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EDUCATION'S FISCAL CLIFF, REAL OR PERCEIVED?

Public Education Funding During the Economic Downturn
and the Impact on Public Charter Schools

By Larry Maloney, Meagan Batdorff, Jay May & Michelle Terrell



Alarms have sounded regularly since the Great Recession began that public education faced severe funding contractions as the economy crumbled. Headlines such as “Budget Pain Dampening K-12 Efforts,” and “‘Funding Cliff’ Looms Large for States,” heralded the ominous news on the covers of Education Week¹ and the nation’s newspapers. The economic outlook for public education so concerned the Obama administration that stimulus funding for public education was included in the American Recovery and Reinvestment Act. The decline held the potential to batter public charter schools, in particular, as previous studies by this research team indicated disparities in funding levels between charters and traditional public schools. The most recent report, Charter School Funding: Inequity Persists,¹¹ which analyzed the last year of financial data before the recession began, indicated that traditional public schools received 19.2 percent more in funding than public charter schools - when times were good. What would an education fiscal cliff do to public charter school funding, not to mention overall public education funding? And what role, if any, did federal funds play in averting a funding disaster for all public education?

This research team currently is looking for answers to these questions. A new research project has been funded to evaluate the revenues provided to traditional public schools and public charter schools during the FY11 school year, and a report on the findings in 30 states and the District of Columbia will be released in spring 2014. Prior to the release of this report, however, we can review data in five cities to see if the alarms matched the reality of school funding.

Since 2007, this team has researched the revenues and expenditures of traditional public schools and public charter schools in Denver, Los Angeles Unified, Milwaukee,

Newark and Washington, DC.¹¹¹ Using previously analyzed data, we can determine the total revenue provided to schools in those cities and drill down in the data to evaluate the source of revenue, be that local, state, federal or from non-public sources, such as philanthropy.¹¹⁴

First, the analysis of FY11 financial data for the five cities indicates that the findings from the 2010 study continue to show inequities in funding. In Denver, traditional public schools received 19.4 percent more in funding than the public charter schools. In Los Angeles traditional public schools had 34.7 percent more revenue than public charter schools; in Milwaukee, traditional public schools received 31.4 percent more. The east coast schools, however, showed an even greater disparity in funding with the traditional public schools in Newark receiving 39 percent more in funding than the public charter schools, while in the District of Columbia, the traditional public schools received 43.9 more than the public charter schools.

The Funding Landscape Before the Fall

FY07 serves as an ideal benchmark for this study as it was the last completed fiscal year before the Great Recession began, and in that year, no ambiguity existed as to funding advantages between traditional public schools and public charter schools. All the cities included in this study had funding variances that favored the traditional public schools. Denver came the closest to funding parity of the five cities examined with a variance of 10.2 percent in favor of traditional public schools. Milwaukee’s variance favored its traditional public schools by 17.1 percent, and in Los Angeles, the variance of 23.3 percent favored the traditional public schools, as well. On the east coast, funding levels overall continued to favor the traditional public schools but by even wider margins – 46.7 percent in Washington, DC, and 54.5 percent in Newark.

Prior to the Great Recession, traditional public schools also received more funds on a per pupil basis from local and state sources. The variance for local and state funding in Denver reached 20.0 percent and 14.6 percent in Los Angeles, while the variance reached 26.5 percent in Milwaukee. Variances in favor of traditional public schools were even higher in Newark and Washington, DC – 57.7 percent and 49.0 percent, respectively.

The trend of variances favoring the traditional public schools continued when viewing federal funding from FY07 – 23.7 percent in Denver, 45.9 percent in Los Angeles and 20.8 percent in Milwaukee. In Newark, the federal funding variance favored traditional public schools by 23.8 percent and by 63.1 percent in Washington, DC.

Only when evaluating other forms of revenue were public charter schools receiving more funds than their traditional public school peers during the FY07 year. Traditionally, this category of funding from non-public sources has been critical to narrowing funding disparities for public charter schools. In FY07, the variance favored Denver’s public charter schools by 50.5 percent, by 62.5 percent in Milwaukee, and by 64.8 percent in Washington, DC. Only Los Angeles Unified School District raised funds as aggressively as public charter schools in other cities, achieving a variance of 53.2 percent in FY07. Newark’s traditional public schools also pursued and succeeded in raising other revenue to a greater degree than its public charter schools, scoring a 28.6 percent funding variance in FY07

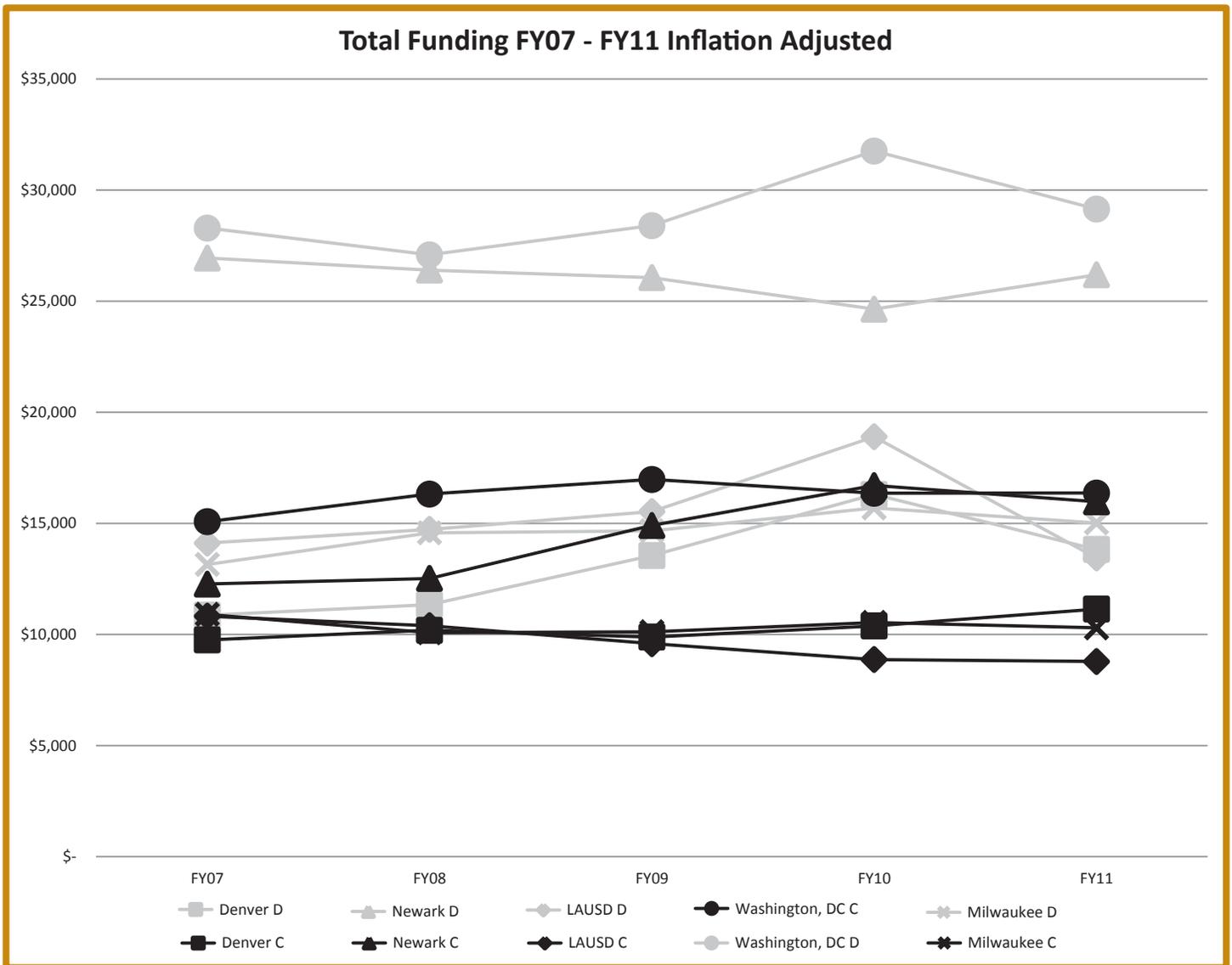
Total Funding FY07 – FY11

When looking at funding trends since FY07, a mixed picture emerges among the schools in these five cities (Figure 1). Both traditional public schools and public charter schools experienced increased funding levels through FY11 in

Denver and in Washington, DC when adjusted for inflation.^v In Los Angeles both traditional public schools and charter schools received less per pupil funding during the period of the economic downturn, while the public charter schools in Milwaukee received less. Newark is the only city of the five where district funding declined, while charter funding accelerated. However, the state of New Jersey changed its funding formula in 2008, after which a funding gap began to narrow.

Interestingly, increases and declines were not distributed equitably within cities. Denver traditional public schools witnessed the highest funding growth of any of the traditional public schools in this study, with per pupil funding in FY11 27.2 percent higher (\$13,823) than the FY07 funding (\$10,865). However, Denver public charter schools experienced a funding level increase from \$9,755 per pupil to \$11,139 per pupil – or 14.2 percent. For Los Angeles, traditional public school funding declined by 4.7 percent between FY07 and FY11 – falling from \$14,112 per pupil to \$13,446 per pupil. Los Angeles public charter schools faced a more considerable decline – 18.8 percent, falling from \$10,819 per pupil in FY07 to \$8,780 per pupil in FY11.

Figure 1

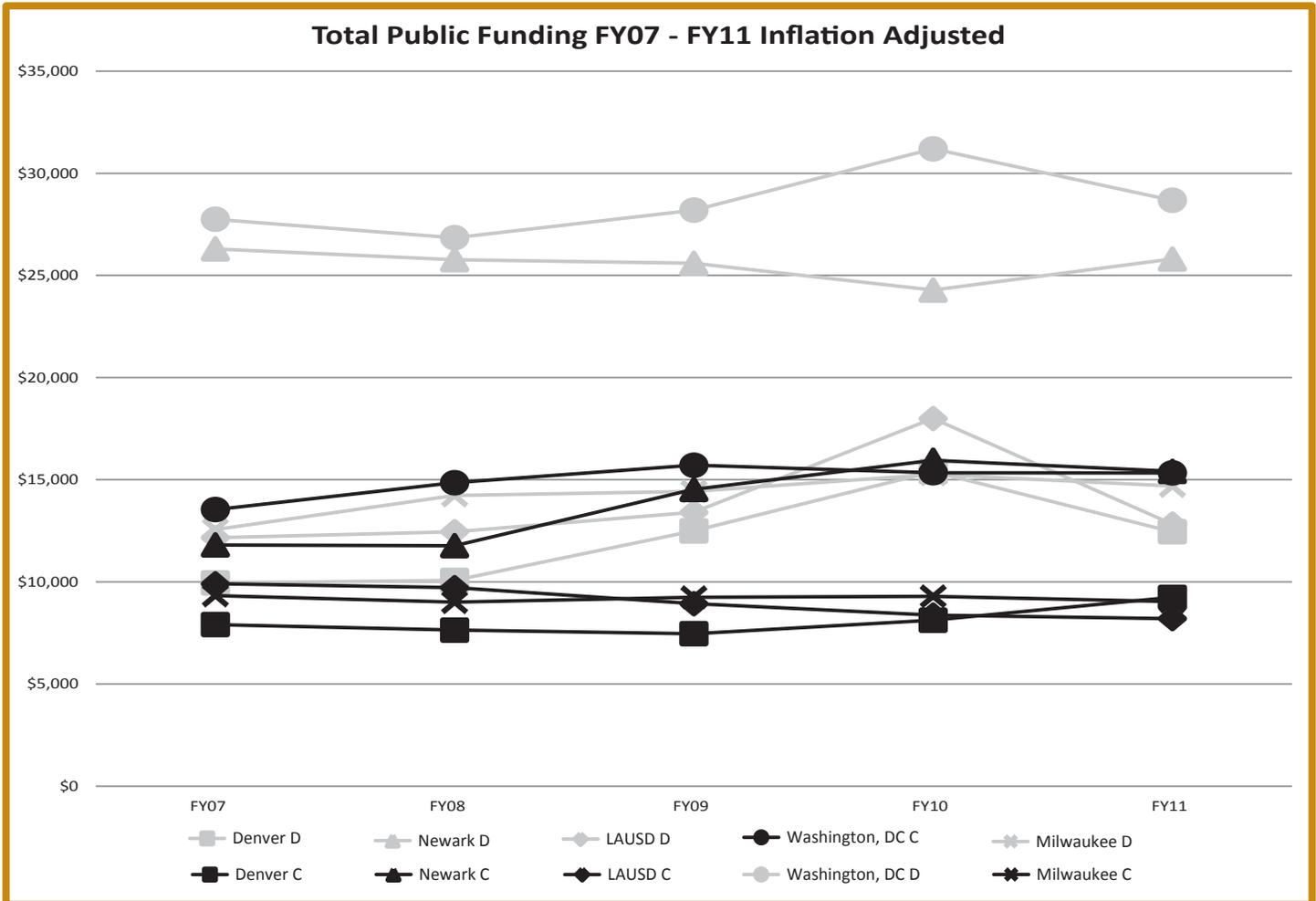


Milwaukee traditional public schools weathered the downturn with an increase in per pupil funding, rising from \$13,148 per pupil in FY07 to \$15,018 per pupil in FY11 – an increase of 14.2 percent. Milwaukee charters did not fare as well with their revenues, declining from \$10,905 per pupil in FY07 to \$10,298 per pupil in FY11 – a decline of 5.6 percent. Charters in Newark, however, experienced healthy growth in their funding when compared to the decline in funding for the traditional public schools in that city. In FY07, Newark’s charters received \$12,265 per pupil, and by FY11, funding had increased to \$15,973 per pupil – an increase of 30.2 percent, which is the highest increase of any of the school groups researched for this study. Newark’s traditional public schools, however, encountered a slight loss in funding, falling from \$26,939 per pupil in FY07 to \$26,187 per pupil in FY11 – a decline of 2.8 percent. Once again, however, the state’s funding formula changed in FY08, thus helping to narrow the funding gap between traditional public schools and public charter schools. In Washington, DC, the traditional public schools experienced a 3.0 percent increase in funding, from \$28,288 per pupil in FY07 to \$29,145 per pupil in FY11. DC public charter schools, however, increased their total funding by 8.6 percent, from \$15,072 per pupil in FY07 to \$16,361 per pupil in FY11.

Total Public Funding FY07 – FY11

In an effort to determine the cause of funding fluctuations between FY07 and FY11, the research team isolated public funding from all funding sources (Figure 2). For the purposes of this study, public funding is defined as funds originating through government sources.

Figure 2



When viewing public funding only, three of the four school groups that experienced revenue declines in total funding between FY07 and FY11 found their public funding affected. Los Angeles public charter schools’ public funding declined 17.2 percent during this period, falling from \$9,907 to \$8,201 per pupil. During this same period, Los Angeles Unified School District received 5.4 percent more in public funding. Milwaukee public charter schools also experienced a decline in their public funding, falling from \$9,330 per pupil in FY07 to \$9,034 per pupil in FY11 for a decline of 3.2 percent. Finally, Newark traditional public schools experienced a slight decline in public funding between FY07 and FY11 of 1.9 percent, falling from \$26,302 per pupil to \$25,805 per pupil in FY11. As noted above, however, the state of New Jersey adjusted its funding formula in 2008, as the Newark public charter schools recorded a significant increase in public funding during the same period – 30.5 percent. Public funding for Newark charters rose from \$11,809 in FY07 to \$15,410 per pupil in FY11.

Non-Federal Public Funding

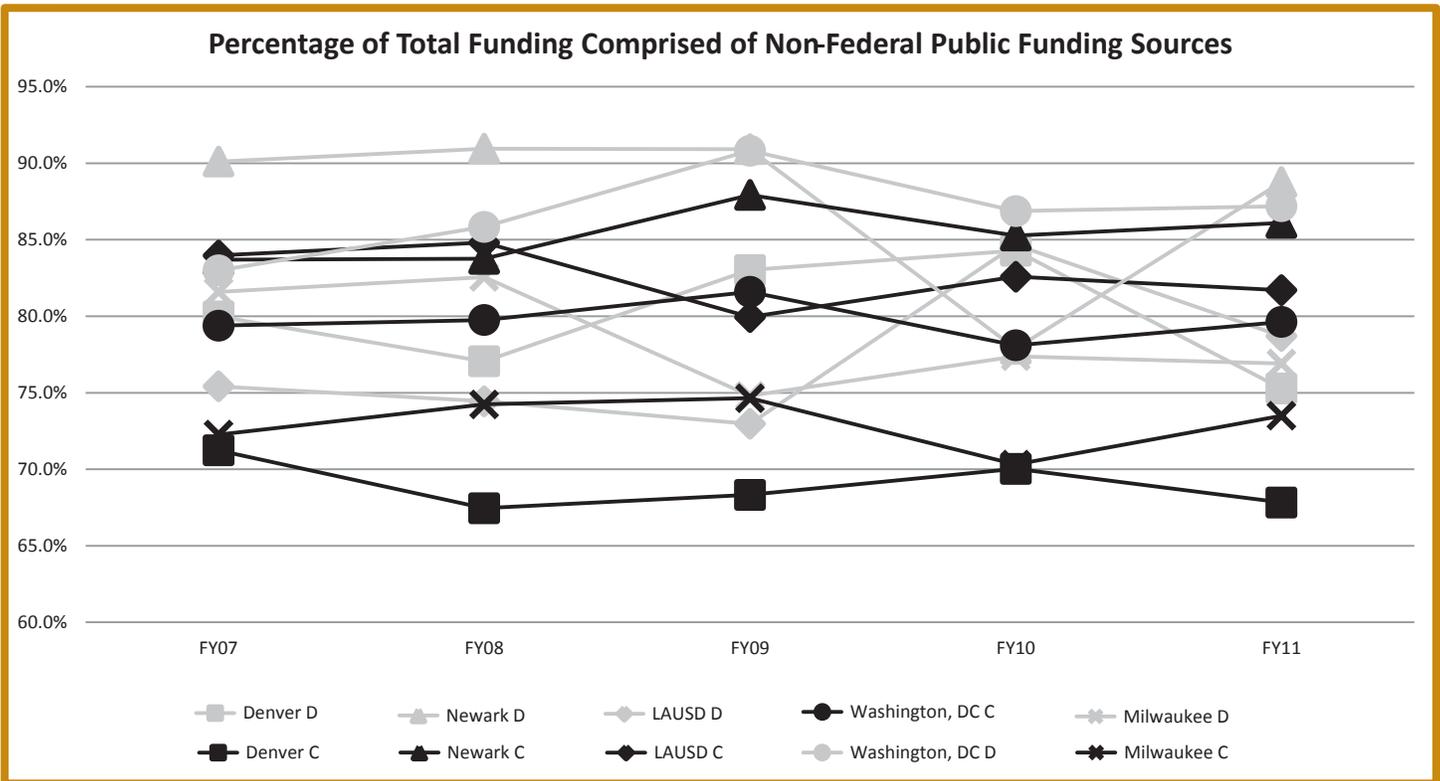
In an attempt to better understand the source of funding fluctuations, an additional cut of the data was made to isolate all public funding that did not flow from the federal government, i.e., local and state revenue.^{vi} Two perspectives were used to identify changes to local and state funding; the percentage of total funding between FY07 and FY11, and changes to the per pupil funding originating from local and state sources during the same period. Figure 3 shows the percentage of total funding from FY07 through FY11 that originated from non-federal public sources. Half of the education entities in this study experienced a decline in this form of public funding between FY07 and FY11. Interestingly, the Denver traditional public schools and the public charter schools both saw a decline in the percentage of their total funding originating from local and state sources; from 80.0 percent in FY07 to 75.3 percent in FY11 for the traditional public schools, and from 71.2 percent in FY07 to 67.8 percent by FY11 for the public charter schools. Yet, both types of schools had an overall increase in their funding between FY07 and FY11. For public schools in Denver to record an overall increase in their total funding, therefore, federal revenue and non-tax revenue (philanthropy) would have to compensate for the downturn in these funds.

In Los Angeles, Figure 1 shows that the traditional public schools had experienced a total decline in funding since FY07 of 4.7 percent. As seen in Figure 3, however, LAUSD saw an increase in the overall funding provided by local and state revenue, rising from 75.4 percent in FY07 to 78.7 percent in FY11. The reverse occurred for public charter schools in Los Angeles, however. Figure 1 shows overall funding for Los Angeles public charter schools fell 18.8 percent between FY07 and FY11, and this was due in part to a decline in local and state funding. In FY07, 84.0 percent

of total funding for Los Angeles public charter schools originated from non-federal public sources, but by FY11, the share of total funding from those sources had fallen to 81.7 percent.

Milwaukee Public Schools incurred a decline, as well, in local and state funding between FY07 and FY11, with the percentage of total funding from those sources falling from 81.6 percent to 76.9 percent. As seen in Figure 1, the traditional public schools gained in per pupil funding during that period, thus indicating that either federal funding or non-public funding became more important in funding the school system. Milwaukee public charter schools, however, received a slight increase in their funding from state and local sources as a percentage of total revenue. In FY07, public charter schools received 72.3 percent of their total funding from local and state sources and 73.5 percent by FY11. However, as seen in Figure 1, public charter schools in the city experienced an overall decline in per pupil revenue, indicating that these schools did not have 1) the same infusion of federal dollars as the traditional public schools, and/or 2) they encountered a decline in other, non-public, revenues.

Figure 3



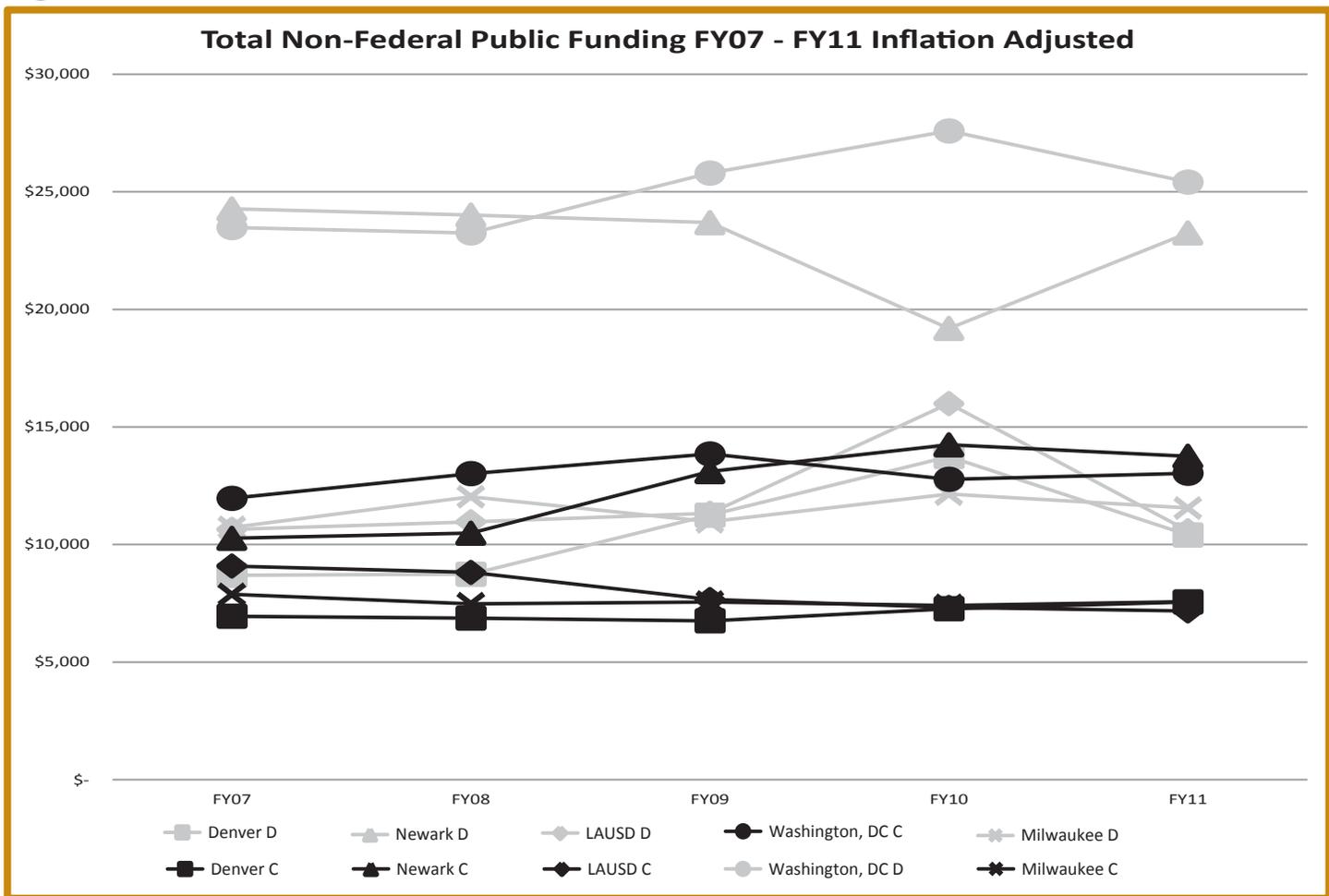
For school systems in Newark, traditional public schools showed a decline in funding from local and state sources between FY07 and FY11 as seen in Figure 3, falling from 90.1 percent in FY07 to 88.8 percent in FY11. The public charter schools, however, recorded an increase in funding from local and state sources, rising from 83.7 percent in FY07 to 86.1 percent in FY11, a change that is consistent with the state’s modifications to its funding formula in 2008.

In Washington, DC, the traditional public schools recorded a 3.0 percent gain in total per pupil revenue during the period studied, as seen in Figure 1, and Figure 3 shows that state funding bears some of that responsibility, rising from 83.0 percent of total funding in FY07 to 87.2 percent in FY11. For public charter schools, however, the percentage of total revenue acquired through state funding remained nearly static from FY07 to FY11, rising only two-tenths of a percent over the period, which indicates that the 8.6 percent growth in total funding found in Figure 1 had to originate from federal or non-public sources.

To completely understand the sources of funding for the Washington, DC public charter schools and all the other education entities in this study, state and local per pupil funding should be examined, as well, not only by the percentage these two funding sources account for of total funding. For Washington, DC public schools, a disparity in overall funding does exist, but the rate of increase in state per pupil funding remained fairly constant from FY07 to FY11 for the District of Columbia Public Schools and the public charter schools in the city. As seen in Figure 4, state revenue for traditional public schools increased by 8.2 percent, from \$23,478 to \$25,412 per pupil. For the public charter schools, state funding increased by 8.9 percent over the same period, rising from \$11,965 to \$13,029 per pupil.

Denver public schools also experienced an increase in state and local revenue during the period studied in this research, a consistent finding with Figure 1. Traditional public schools recorded a 19.7 percent increase in local and state funding, rising from \$8,691 to \$10,406 per pupil. Public charter schools also received 8.7 percent more in state and local funding, with non-federal public funds rising from \$6,949 to \$7,555 per pupil. In Los Angeles, however, per pupil local and state funding declined for all public schools, which is consistent with the findings from Figure 1. LAUSD local and state revenue declined 0.6 percent between FY07 and FY11, falling from \$10,643 to \$10,583 per pupil. Los Angeles public charter schools, however, experienced a more drastic decline in their local and state revenues – a 21.0 percent fall, from \$9,085 in FY07 to \$7,174 per pupil in FY11.

Figure 4

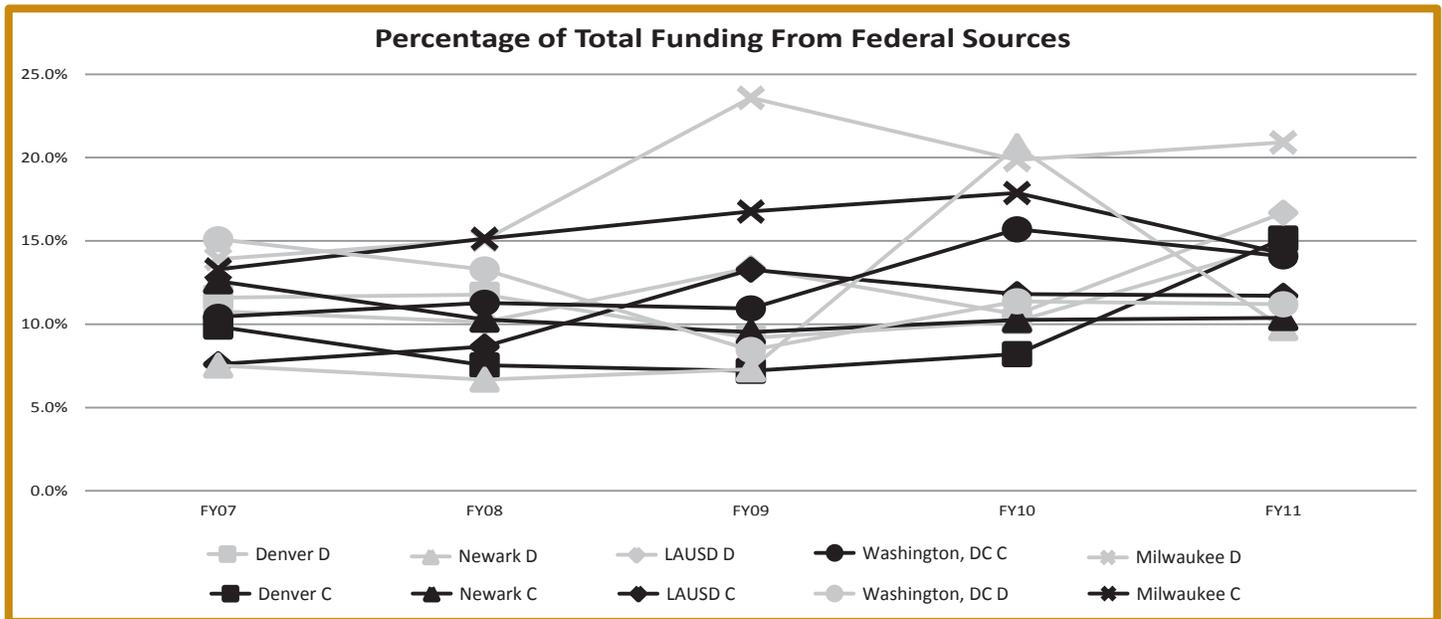


In Milwaukee, as seen in Figure 4, local and state funding increased for the traditional public schools between FY07 and FY11, rising 7.7 percent from \$10,728 to \$11,551 per pupil. However, public charter school revenue from local and state sources declined during the same period by 4.0 percent, from \$7,881 to \$7,569 per pupil. Newark traditional public schools also recorded a decline in local and state revenue, as they received 4.2 percent less over the study period, falling from \$24,275 to \$23,247 per pupil. Public charter schools in Newark, however, received significantly more in local and state funding – 34.0 percent, rising from \$10,266 to \$13,753. Again, changes to the state’s funding formula resulted in the gap narrowing.

Federal Funding

When isolating federal funds from other types of funding, the role played by Washington, DC during the financial crisis becomes apparent (Figure 5) – for all but two of the 10 education groups analyzed in this study, federal funding as a percentage of total revenue increased during the economic downturn. Federal funding in Denver as a percentage of total funding rose from 11.6 percent to 14.8 percent for the traditional public schools and from 9.9 percent to 15.1 percent for the public charter schools. In Los Angeles, federal funding rose for the traditional public schools from 10.8 percent of total funding to 16.7 percent by FY11. For Los Angeles public charters, the percentage increase was not as high as for the traditional public schools, rising from 7.6 percent of total funding in FY07 to 11.7 percent in FY11.

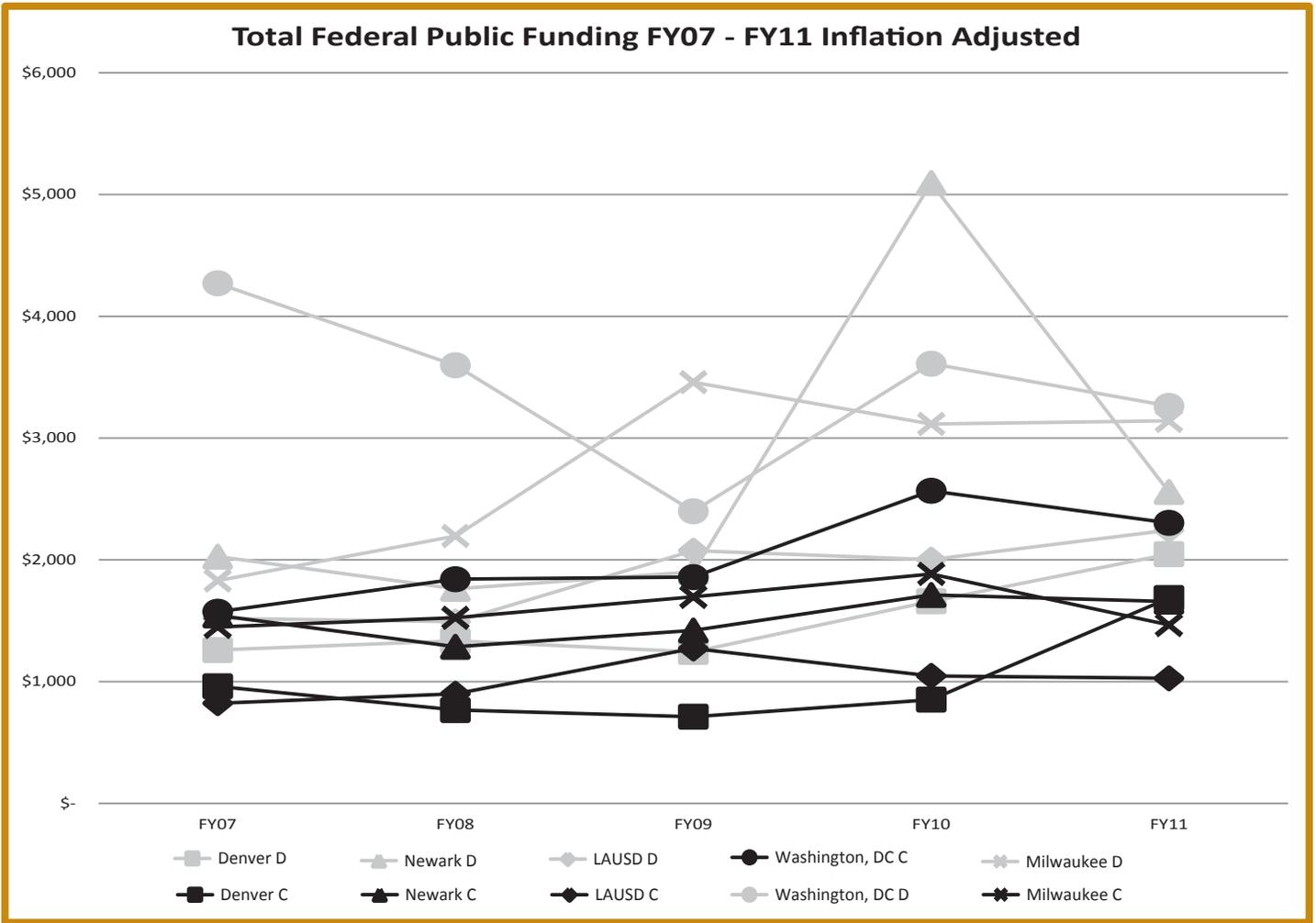
Figure 5



Milwaukee’s traditional public schools had the highest percentage increase of any of the education groups in this study; their federal funding as a percentage of total funding rose from 13.9 percent in FY07 to 20.9 percent in FY11, while the percentage increase in federal funding for the public charter schools changed by a much smaller margin, rising from 13.3 percent of total funding in FY07 to 14.2 percent of total funding in FY11.

Newark traditional public schools increased the percentage of federal funding accounting for their total revenue by 2.3 percent, rising from 7.5 percent in FY07 to 9.8 percent in FY11. Also, it should be noted that Newark’s traditional public schools relied most heavily on federal funding between FY09 and FY10, when the percentage of federal funding increased from 7.3 percent to 20.7 percent of total funding. Newark’s public charter schools were the only charters in this study to experience a decline in the percentage of federal funding, with their FY07 percentage to total reaching 12.6 percent, falling to 10.4 percent by FY11. Finally, Washington, DC’s traditional public schools were the only traditional public schools in the study also to experience a decline in the percentage of federal funding during the study period, falling from 15.1 percent in FY07 to 11.2 percent in FY11. However, the percentage of federal funding comprising the total funding for public charter schools in Washington, DC increased from 10.4 percent to 14.1 percent by FY11.

Figure 6



Actual federal funds on a per pupil basis closely mirror the results in Figure 5 – all education groups in this study except one received increased federal support between FY07 and FY11, but in only two of the five cities in this study did public charter schools receive higher percentage increases of federal funding than the traditional public schools (Figure 6).

Federal funding for Denver’s traditional public schools rose by 62.5 percent between FY07 and FY11, from \$1,260 to \$2,047 per pupil. For the public charter schools, federal revenue increased by 75.4 percent, from \$961 to \$1,686 per pupil, which is the highest percentage increase of any of the education groups in this study. In Los Angeles, federal revenues for traditional public schools rose 47.5 percent, from \$1,521 to \$2,244 per pupil. During the same period, federal funds for Los Angeles’s public charter schools rose 25.0 percent, significantly less than the increase recorded for the traditional public schools, from \$822 per pupil to \$1,027 per pupil. In Milwaukee, the traditional public schools experienced the greatest increase in federal funding of any of any of the traditional public school systems in this study, while the public charter schools received the lowest increase. The traditional public schools recorded an increase of 71.7, from \$1,829 in FY07 to \$3,134 per pupil in FY11. However, the public charter schools in Milwaukee received the least increase of any of the education groups in this study – only 1.1 percent, from \$1,449 in FY07 to \$1,466 per pupil in FY11.

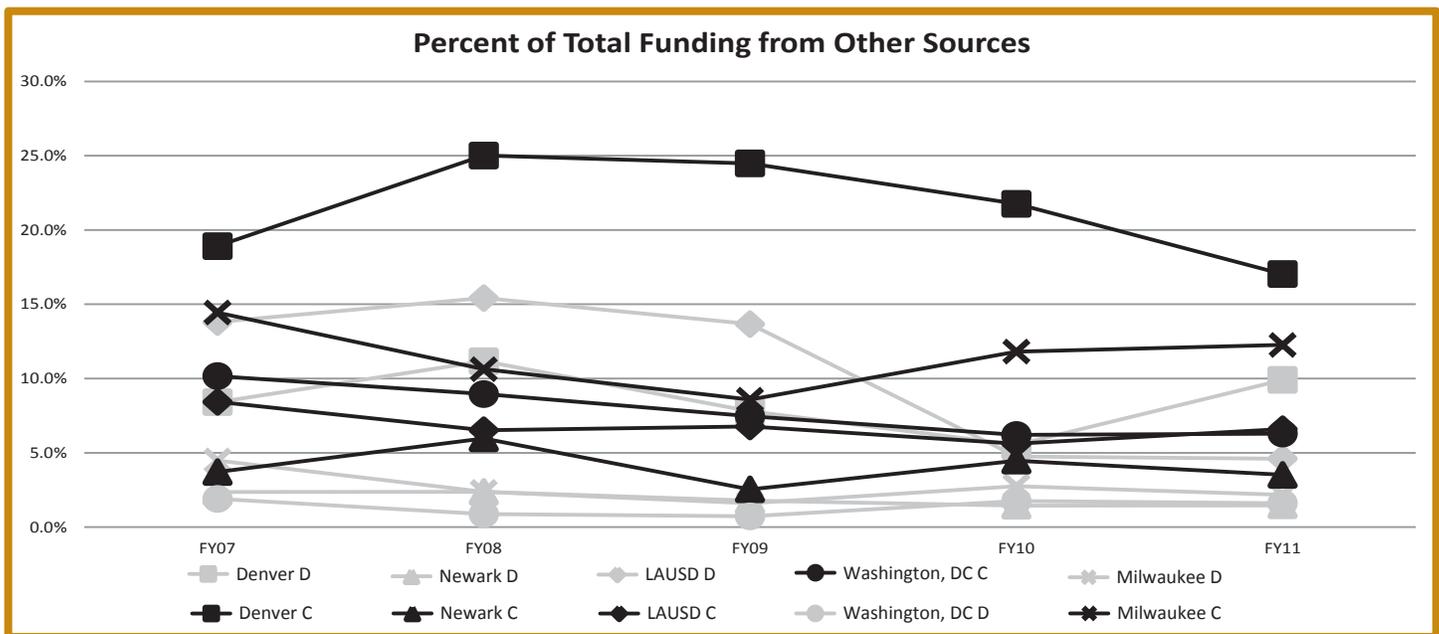
In Newark, federal revenue increased by 26.2 percent for the traditional public schools, rising from \$2,026 to \$2,557 per pupil in FY11. Funding for the public charter schools rose less – by 7.4 percent, rising from \$1,543 in FY07 to \$1,657 per pupil in FY11. For the District of Columbia, the traditional public schools were the only system in this study to experience a decline in federal funding – 23.6 percent, between FY07 and FY11. In FY07, traditional public schools received \$4,271 in federal funding but \$3,264 per pupil in FY11. However, the decline in funding began in FY08 and continued in FY09, so it appears that FY07 may present an anomaly in the federal funding history of the traditional public schools. The public charter schools, conversely, recorded a 46.3 percent increase in federal funding between FY07 and FY11, with per pupil revenue rising from \$1,574 to \$2,303 per pupil.

Other Revenue

The remaining funding category, other, represents revenue from non-public sources and includes such sources as income from investments, facilities rental, activity fees, and tuition from individuals. Also included in this category are the largest sources of non-public revenue, fundraising and philanthropic gifts.

Traditionally, other sources of funding play a more significant role in the funding landscape for public charter schools than traditional public schools. In FY07, four of the five public charter school groups in this study had higher percentages of funding originating from other sources of revenue than the traditional public schools with Denver public charter schools recording 18.9 percent of their revenue from other sources, followed by the Milwaukee charters with 14.4 percent. By FY11, all the charter school groupings in this study had a higher percentage of their funding originating from other sources than did the traditional public schools. However, with the exception of the Denver traditional public schools, all the education entities experienced declines in the percentage of total funding originating from other sources during the period of economic downturn.

Figure 7



In FY07, Denver traditional schools counted on 8.4 percent of their total budget to derive from other sources of revenue; that had risen to 9.9 percent by FY11. For Denver public charter schools, however, the 18.9 percent of their total revenue originating from other sources in FY07 had fallen to 17.0 percent by FY11. In Los Angeles, the traditional public schools counted on other revenue sources to fund 13.8 percent of total revenue in FY07, which had fallen to 4.6 percent by FY11. For the Los Angeles public charter schools, the 8.4 percent of total revenue originating from other sources in FY07 had declined to 6.6 percent in FY11. In Milwaukee, the traditional public schools relied on other revenue for 4.5 percent of their total funding in FY07, which declined to 2.2 percent by FY11. The public charter schools in Milwaukee saw their other revenue decline from 14.4 percent in FY07 to 12.3 percent in FY07.

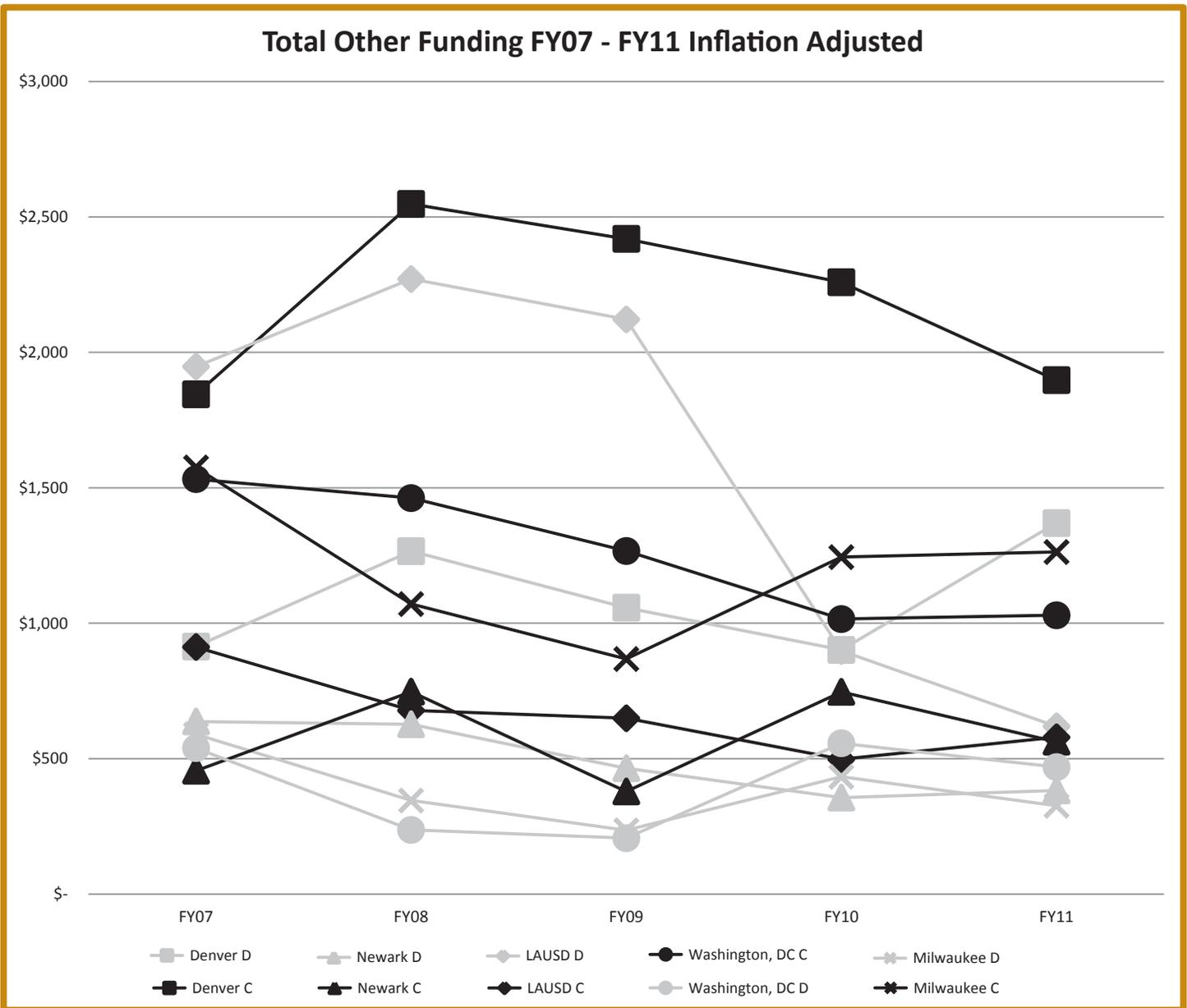
Newark's traditional public schools only relied on other revenue for 2.4 percent of total revenue in FY07, and the percentage declined to 1.5 percent by FY11. The public charter schools in Newark recorded 3.7 percent of their total revenue originating from other sources, which declined slightly to 3.5 percent by FY11. Finally, traditional public schools in Washington, DC had the lowest percentage of total revenue originating from other sources of revenue of any of the education groups in the study in FY07 – 1.9 percent; by FY11, their percentage of other revenue as a percentage of total revenue had fallen to 1.6 percent. The city's public charter schools recorded a decline in their other revenue, as well, from 10.2 percent in FY07 to 6.3 percent in FY11.

As the decline in the percentage of other revenue could be the cause of increased revenue flows from other sources, other revenue on per pupil basis also was examined to determine if the education groups in this study encoun-

tered an actual decline in dollar terms, and for the most part, the per pupil analysis mirrored analysis of the percentage declines of total funding (Figure 8).

Denver traditional public schools showed a 49.9 percent increase in other revenue, rising from \$914 in FY07 to \$1,370 per pupil in FY11. The city's public charter schools reported a slight increase during the five years analyzed, rising from \$1,845 in FY07 to \$1,898 per pupil in FY11. In Los Angeles, the traditional public schools experienced the greatest per pupil loss in other revenue from FY07 to FY11 – 68.2 percent – falling from \$1,947 to \$619 per pupil. The city's public charter schools also recorded a decline in other revenue during this period of 36.5 percent, from \$912 in FY07 to \$579 per pupil in FY11.

Figure 8

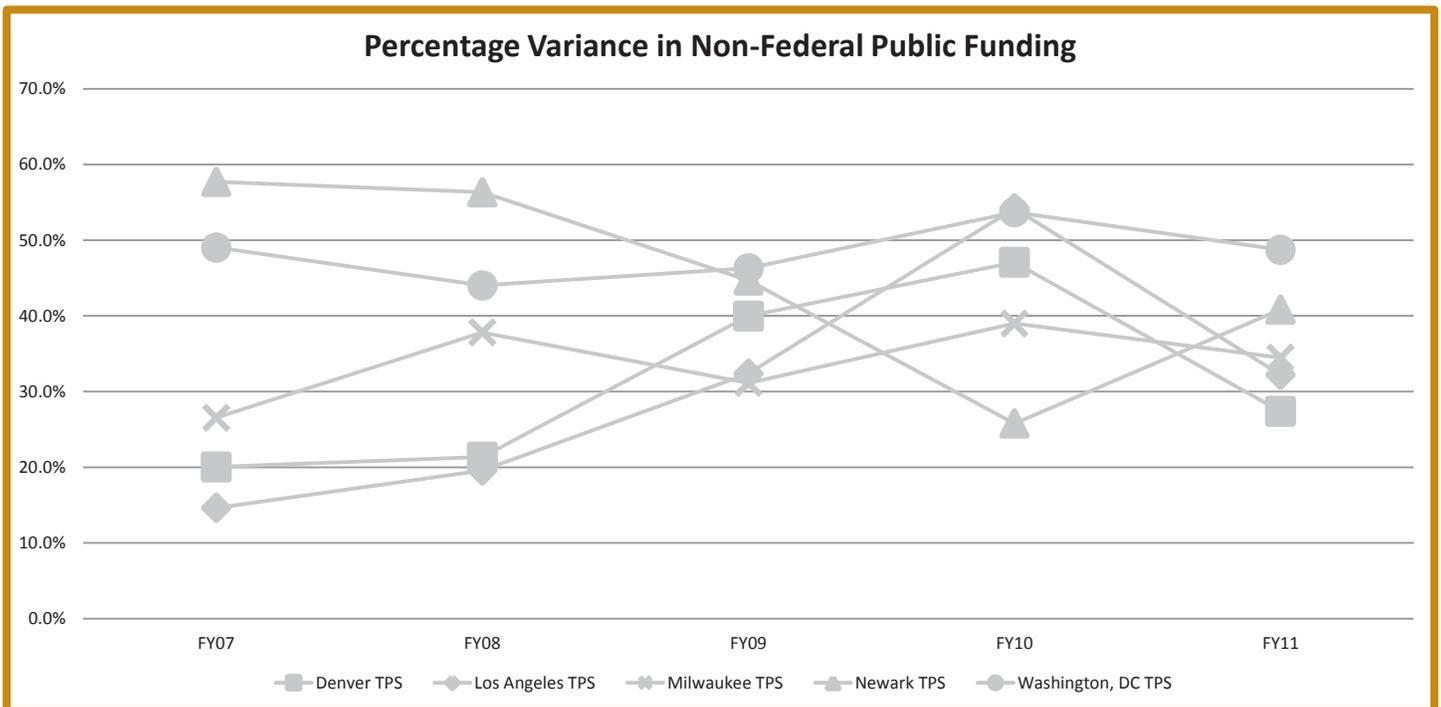


The traditional public schools of Milwaukee lost 44.7 percent of their other revenue during the downturn in the economy, falling from \$590 per pupil in FY07 to \$326 per pupil in FY11. The public charter schools in Milwaukee recorded a 19.8 percent decline, dropping from \$1,575 per pupil in FY07 to \$1,263 per pupil in FY11. In Newark, the traditional public schools lost 40.0 percent of their other revenue between FY07 and FY11, from \$637 to \$383 per pupil. The declines for the traditional public schools would have been more severe if not for Mark Zuckerberg’s gift to the city. The city’s public charter schools, however, have been able to grow their funding from other revenue, only the second group of charter schools in this study to do so during this period. Other funding for the charter schools grew 23.5 percent during the period, from \$455 in FY07 to \$562 per pupil in FY11. Finally, Washington, DC’s traditional public schools encountered a 13.0 percent decline in other revenue during the period from FY07 to FY11, falling from \$539 to \$469 per pupil. The city’s charter schools recorded a decline, as well, of 32.8 percent, falling from \$1,532 to 1,029 per pupil.

Conclusion

On the other side of the economic downturn, public charter schools weathered the economic downturn with only Los Angeles and Milwaukee charter schools recording actual per pupil declines in total revenue. However, public charter schools continued to receive less in overall funding than their traditional public school peers. Figure 9 maps the variance in funding for each fiscal year since FY07 – the closer a city is to reaching 0%, the closer traditional public schools and public charter schools are to reaching parity in funding. In three of the five cities in this study, the variance in funding between traditional public schools and public charter schools widened between FY07 and FY11.

Figure 9



In Denver, the variance in funding widened since FY07 from 10.2 percent to 19.4 percent. Based on the findings, state and local funding continued to rise for the traditional public schools at a higher rate than for the public charter schools, reaching a variance as high as 47.1 percent in FY10 and settling to 27.4 percent in FY11. The combination of the district's pursuit of revenue from other sources with the increase in state and local funding led to the increase in the city's funding disparity.

For Los Angeles, the funding variance widened from 23.3 percent in FY07 to 34.7 percent in FY11. During the downturn, both traditional public schools and public charter schools lost state and local funding; however, the rate of loss for public charter schools far exceeded that of the traditional public schools – 0.6 percent versus 21.0 percent, respectively. Additionally, Los Angeles Unified traditional public schools received more funding from the federal government, and other sources of revenue plummeted for the public charter schools (36.5%), all contributing to the increase in the funding disparity in this city.

Milwaukee's funding variance between traditional public schools and public charter schools rose from 17.1 percent in FY07 to 31.4 percent in FY11. Local and state funding continued to favor traditional public schools with the variance rising 34.5 percent for those funding categories, but the variance for federal funding altered radically in favor of traditional public schools, rising from 20.8 percent in FY07 to 53.3 percent in FY11. The variance in funding from other sources continued to favor the public charter schools, growing from 62.5 percent in FY07 to 74.2 percent in FY11 but was insufficient to counteract the increased local, state and particularly federal funding received by the traditional public schools.

In Newark, the variance between traditional public schools and public charter schools narrowed significantly due to changes in the state funding formula. While the per pupil amounts still vary considerably, the variance in funding narrowed from 54.5 percent in FY07 to 39.0 percent in FY11. The variance in state and local funding declined to 40.8 percent from 57.7 percent. An increase in federal funding favoring the traditional public schools prevented the gap from narrowing further.

Finally, Washington, DC's funding variance narrowed as well, declining from 46.7 percent to 43.9 percent in FY11. The primary cause for the narrowed variance is an increase in federal funding for the public charter schools in the city, which grew at the fast clip of 46.3 percent, while federal funding for the traditional public schools declined by 23.6 percent between FY07 and FY11.

Although it is too early to comment on the results that might be found in the new revenue study, the results from these five cities indicate that many of the states and cities included in the new research likely are to increase the

disparity in funding between traditional public schools and public charter schools. States appear to have found resources during the downturn that were used to shelter public school systems from the worst of the economic downturn, but those resources favored traditional public schools more than public charter schools. Additionally, the decline in other revenue, which affected school systems across the country, resulted in public charter schools being affected to a greater extent in the funding source they counted on the most. At a minimum, we should expect that the new study will not reveal any improvement nationally in the variance in funding between traditional public schools and public charter schools. At worst, we might find that inequities in funding have become entrenched as a result of the economic downturn.

About the Authors

Larry Maloney is president of Aspire Consulting and has investigated expenditure patterns of the nation's public schools on behalf of states and individual school districts since 1992. Currently, Mr. Maloney is analyzing the revenues and expenditures of school districts and charter schools in 11 major metropolitan areas across the country for a foundation client. He served as part of the research team for the Thomas B. Fordham Institute 2005 study, Charter School Funding: Inequity's Next Frontier, as well as the Ball State University follow-up in 2010, Charter School Funding: Inequity Persists. Currently, he is serving as the lead researcher for the next addition of the charter school funding report, to be released by the University of Arkansas in 2014. Additionally, he is co-authoring a report in 2013 for the Thomas B. Fordham Institute that examines the potential costs of delayed pension funding on school districts. Previously, Mr. Maloney worked on multi-year financial analysis programs for the states of Nevada and Rhode Island, and he provided the financial analysis for the Indiana Government Efficiency Commission report in 2004. 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. Additionally, he served as the project evaluator for the National Alliance for Public Charter Schools three-year federal project designed to improve the quality of services provided by state charter associations.

Meagan Batdorff is a co-founder and lead consultant for Progressive EdGroup, an education consulting group contributing to progressive education reform efforts. A former high school teacher and Teach for America alumnus, Meagan's work has focused on three main areas: education reform research and policy; school finance; and

charter school start-up and school design. Meagan works with education advocacy groups, schools, districts and states to support school-based research efforts to effect necessary policy changes. Currently she is leading a 5-year Case Study analysis through a federal Teacher Incentive Fund grant for 20 Detroit schools. Her work in school finance has focused on national studies of comparative revenues between traditional and charter schools in addition to state level work on school finance systems. Meagan is scheduled to serve as an expert witness in a district level school finance lawsuit. Progressive EdGroup strives to maintain a balanced workload between policy and research efforts and direct work with schools. Meagan has worked on the successful design and start-up of over 50 independent charter schools across the United States and she often works closely with schools in their start-up years in supporting implementation and sustainability planning. Much of Meagan's work with schools centers on charter development and proposal writing. She has won over \$50,000,000 in competitive grants for schools and education organizations.

Michelle Terrell is an independent researcher and writer who has worked in education for over twenty years. With a team of bi-partisan community leaders, she co-founded in 2010 the NC Alliance for Public Charter Schools, the state's first public charter school association. She helped Public Impact to develop the application and accountability processes for charter schools authorized by the Mayor of Indianapolis and the Fordham Foundation in Ohio and has conducted numerous educational appraisals of public charter schools across the country. She has conducted studies of charter school finance in Dayton and other districts, provided analyses of charter schools in several states, served as coordinator for the Charter Friends National Network's Accountability Initiative, and

managed a two-year national project on "Building Excellence in Charter School Authorizing" for the National Association of Charter School Authorizers. Michelle previously worked for the National Alliance for Public Charter Schools to provide weekly news updates to over 12,000 charter school stakeholders and provided regular charter school research summaries to the National Charter School Research Project at the University of Washington. Michelle began her career as Director of Policy Research at the Public School Forum, an education think tank in North Carolina, and in positions at the North Carolina State Department of Public Instruction and Harvard University.

Jay May, a CPA, is CEO and founder of EduAnalytics, LLC, a consulting practice focused on K-12 education finance analysis and hands-on technology initiatives to improve student performance. Mr. May's extensive twenty years of K-12 education practice and consulting includes: serving as a school district board member, leading all non-instructional functions of a 40,000-student district as second-in-command to the district superintendent, co-leading a start-up K-12 education consulting practice for Coopers & Lybrand (now PricewaterhouseCoopers), co-inventing the patented

In\$ite® — The Finance Analysis Model for Education®, providing expert witness revenue analysis and support for litigation in favor of equitable funding between traditional schools and charter schools within a state, and providing expertise for two technology projects (DC PCSB and the Los Angeles Unified School District). Mr. May's experience prior to the education sector includes serving as auditor for Peat, Marwick, Mitchell & Co (now KPMG); and, as a vice president, developing a process reengineering department and managing the back-office operations of a billion-dollar asset financial institution.

ⁱ "Budget Pain Dampening K-12 Efforts," Michele McNeil, [Education Week](#), January 5, 2009; and, "'Funding Cliff' Looms Large for States," Erick W. Robelen, [Education Week](#), October 30, 2009.

ⁱⁱ [Charter School Funding: Inequity Persists](#), Meagan Batdorff, Larry Maloney, Jay May, Daniela Doyle & Bryan Hassel, Ball State University, 2010, 224pp.

ⁱⁱⁱ Denver financial data provided by the Colorado Department of Education; enrollment data provided by Denver Public Schools. Los Angeles financial and enrollment data provided by the California Department of Education. Milwaukee Public Schools financial data provided by Milwaukee Public Schools; charter school financial data compiled from financial audits; enrollment data provided by the Wisconsin Department of Public Instruction. Newark financial and enrollment data provided by the New Jersey Department of Education. DC Public Schools financial data provided by the city of Washington, the DC Retirement Board and the US Department of the Treasury; DC charter data compiled from audits provided by the DC Charter School Board; and enrollment data provided by the DC State Education Agency.

^{iv} The methodology established for the financial analysis of the cities used in this ongoing research project varies slightly from the rules established for the Ball State University report and the upcoming 2014 report. Therefore, the per pupil calculations in this report will not match to the numbers for the same cities in both the previous and upcoming reports.

^v Inflation adjustment calculations were performed using the Bureau of Labor Statistics Inflation Adjustment Calculator, found at http://www.bls.gov/data/inflation_calculator.htm.

^{vi} For the purposes of this study, local and state revenue includes only funding generated from public sources – local funds such as income from investments, activity fees, tuition from individuals, and rentals often are counted as local revenue for reporting purposes. However, the study counts those revenues as other since they do not originate from a taxing authority.