-for charter revenues
- Neglect of the literature on charter school finances

This policy memo illustrates these problems with a focus on one of the latest of the "charter school funding inequity" reports—*Charter School Funding Disparities: Los Angeles, California,* by Alison Heape Johnson, Josh B. McGee, Patrick J. Wolf, Larry D. Maloney, and Jay F. May, released by the Department of Education Reform at the University of Arkansas.[1] In doing so, this policy memo provides a guide for stakeholders to evaluate the accuracy and transparency of research, such as the Los Angeles report from the University of Arkansas think tank, that claims to show charter school funding inequities.

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Introduction

Charter school advocates repeatedly make the argument that charter schools are underfunded relative to district public schools. As evidence to support their case, advocates have relied on a series of research reports produced by pro-charter-school think tanks. A number of these reports have been reviewed for the National Education Policy Center by a variety of education policy scholars.[2] NEPC reviewers have noted again and again that the reports under review used undocumented data, questionable comparisons, and invalid methodology, and have often demonstrated a gross misunderstanding of how public schools are financed.

The authors of these reports have, at times, attempted to address criticisms of their work; however, they have retained the core deficiencies in their methods. Consequently, they continue to report large funding “inequities” where none exist. Their findings, therefore, mislead policymakers, who, if they followed the reports’ recommendations, would divert funds from district public schools and create actual inequities.

In April 2023, the Department of Education Reform at the University of Arkansas released *Charter School Funding Disparities: Los Angeles, California,* by Alison Heape Johnson, Josh B. McGee, Patrick J. Wolf, Larry D. Maloney, and Jay F. May (referred to throughout as the “UArk Los Angeles report”).[3] It, too, purports to find funding inequities between charter and district public schools, and suffers from many of the same fundamental flaws as prior reports. This policy memo explores the characteristic flaws in these reports in detail by focusing on the UArk Los Angeles report.[4]

Flaws in Charter School Research That Alleges Fiscal Inequities

The flaws found in research that purports to show funding disparities between charter and district public schools can be categorized as follows:

- Inadequate documentation of data
- Misunderstanding of financial transfers
- Invalid conflation of individual schools and school districts as units of analysis
- Invalid comparisons of student populations
- Invalid comparisons of the functions of charter and district public schools
- Unaccounted-for charter revenues
- Neglect of the literature on charter school finances

I address each of these in turn.

Inadequate Documentation of Data

One of the most vexing problems facing researchers who compare charter and district public school finances is developing comparable fiscal measures for different types of schools. By their very nature, charter and district public schools are organized and managed differently; this leads to different fiscal reporting methods and requirements, generating different types of data. In California, for example, charter schools have the option of reporting their finances using either "regular" or "alternate" forms of the Standardized Account Code Structure (SACS). This immediately creates a problem of data compatibility; in the absence of uniform standards, direct comparisons are simply not viable.

This problem is compounded by the inherently complex nature of fiscal reporting for public entities. School finance researchers in California note that working with state data requires making a host of assumptions that will affect comparisons made between different schools or school districts.[5] As Clive Belfield notes in a 2017 NEPC review of the report *Charter School Funding: Inequity in New York City*—published by the University of Arkansas Department of School Reform and claiming to show charter school funding discrepancies in New York—the complexity of these data can lead to erroneous comparisons between charter and district public schools, misstating any differences between the two.[6]

This is not to say that comparing charter and district school finances is a wholly impossible task. Certainly, supplementing standard, publicly available data sources with proprietary and other data collections is a valid method of making better comparisons; however, every step away from standard data sources requires a higher level of documentation and transparency.

For example, in a NEPC review of the 2021 report *Charter School Funding: Dispelling Myths* *about EMOs, Expenditure Patterns, & Nonpublic Dollars*, published by the University of Arkansas Department of Education Reform, I found that the report's claims of a charter school funding disparity were undercut by the fact that its measures of school district revenues conflicted significantly with Census Bureau data.[7] Again, there may be good reasons for this difference, but using figures that differ significantly from standard sources requires adequate documentation. However, as I noted, the report was severely lacking in any justification for the different financial figures presented. Bruce Baker, in a 2014 NEPC review of the report *Charter Funding: Inequity Expands*—published by the School Choice Demonstration Project and the University of Arkansas Department of Education Reform and alleging charter inequities in New Jersey—found similar differences between official state data and the data used in the report.[8]

Again, different data sources, including proprietary data, can be validly combined—so long as the methods for merging the data and limitations of the resulting dataset are laid out. As an example, the 2018 report *Study of Spending in Public Charter and Traditional Schools in California,* published by the American Institutes for Research, compares some charter schools in San Francisco and Los Angeles to district public schools and extensively documents how the authors built their dataset from several sources, then interviewed school officials to confirm the data's validity.[9] Yes, this level of care requires extra effort from researchers, but it is worth it; readers are assured that the best possible comparisons are being made.

Misunderstanding of Financial Transfers

Bruce Baker's 2014 NEPC review of *Charter Funding: Inequity Expands*, published by the School Choice Demonstration Project and the University of Arkansas Department of Education Reform, noted that the report's authors fundamentally misunderstood the nature of inter-governmental transfers.[10] In many jurisdictions, charter schools do not receive funds directly from states or local taxing authorities; instead, funds are "passed through" school districts to charter schools, usually on a per-pupil basis.

This complicates comparisons between charter and district public school finances for at least two reasons. First, if revenues ultimately arriving at charter schools are counted as district public school revenues, per-pupil spending figures for districts will be inflated, as monies that are never spent on district students' behalf are nonetheless counted as revenues coming into their schools.[11]

Second, if districts are required to spend funds on services and programs that directly benefit charter school students, but those funds are attributed to district public schools and not charters, per-pupil spending figures will be artificially high for districts and artificially low for charters. In California, for example, affiliated charter schools receive food and special education services from their home district.[12] In other states, districts may be responsible for transportation of charter students or the administration of "choice" programs that include charter school enrollment. For comparisons to be valid, spending on these items must be properly allocated to either charter or district students.

In subsequent reports,[13] the authors acknowledged Baker's critique; however, they refused to adjust their methods, claiming they had correctly matched students with revenues used for spending on those students' behalf.[14] Strangely, the authors' case centered around the assertion that, by focusing on revenues instead of spending, they were focusing on differences in how charter and districts *chose* to spend their monies. But districts that are compelled to provide services on the behalf of charter students or pass through their revenues to charter schools have no choice; they *must* spend and distribute revenues in ways that benefit charter students.

Any meaningful comparison between the two sectors must account for this and document how adjustments were made. The UArk Los Angeles report, like too many others before it, simply sidesteps the issue. The report claims to "ensure pass-through funds are correctly attributed to their final destination,"[15] but never documents the amounts or explains how the attributions are made.

It is worth noting that pass-throughs can be difficult to track in public accounting. In his 2017 NEPC review of the report *Charter School Funding: Inequity in New York City*, published by the University of Arkansas Department of Education Reform, on supposed charter funding disparities in New York City, Clive Belfield notes that the report found a previously undocumented pass-through of hundreds of millions of dollars.[16] This report, however, did not address the implications of this finding for its authors' previous work, which had found no such pass-throughs.

Invalid Conflation of Individual Schools and School Districts as Units of Analysis

The issues in these reports with fiscal transfers highlight another persistent flaw: they fail to address problems with the unit of analysis. In general, the most relevant unit for school finance research is the district: This is the level of organization where most fiscal decisions are made, where employment contracts are negotiated, and where school leaders have the most agency over finances. Charter schools operating independently from school districts are *de facto* school districts, even if they consist of a single campus or building.

Yet many of the reports claiming charter funding disparities choose the school as a level of analysis. As Bruce Baker explains in a 2021 NEPC review of *Charter School Funding: Support for Students with Disabilities*, published by the University of Arkansas Department of Education Reform, there is nothing inherently wrong with this—so long as the researchers acknowledge the challenges with this type of analysis and employ appropriate methods to deal with them.[17]

The UArk Los Angeles report, for example, uses schools as the unit of analysis. It acknowledges that this presents a challenge, as much of the spending in the LAUSD is attributed to the district as a whole, and not to any particular school. The solution used is to simply distribute that large central amount across all schools in the district by enrollment.[18]

This is wholly invalid. Because schools have different student populations, they have different costs; consequently, districts will likely choose to direct more funds, services, and supports—including funds not attributed to any particular school—to some schools and less to others. It is well known, for example, that special education students require more funding to equalize their educational opportunities. A district may rationally decide to concentrate special education students—especially those with profound needs—into particular schools: For example, a school for students who are hearing impaired. These schools could easily use more funding and/or programming that is attributed to the central district; evenly attributing those centralized funds to schools, however, will mask these important variations.

Again, the problem isn't insurmountable. The 2018 report *Study of Spending in Public Charter and Traditional Schools in California*, published by the American Institutes for Research, uses multiple methods to allocate centralized funds, based on the purpose of the funds and student population characteristics in the schools.[19] This stands in stark contrast to the UArk Los Angeles report, which makes no meaningful attempt to resolve the issue.

Invalid Comparisons of Student Populations

As stated above, special education costs can explain much of the disparity found in school funding. Yet the types of student learning disabilities can also affect cost. As a report on California special education explains, costs for learning disabilities like speech-language impairment are far less than costs for disabilities such as medical disabilities or deaf-blindness.[20]

Any valid comparison of charter and district school spending must, therefore, attempt to account not only for differences in special education rates, but also for differences in the costs of educating students with different kinds of disabilities. As Bruce Baker notes in his 2021 NEPC review of *Charter School Funding: Support for Students with Disabilities*, published by the University of Arkansas Department of Education Reform, analyses of disparities in educational cost must take into account the severity of students' learning disabilities.[21]

The UArk Los Angeles report, like other reports of its kind, makes no attempt to do this. Instead, it downplays the difference in overall classification rates: "While TPS serve slightly more students with special needs, the difference is less than five percentage points." In addition to lacking any context—those five percentage points may, in fact, result in significant differences in the costs for Los Angeles charters vs. district schools—this statement ignores how differences in types of learning disabilities affect costs.[22]

Again, there are valid, if limited, methods to account for these differences. The 2018 report *Study of Spending in Public Charter and Traditional Schools in California,* published by the American Institutes for Research, divides special education classifications into high-incidence and low-incidence disabilities.[23] While admittedly still crude, this method produces estimates of student cost that are far more valid than reports that either use one measure of special education, or ignore it altogether.

The problem of invalid student comparisons extends beyond special education. As Julian Vasquez Helig notes in his 2018 NEPC review of *Bigger Bang, Fewer Bucks?*, published by the University of Arkansas Department of Education Reform, even reports that claim to show fiscal disparities in charter schools will acknowledge that nearby district schools enroll larger proportions of both special education and English language learner (ELL) students.[24] However, these reports quite often will fail to account for these differences when making fiscal comparisons.[25]

In addition, and as Clive Belfield notes in his 2017 NEPC review of *Charter School Funding: Inequity in New York City*, published by the University of Arkansas Department of Education Reform,[26] claims of charter fiscal disparities rarely, if ever, acknowledge that there are likely differences in academic ability between charter and public school students—differences that can affect school costs. Scholars of school choice have documented how charter schools often use a variety of techniques to shape their student populations, encouraging high-scoring, low-cost students to enroll.[27] Yet the pro-charter school funding inequity reports make no attempt to take this difference in student populations into account.

Invalid Comparisons of the Functions of Charter and District Public Schools

The 2020 report *Charter School Funding: Inequity Surges in the Cities*—published by the School Choice Demonstration Project, Department of Education Reform, University of Arkansas and alleging charter school funding disparity—justifies its revenue-based approach (emphases as published):

> An analysis based on all revenues, in contrast, supports an *innovation view* of equity, consistent with state charter statutes calling for charter schools to be innovative. An analysis based on a subset of expenditures only for the functions that TPS and charter schools share is a *status quo view* of equity, because charters are expected to be funded only for the exact same functions that TPS already performs. A revenue-based analysis is grounded in a concept of *equal funding for equal purpose*, the purpose being public education. An adjusted expenditure-based analysis is grounded in a concept of *equal funding for equal work*. We choose a revenue-based analysis because public education is about so much more than merely equal work.[28]

The attempt here is to separate the "purpose" of schools from their "work." The problem is that purpose and work are inextricably linked; they cannot be separated. And the purpose of charter schools is simply not the same as district public schools.

By definition, charter schools are a "choice"; students may or may not opt to enroll in them.[29] By contrast, district schools must enroll and educate any student who is eligible to attend them, regardless of grade, disability status, ELL status, time of year, availability of seats, and so on. This fundamental difference means public school districts must maintain capacities to educate students that charter schools simply do not.

In addition, and as Bruce Baker notes in his 2014 NEPC review of *Charter Funding: Inequity Expands*, published by the School Choice Demonstration Project, University of Arkansas Department of Education Reform, district public schools often serve many functions outside of elementary-secondary education: pre-K education, adult education, community support, etc.[30] Revenues collected for these functions should not be counted when comparing the finances of charters and district schools, as they are “purposes” that charter schools do not have.

In the UArk Los Angeles report, the listing of revenues for the Los Angeles Unified School District (LAUSD) contains multiple items where at least some of the revenues are not germane to a relevant comparison between the two sectors, including adult education and community redevelopment.[31] More importantly, even within revenue categories that are titled similarly for LAUSD and charter schools, there are very likely funds for functions that school districts have but charters do not.

A careful parsing of spending and revenues relevant to the purpose and work of both charter and district public schools is required if we are to have a meaningful comparison of the finances of each; there is, however, no indication that the UArk Los Angeles report does this.

Unaccounted-For Charter Revenues

The vast majority of revenues for public district schools come from local, state, and federal governments, which serve as taxing authorities. While schools may also receive philanthropic funds, some charter schools supplement their public revenues with much more substantial philanthropic giving.[32] Any valid comparison of charter and public school finances should include this philanthropic funding; however, reports claiming charter funding disparities often approach the issue in ways that are, at best, unclear.

As I note in the 2022 NEPC review of *Charter School Funding: Dispelling Myths about EMOs, Expenditure Patterns, & Nonpublic Dollars,* published by the University of Arkansas Department of Education Reform,[33] philanthropy to charter schools often comes through related third parties or national organizations that provide services to affiliated charters. The Knowledge Is Power Program (KIPP) charter schools, for example, rely on a national organization for a variety of programs and services. Allocating these centralized funds to individual charter schools is a difficult task; the allocation will depend on a variety of assumptions researchers will have to make about which schools in a network benefit how much from the support of their affiliated national organization. Too often, however, reports claiming charter funding disparities simply claim they have resolved the problem, with no accounting of their methodology.

In addition, and as I have previously noted, charter advocates have at times conflated revenues that public district schools receive for business-like activities—food service, facilities rental, etc.—with philanthropic giving.[34] These sources of funding, however, are completely different. Revenue from business activity is collected for providing a service that has associated costs; for example, food service revenue has associated costs of preparing and serving school meals. Philanthropic giving, in contrast, has no costs: It is received without any obligation to provide a specifically associated service. Again, reports that claim charter funding disparities do not make this distinction, leading to an erroneous comparison. There is no mention of these issues in the UArk Los Angeles report.

Neglect of the Literature on Charter School Finances

If one reads only the reports published by charter advocates, one can easily come away with the impression that the only research into charter school finances has been conducted by a small group of think tanks, because these reports constantly refer primarily, if not exclusively, to reports by other charter school advocates. In reality, there is a large and growing body of charter school funding research, authored by well-regarded scholars of public school finance and using a wide variety of data sources and methodologies.[35]

This literature, however, is almost never referred to in reports claiming charter funding disparities. When they do refer to charter funding research by others, they usually only refer to some small detail, while missing the major conclusions. The UArk Los Angeles report, for example, does cite the 2018 American Institutes for Research report *Study of Spending in Public Charter and Traditional Schools in California* in a footnote;[36] however, they omit the major finding that, when accounting for differences in student populations (especially special education students), there is little evidence that there is a funding disparity between the studied charter schools and Los Angeles district public schools.

What Stakeholders Need to Look for in Reports That Allege Charter School Funding Disparities

The financing of charter schools is an important topic in education policy; journalists, policymakers, and other stakeholders should seek out and read empirical research on the differences between charter and district public school funding. Not all the research, however, is equally valid. Charter school policy must be guided by high-quality policy briefs and reports that adhere to high standards.

When reading research that claims charter schools suffer from funding disparities, stakeholders should ask themselves the following questions:

- Are the report's data transparently collected, well-documented, and uniform? If the report combines different data sources, it should clearly spell out how the sources were synthesized. The report should clearly document its data sources; any publicly available data should include a source link. Reports using proprietary data demand extensive documentation of when and how those data were collected.

- Does the report properly account for all sources of revenue and/or spending? Revenues, in-kind services, and other forms of support should only be linked to the students for whom they are intended. All sources of funding should be accounted for, with only the relevant sources compared.

- Are the report's financial comparisons valid? Valid comparisons between charter and district public school finances should be limited to the revenues and spending of the programs that both provide; in other words, public school revenues that are used for services and programs not provided by charter schools should not be included. In addition, spending by school districts on behalf of charter school students should be attributed solely to charter schools; otherwise, disparities will be overstated.

- Does the report fully account for differences in student characteristics? Different students cost different amounts to educate: Students in poverty, students with special education needs, and ELL students require more resources to equalize educational opportunity. Valid comparisons between charter and district finances must account for student differences—including differences, such as academic ability, that may not be fully measured.

- Does the report acknowledge other research? Reports full of circular self-references to the authors' previous work do little to help readers situate research in its proper context.

The 2023 report we have considered in depth in this memo—*Charter School Funding Disparities: Los Angeles, California,* published by the Department of Education Reform at the University of Arkansas—which alleges charter funding disparities, falls short on these criteria. Its methods for combing datasets are only lightly documented; not all support for charters appears to be included (in particular, support from national charter support organizations); relevant financial comparisons appear to be missing; student differences are inadequately accounted for; and little acknowledgment is given to other research on charter school funding comparisons.

Unfortunately, this flawed report does not stand alone. As multiple reviewers over the past 10 years have found, reports by charter school advocates showing alleged fiscal disparities between charter and public district schools tend to be fundamentally flawed in characteristic ways that render their conclusions invalid.

Stakeholders deserve better. Valid, actionable research on the differences between charter and district public school finances is not only possible—it's essential to inform sound policymaking that serves all our nation's students equitably. All researchers must be held accountable to this standard.

Notes and References

1 Johnson, A.H., McGee, J.B., Wolf, P.J., Maloney, L.D., & May, J.F. (2023, March). *Charter school funding disparities: Los Angeles, California*. Fayetteville, AR: School Choice Demonstration Project, Department of Education Reform, University of Arkansas. Retrieved June 12, 2023, from https://files.eric.ed.gov/fulltext/ED627849.pdf

2 Baker, B.D. (2014, May). *NEPC review: Charter funding: Inequity expands (School Choice Demonstration Project and University of Arkansas Department of Education Reform, April 2014)*. Boulder, CO: National Education Policy Center. Retrieved June 12, 2023, from https://nepc.colorado.edu/thinktank/review-charter-funding-inequity

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3 Johnson, A.H., McGee, J.B., Wolf, P.J., Maloney, L.D., & May, J.F. (2023, March). *Charter school funding disparities: Los Angeles, California*. Fayetteville, AR: School Choice Demonstration Project, Department of Education Reform, University of Arkansas. Retrieved June 12, 2023, from https://files.eric.ed.gov/fulltext/ED627849.pdf

4 Author’s note, August 18, 2023: In August 2023 the Department of Education Reform at the University of Arkansas published *Charter School Funding: Little Progress Towards Equity in the City*. This report also purports to find funding inequities between charter and district public schools. *Charter School Funding: Little Progress Towards Equity in the City* is by the same authors as *Charter School Funding Disparities: Los Angeles, California*. Time constraints do not allow me to fully integrate this report within my review; however, my initial reading finds the same characteristic flaws as described in this policy memo. Specifically: The data documentation lacks the thoroughness of other, superior studies on charter school funding; comparisons of student populations are inadequate to support the conclusions the report; there is no acknowledgement of the different functions of charter and public district schools, and how those differences affect finances; and the literature on charter school finances is ignored, outside of the authors’ own work.

At the end of this policy memo, I propose a series of questions readers should ask when reading reports that allege charter school funding inequities. I encourage readers to apply these questions to this latest report and draw their own conclusions about its validity.

5 For in-depth discussions of the complexities of California school finance reporting, see:

Bruno, P. (2018, September). *Getting down to facts II: District dollars 2: California school district finances, 2004-5 through 2016-17*. Palo Alto, CA: Stanford University, Policy Analysis for California Education. Retrieved June 12, 2023, from https://gettingdowntofacts.com/publications/district-dollars-2-california-school-district-finances-2004-5-through-2016-17

Rose, H. (2022). *Supplemental Appendix to accompany School district revenue and student poverty in California: A decade through the great recession and school finance reform*. Davis, CA: School of Education, University of California, Davis. Retrieved June 12, 2023, from https://education.ucdavis.edu/sites/main/files/school_district_revenue_and_student_poverty_-_jef_supplemental_appendix.pdf

6 Belfield, C.R. (2017, October). *NEPC review: Charter school funding: Inequity in New York City (University of Arkansas Department of Education Reform, August 2017)*. Boulder, CO: National Education Policy Center. Retrieved June 12, 2023, from https://nepc.colorado.edu/thinktank/review-charter-funding

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9 Atchison, D. & Levin, J. (2018, November). *Study of spending in public charter and traditional schools in California*. Washington, DC: American Institutes for Research. Retrieved June 12, 2023, from https://gettingdowntofacts.com/publications/study-spending-public-charter-and-traditional-schools-california

10 Baker, B.D. (2014, May). *NEPC review: Charter funding: Inequity expands (School Choice Demonstration Project and University of Arkansas Department of Education Reform, April 2014)*. Boulder, CO: National Education Policy Center. Retrieved June 12, 2023, from https://nepc.colorado.edu/thinktank/review-charter-funding-inequity

11 This error is not uncommon: recently, a school funding case in Pennsylvania featured an expert witness who admitted, under cross-examination, that he had calculated per-pupil spending figures that included pass-throughs to charter schools in the total amount of revenues, but excluded the charter students the funds were directed toward. See: FundOurSchoolsPA.org. (2022, February 11). Expert witness's research findings under scrutiny, Feb. 11. Retrieved June 12, 2023, from https://www.fundourschoolspa.org/news/expert-witnesss-research-findings-under-scrutiny-feb-11

12 Atchison, D. & Levin, J. (2018, November). *Study of spending in public charter and traditional schools in California* (p. 13). Washington, DC: American Institutes for Research. Retrieved June 12, 2023, from https://gettingdowntofacts.com/publications/study-spending-public-charter-and-traditional-schools-california

13 Wolf, P.J., Maloney, L.D., May, J.F., & DeAngelis, C.A. (2017). *Charter school funding: Inequity in the city*. Department of Education Reform, University of Arkansas. Retrieved June 12, 2023, from https://scholarworks.uark.edu/scdp/4/

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14 DeAngelis, C.A., Wolf, P.J., Maloney, L.D., & May, J.F. (2018). *Charter school funding: (More) inequity in the city*. Fayetteville, AR: School Choice Demonstration Project, Department of Education Reform, University of Arkansas. Retrieved June 12, 2023, from https://files.eric.ed.gov/fulltext/ED594414.pdf

15 Johnson, A.H., McGee, J.B., Wolf, P.J., Maloney, L.D., & May, J.F. (2023, March). *Charter school funding disparities: Los Angeles, California* (p. 12). Fayetteville, AR: School Choice Demonstration Project, Department of Education Reform, University of Arkansas. Retrieved June 12, 2023, from https://files.eric.

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16 Belfield, C.R. (2017, October). *NEPC review: Charter school funding: Inequity in New York City (University of Arkansas, August 2017)*. National Education Policy Center. Retrieved June 12, 2023, from https://nepc.colorado.edu/thinktank/review-charter-funding

17 Baker, B.D. (2021, September). *NEPC review: Charter school funding: Support for students with disabilities (University of Arkansas Department of Education Reform, July 2021)*. Boulder, CO: National Education Policy Center. Retrieved June 12, 2023, from https://nepc.colorado.edu/thinktank/funding-disabilities

In his analysis, Baker shows that both the percentage of students classified as needing special education and the percentage of students with less-severe disabilities have a significant effect on education spending at the school level (pp. 10-12).

18 Johnson, A.H., McGee, J.B., Wolf, P.J., Maloney, L.D., & May, J.F. (2023, April). *Charter school funding disparities: Los Angeles, California* (p. 25). Fayetteville, AR: School Choice Demonstration Project, Department of Education Reform, University of Arkansas. Retrieved June 12, 2023, from https://files.eric.ed.gov/fulltext/ED627849.pdf

19 Atchison, D. & Levin, J. (2018, November). *Study of spending in public charter and traditional schools in California*. Washington, DC: American Institutes for Research. Retrieved June 12, 2023, from https://gettingdowntofacts.com/publications/study-spending-public-charter-and-traditional-schools-california

20 Doutre, S.M., Willis, J., Barrett, T., Ripma, T., Caparas, R., & Krausen, K. (2021). *California State special education funding system study, part 2*. San Francisco, CA: WestEd. Retrieved June 12, 2023, from https://www.wested.org/resources/ca-state-special-education-funding-system-study-part-2-findings-implications-and-considerations-for-improving-special-education-funding-in-california/

21 Baker, B.D. (2021). *NEPC review: Charter school funding: Support for students with disabilities (University of Arkansas Department of Education Reform, July 2021*). Boulder, CO: National Education Policy Center. Retrieved June 12, 2023, from https://nepc.colorado.edu/thinktank/funding-disabilities

22 Johnson, A.H., McGee, J.B., Wolf, P.J., Maloney, L.D., & May, J.F. (2023, March). *Charter school funding disparities: Los Angeles, California* (p. 15). Fayetteville, AR: School Choice Demonstration Project, Department of Education Reform, University of Arkansas. Retrieved June 12, 2023, from https://files.eric.ed.gov/fulltext/ED627849.pdf

I note here that the UArk report presents several contradictory statements regarding special education. On the one hand, the report claims it has data on special education enrollments (p. 15). This is the source for the report's comparisons of the percentage of special education enrollments between charter and district schools (Table 1, p. 14). Yet the report does not include special education percentages as a covariate in a regression table that is supposed to provide evidence of charter funding inequity after accounting for student characteristics (Table B.1, p. 28). The report notes California does not require districts or charter schools to report special education rates at the school level; however, it also explicitly states it is important to include these data when comparing charter and district schools: "Although the special education population is comparable between TPS and charter schools in LAUSD, it is important to control for school-level special education population to further examine variance in funding" (p. 27). Why, then, does the report attempt a comparison when it admits it does not have the data to do so correctly?

23 Atchison, D. & Levin, J. (2018, November). *Study of spending in public charter and traditional schools in California*. Washington, DC: American Institutes for Research. Retrieved June 12, 2023, from https://gettingdowntofacts.com/publications/study-spending-public-charter-and-traditional-schools-california

24 Heilig, J.V. (2018, May). *NEPC review: Bigger bang, fewer bucks? (University of Arkansas Department of Education Reform, February 2018)*. Boulder, CO: National Education Policy Center. Retrieved June 12, 2023, from https://nepc.colorado.edu/thinktank/review-roi

25 Johnson, A.H., McGee, J.B., Wolf, P.J., Maloney, L.D., & May, J.F. (2023, March). *Charter school funding disparities: Los Angeles, California*. Fayetteville, AR: School Choice Demonstration Project, Department of Education Reform, University of Arkansas. Retrieved June 12, 2023, from https://files.eric.ed.gov/fulltext/ED627849.pdf

The UArk Los Angeles report does, in fact, attempt to account for student differences in three regression models (Table B.1, p. 28). But its use of these models is not relevant to the question of whether a financial disparity exists. It presents three models, each with a charter school "dummy" variable. One model has no covariates for student or school characteristics; the other two include some or all of the covariates available (with the exception, notably, of special education percentage; see endnote 21). The report makes much of the fact that the regression estimate for the charter variable changes little when including student/school characteristics; it claims this shows that those student/school characteristics do little to explain the charter funding "gap."

What it fails to include, however, is a model that keeps all the student/school covariates but excludes the charter variable. This would be the most relevant comparison, as at least some of the covariates could be (and likely are) correlated with the charter dummy. If the model with and without a charter dummy yield similar R-squared statistics, there would be little reason to believe the gap in charter funding was explained by factors other than those measured by the covariates; this basic comparison, however, is unavailable in the report.

26 Belfield, C.R. (2017, October). *NEPC review: Charter school funding: Inequity in New York City (University of Arkansas, August 2017)*. Boulder, CO: National Education Policy Center. Retrieved June 12, 2023, from https://nepc.colorado.edu/thinktank/review-charter-funding

27 Saldaña, C. (Host). (2022, March 17). How charter schools shape their enrollment [Audio podcast episode]. In *NEPC Talks Education*. National Education Policy Center. Retrieved June 11, 2023, from https://nepc.colorado.edu/publication-announcement/2022/03/podcast-saldana-mommandi-welner

28 DeAngelis, C.A., Wolf, P.J., Maloney, L.D., & May, J.F. (2020). *Charter school funding: Inequity surges in the cities* (pp. 10-11). Fayetteville, AR: School Choice Demonstration Project, Department of Education Reform, University of Arkansas. Retrieved June 12, 2023, from https://files.eric.ed.gov/fulltext/ED612068.pdf

29 Bulkley, K.E. & Fisler, J. (2003, July 1). A decade of charter schools: From theory to practice. *Educational Policy, 17*(3), 317-342. Retrieved July 11, 2023, from https://doi.org/10.1177/0895904803017003002

30 Baker, B.D. (2014, May). *NEPC review: Charter funding: Inequity expands (School Choice Demonstration Project and University of Arkansas Department of Education Reform, April 2014)*. Boulder, CO: National Education Policy Center. Retrieved June 12, 2023, from https://nepc.colorado.edu/thinktank/review-charter-funding-inequity

31 Johnson, A.H., McGee, J.B., Wolf, P.J., Maloney, L.D., & May, J.F. (2023, March). *Charter school funding disparities: Los Angeles, California* (p. 35). Fayetteville, AR: School Choice Demonstration Project, Department of Education Reform, University of Arkansas. Retrieved June 12, 2023, from https://files.eric.ed.gov/fulltext/ED627849.pdf

32 Baker, B.D., Libby, K., & Wiley, K. (2012, May*). Spending by the major charter management organizations: Comparing charter school and local public district financial resources*. Boulder, CO: National Education Policy Center. Retrieved June 12, 2023, from http://nepc.colorado.edu/publication/spending-major-charter

33 Weber, M.A. (2022). *NEPC review: Charter school funding: Dispelling myths about EMOs, expenditure patterns, & nonpublic dollars (University of Arkansas Department of Education Reform, October 2021)*. Boulder, CO: National Education Policy Center. Retrieved June 12, 2023, from https://nepc.colorado.edu/thinktank/charter-myths

34 Weber, M.A. (2022). *NEPC review: Charter school funding: Dispelling myths about EMOs, expenditure patterns, & nonpublic dollars* (*University of Arkansas Department of Education Reform, October 2021)*.

Boulder, CO: National Education Policy Center. Retrieved June 12, 2023, from https://nepc.colorado.edu/thinktank/charter-myths

35 It is beyond the scope of this policy memo to give a comprehensive list of such studies. Among some particularly notable works of research on charter vs. district public school spending, however, I refer the reader to the following:

- Levin, J., Baker, B., Atchison, D., Brodziak, I., Boyle, A., Hall, A., & Becker, J. (2016). *Study of funding provided to public schools and public charter schools in Maryland*. Washington, DC: American Institutes for Research. Retrieved June 12, 2023, from https://marylandpublicschools.org/stateboard/Documents/01242017/TabG-CharterPublicSchoolFundingStudy.pdf
- Atchison, D. & Levin, J. (2018, November). *Study of spending in public charter and traditional schools in California*. Washington, DC: American Institutes for Research. Retrieved June 12, 2023, from https://gettingdowntofacts.com/publications/study-spending-public-charter-and-traditional-schools-california
- Knight, D.S. & Toenjes, L.A. (2020, March 30). Do charter schools receive their fair share of funding? School finance equity for charter and traditional public schools, *Education Policy Analysis Archives, 28*(51). Retrieved July 11, 2023, from https://doi.org/10.14507/epaa.28.4438

36 Johnson, A.H., McGee, J.B., Wolf, P.J., Maloney, L.D., & May, J.F. (2023, March). *Charter school funding disparities: Los Angeles, California* (p. 25). Fayetteville, AR: School Choice Demonstration Project, Department of Education Reform, University of Arkansas. Retrieved June 12, 2023, from https://files.eric.ed.gov/fulltext/ED627849.pdf