

FY2003	FY2007	FY2011
D	F	F
Grade based on % of Actual Funding Disparity		

Washington, DC

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Introduction

This chapter compares district and charter school revenues in Washington, D.C., for fiscal year FY 2011 (FY11).¹ Comparisons are made to previous research for FY03

and FY07, based on the same methodology. Funding disparities between districts and charter schools for the same geographic area are explored. Additional research and insights not included in this chapter appear in the monograph at the beginning of this report. The monograph also includes a state-by-state Return on Investment (ROI) analysis, which combines the analysis of revenues with student performance data.

Highlights of the FY11 Analysis

- D.C.'s 48 charter schools received 38.8 percent less funding than D.C. Public schools: \$20,086 versus \$32,822 per pupil, a difference of \$12,736 (Figures 1 & 3).
- The revenue figures for charter schools include a facilities allowance. D.C. remains one of the few states/municipalities in this study to provide such funds to charter schools.²
- While D.C. charters educated 35.1 percent of the city's pupils, they received only 24.9 percent of the total revenue available for education in FY 2010–11 (Figures 2 & 3).
- Magnitude of Disparity: If the District of Columbia Public Schools received the same level of per pupil funding as charter schools, districts would have received \$535,921,007 less in total revenues (Figure 3).

Probable Causes of the Disparities

- While the District of Columbia provides facilities funding to charter schools, the funding provided falls short of capital construction projects undertaken on behalf of the district.
- While the funding formula works identically for district and charter pupils and includes a facilities allowance for the charters, the district receives funding through other city agencies, as well as the federal government, that the charter schools cannot access.

Where the Money Comes From

Public education in the District of Columbia does not have independent taxing authority to raise revenues. D.C. Public Schools and public charter schools in the district rely on appropriations from the city government for the majority of their funding.

How the District of Columbia Funds Its District

The District of Columbia guarantees a base amount of funding per student, called the Uniform Per Student Funding Formula, that is used to fund both district and charter schools. The formula includes a foundation level, which was established at \$5,000 per pupil in 1998–1999 and rises each year (by the lower of 4 percent or the

Figure 1

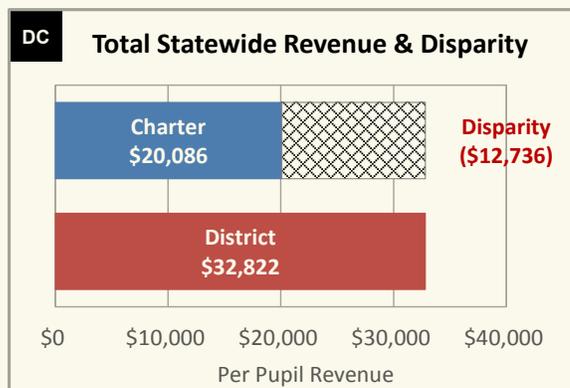


Figure 2

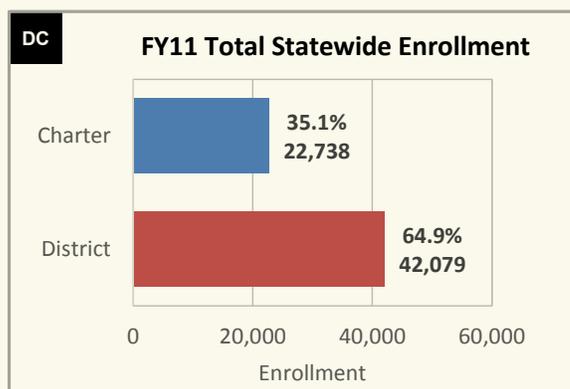


Figure 4

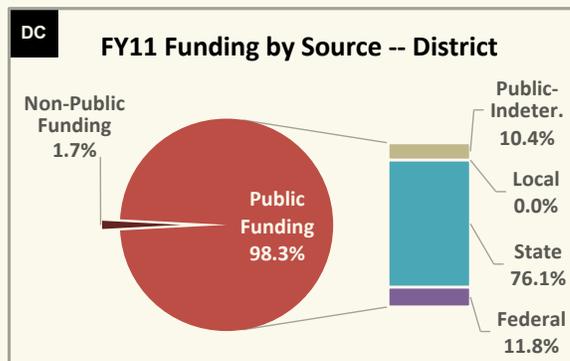
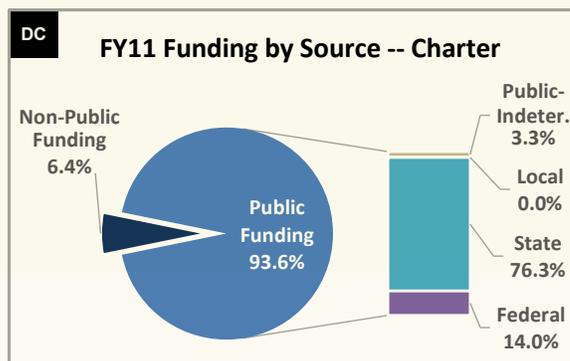


Figure 5



local Consumer Price Index). It is designed to provide all services to any student in first through fifth grades who does not receive any supplemental programs or services. For FY 2011, the city provided sufficient funding for a base foundation amount of \$8,945. Both district and charter schools receive additional revenue for pupils enrolled in lower and higher grade levels, as well as for students with special needs.

The weighted enrollment factors for students in grades other than first through fifth and for students with special needs are as follows:

Per-Pupil Weights

Preschool	1.34
Pre-K	1.30
Kindergarten	1.30
Grades 6–8	1.03
Grades 9–12	1.16
Alternative	1.17
Special Ed Schools	1.17
Adult	0.75

On top of the additional funds provided to special education schools, students with special needs receive additional weights of 0.51 to 2.83, depending on the severity of the student’s disability. The number of pupils in each category, determined during the fall enrollment count, is multiplied by the Weighted Pupil Unit factor above. The total Weighted Pupil Unit is then multiplied by the Foundation Level to determine the total local contribution to each district and charter school.

In addition to the funding formula, the District of Columbia public schools system receives funding from other city agencies, referred to as intradistrict funding. Additionally, the D.C. Retirement Board and the U.S. Department of the Treasury provide funds for district teacher retirement programs.

Figure 3

DC Summary Data Table		
FY2010-11	Statewide	
Per Pupil Revenue		
District	\$32,822	
Charter	\$20,086	
Difference	(\$12,736)	
% of District	(38.8%)	
Per Pupil Revenue by Source	District	Charter
Federal	\$3,866	\$3,016
State	\$24,989	\$16,405
Local	\$0	\$0
Other	\$556	\$1,327
Public-Indeter.	\$3,411	(\$710)
Indeterminate	\$0	\$48
Total	\$32,822	\$20,086
Enrollment		
District	42,079	
	64.9%	
Charter	22,738	
	35.1%	
Total Enrollment	64,817	
Charter Schools	48	
Revenue		
District	\$1,381,111,826	
	75.1%	
Charter	\$456,711,159	
	24.9%	
Total Revenue	\$1,837,822,985	
Percentage of Revenue by Source	District	Charter
Federal	11.8%	15.0%
State	76.1%	81.7%
Local	0.0%	0.0%
Other	1.7%	6.6%
Public-Indeter.	10.4%	-3.5%
Indeterminate	0.0%	0.2%
District funding change, if subjected to charter per pupil funding		
	\$ (535,921,007)	

Note: The 48 charter schools noted in Figure 3 are the number of charter schools that can be separately identified for purposes of revenue and enrollment analysis, and were analyzed. This figure does not represent individual campuses. Financial and enrollment information for four charter schools has been excluded from this analysis as those schools provide services exclusively to PreK and adult populations, neither of which is included in this analysis.

How the District of Columbia Funds Its Charter Schools

Charter schools in the District of Columbia receive the majority of their funding through the same funding formula used for the district. Charter schools do not have access to intradistrict funds, however, nor any funding support from the D.C. Retirement Board and the U.S. Department of the Treasury for their retirement programs.

Funding for Public School Facilities

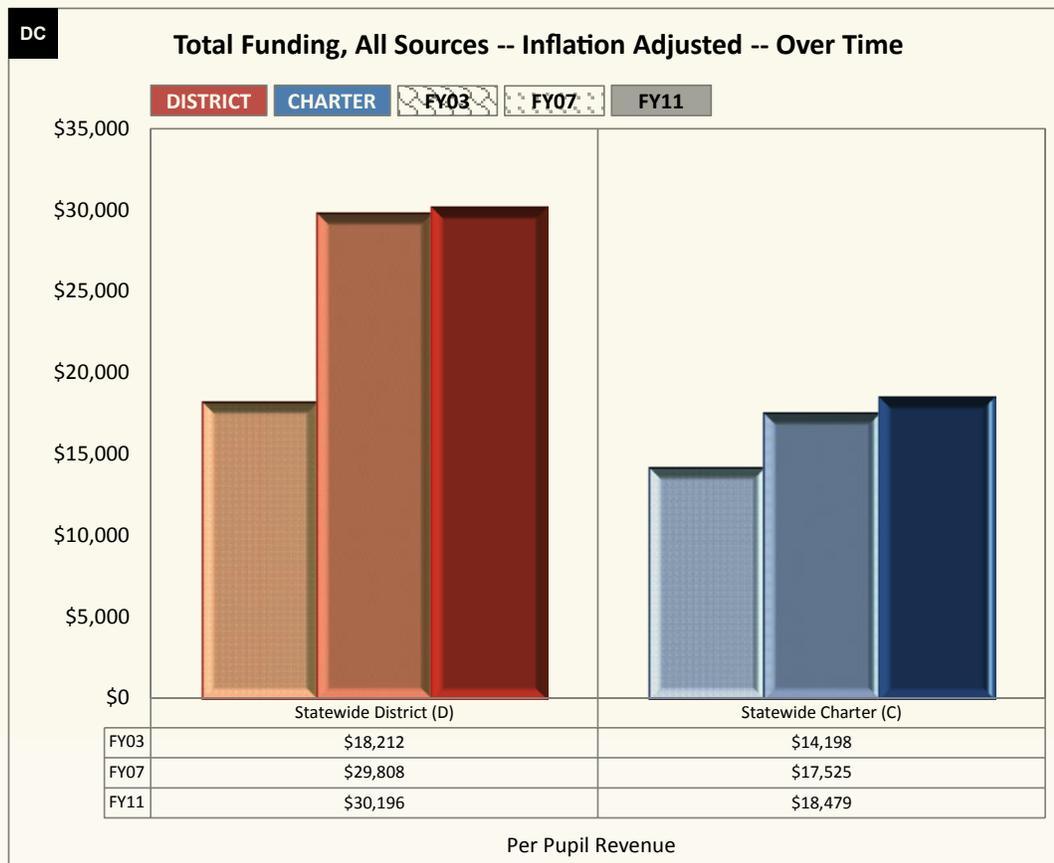
The city of Washington operates the Office of Public Education Facilities Modernization for capital construction of D.C. Public Schools. Charter schools do not have access to the services of this office but instead receive a facilities allowance in addition to any funds generated by the funding formula. For the FY11 school year, charter schools received \$3,000 per student as a facilities allowance. Additionally, charters may receive financial assistance for the purchase or lease of facilities through the D.C. Office of the State Superintendent of Education through the Credit Enhancement Revolving Fund or the Direct Loan Fund.

Long-Term Funding Patterns

For the District of Columbia, we now have three point-in-time snapshots of public education funding for FY03, FY07, and FY11.³ Please note that in the presentation and discussion of longitudinal data that follow, the figures used are inflation-adjusted to FY07 dollars and differ from figures presented in Figure 3, which include actual and weighted per pupil revenues representing FY11 only. The inflation-adjusted per pupil revenues in Figures 6–8 are for comparative purposes only. Refer to the Methodology section for more on inflation adjustments.

Total Funding

Figure 6



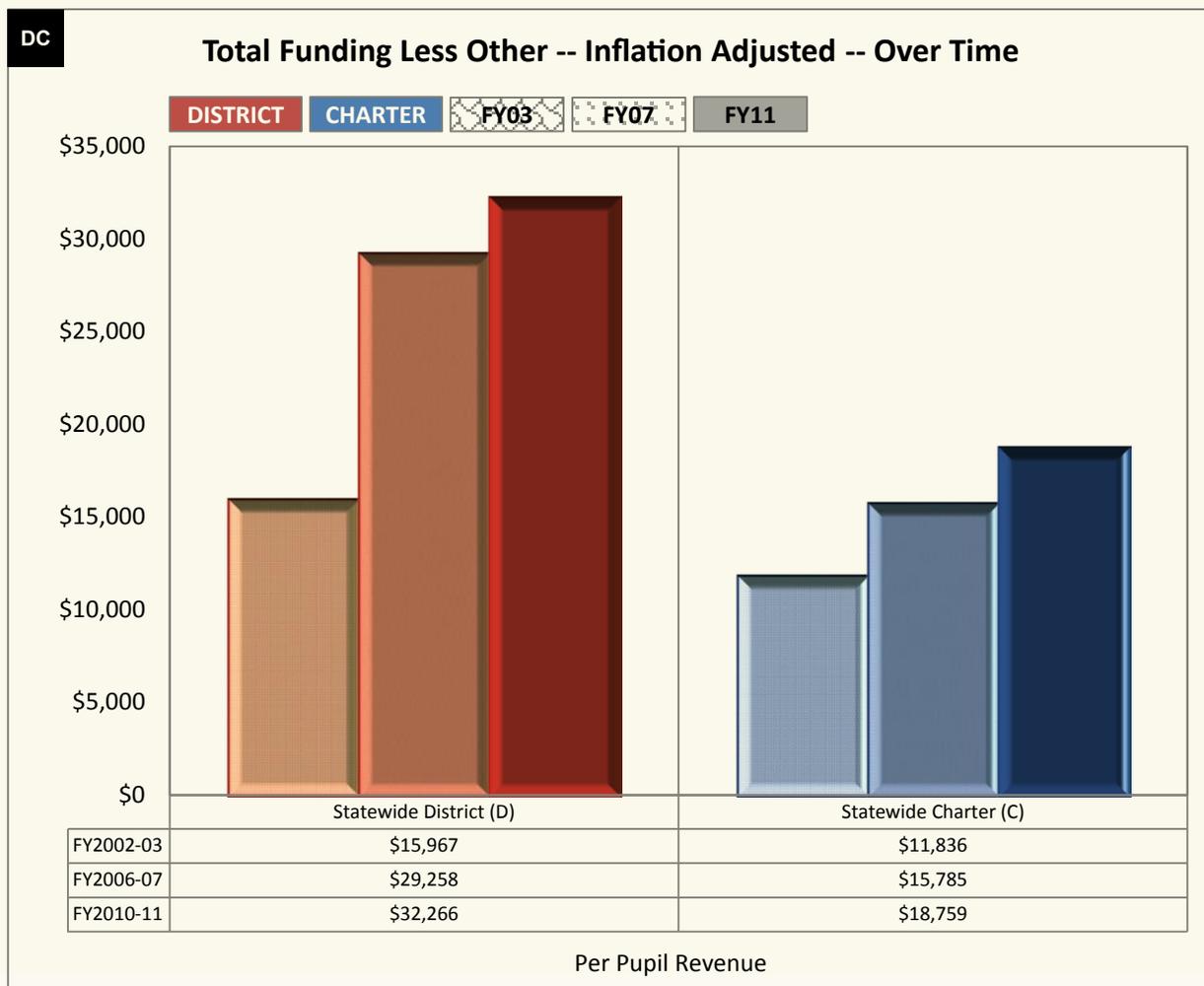
Education funding in the District of Columbia increased dramatically between FY03 and FY07 but rose only slightly in FY11. When all revenue sources are combined, funding for the District of Columbia Public Schools increased 65.8 percent between FY03 and FY11, from \$18,212 to \$30,196 per pupil. However, funding for D.C.'s charter schools experienced half the rate of growth of the district. Between FY03 and FY11, charter school funding increased from \$14,198 to \$18,479 per pupil, or 30.1 percent.

Total Funding Less Other

Our study includes total funding whether the funds originate from public or private sources. The “Other” category is comprised primarily of philanthropic dollars, which can play a significant role in the financing of charter schools. Therefore, we have removed Other dollars from this level of analysis to determine if funding from public sources is distributed equitably to districts and to charter schools. Public revenue includes Local, State, Federal, Indeterminate-Public, and where we cannot determine the source, Indeterminate.

Public funding for education from all public sources for District of Columbia Public Schools increased by \$11,642 per pupil, or 64.5 percent, between FY03 and FY11. The city’s charter schools, on the other hand, saw an increase of \$3,884 per pupil or 29.0 percent in public dollars.

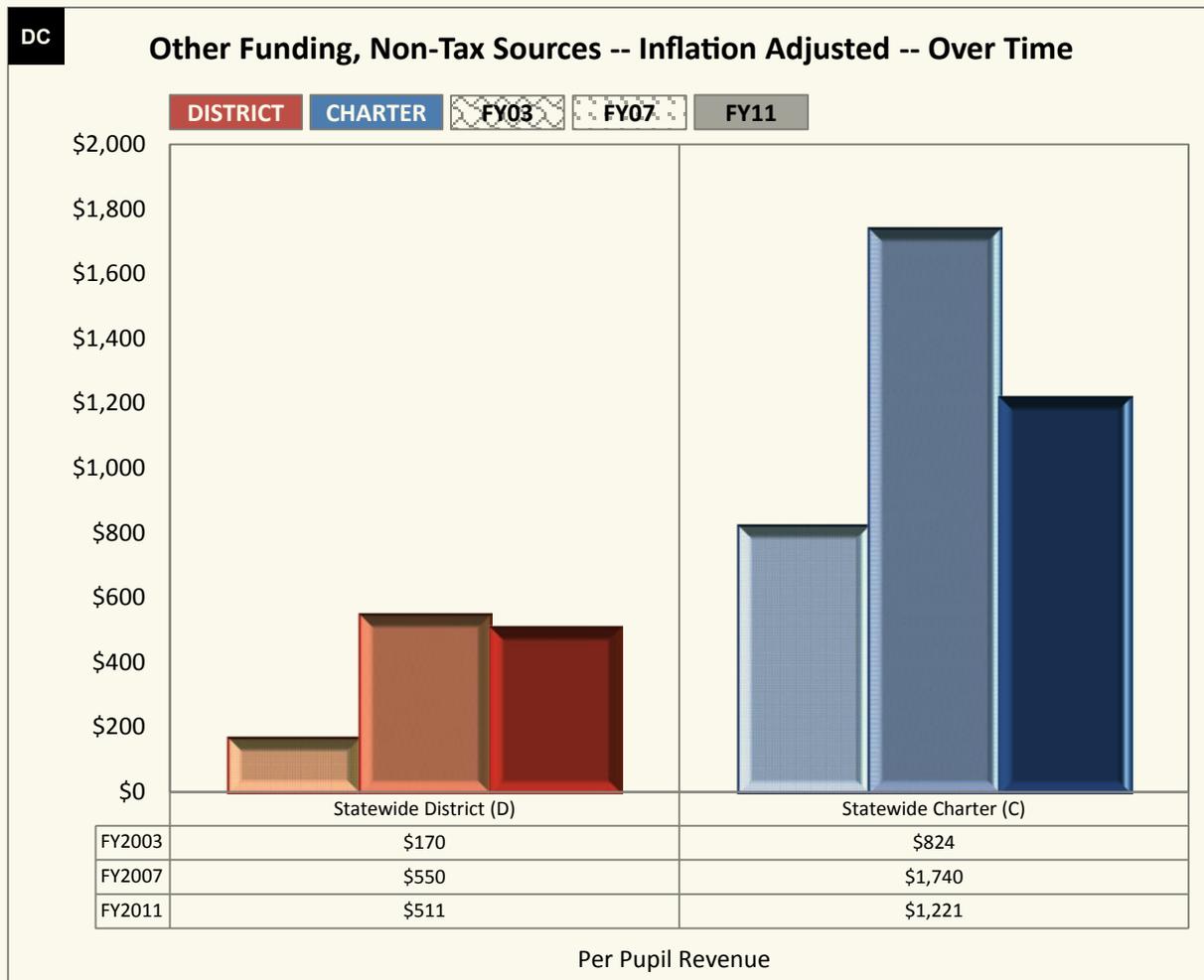
Figure 7



Other Funding

Other funding encompasses all forms of revenue not originating from public revenue sources, such as returns on investments, charges for facility rentals, and philanthropy. Of all the sources included in other revenue, philanthropy has often served an important role in charter school financing to narrow the equity gap. As Figure 8 indicates, however, revenue from other sources has declined since FY07.

Figure 8



Funding from Other sources increased for district schools since FY03, rising \$341 per pupil, or 201.6 percent. Revenue from Other sources fell during the downturn in the economy, from \$550 per pupil in FY07 to \$511 in FY11, a decline of 7.1 percent. Charter schools in the District of Columbia reported a 48.2 percent increase in revenue from Other sources between FY03 and FY11, rising from \$824 to \$1,221 per pupil. Other revenue for the city's charter schools accelerated in FY07 to \$1,740 per pupil, falling 29.8 percent by FY11.

Changes in Funding Results

Figure 9 shows the percentage increase/decrease in funding between FY03 and FY11 by each type of revenue stream. Because of the complications and changes in data availability and reporting quality for many states in this study for charter schools, the data reported in this figure may be somewhat misleading. The large percentile increases in federal funding are a fairly accurate representation of actual increases in federal revenues due to the

federal stimulus funding that the District of Columbia received. State funding for the district rose by 43.3 percent since FY03 but only by 30.9 percent for charters in the city. The lack of detailed reporting from all charters in the city may impact this comparison, as we are unable to identify clearly the source of funds for every charter.

Figure 9

DC Per Pupil Revenue -- Inflation Adjusted -- Over Time Percentage Increase / Decrease (black shading)						
From/To:	FY2003 / FY2011	Federal	State	Local	Other	Total
Washington, DC-D		77.8%	43.3%	N/A	201.6%	65.8%
Washington, DC-C		69.6%	30.9%	N/A	48.2%	30.1%

Finally, Figure 10 shows changes to the variance in funding between the District of Columbia’s district and charter schools for FY03, FY07 and FY11. The variance represents the difference in funding between a district and the charters located within the boundaries of the district. When the percentage nears or is at zero, the district and the charters are being funded equitably. Statewide, the variance has widened between the district and the city’s charters, from 22.0 percent in FY03 to 38.8 percent in FY11.

Figure 10

DC Disparity as Percent of District -- Over Time Negative Disparities Mean Districts Receive More (red text)			
Focus Area	FY2003	FY2007	FY2011
Statewide	-22.0%	-41.2%	-38.8%

Figure 11: Select Enrollment Characteristics⁴

Figure 11 below shows data for both charter and district school demographics. We include these data, if available, to look at possible differences in the types of students served to discern if high-need student populations may be resulting in higher levels of funding for either charters or district schools.

Within the District of Columbia, 3.9 percent more of the district’s schools were Title I eligible in FY11 than charter schools in the city, which may have resulted in somewhat higher levels of federal funding for the district. The city’s charter schools provide services to a higher percentage of students eligible for free or reduced-price lunch (82.0%) than the city’s district schools (69.4%). For special education, the district serves a special education population that equals 14.4 percent of district enrollment, while the charter schools provide special education services to 12.9 percent of their students.

Figure 11

DC Select Enrollment Characteristics									
Student Group >>>	Percentage of Total Enrollment								
	Free & Reduced Lunch			Title I			Special Education		
	Year >>>	FY03	FY07	FY11	FY03	FY07	FY11	FY03	FY07
Statewide District	64.4%	55.6%	79.7%	77.5%	75.7%	84.6%	N/A	N/A	14.4%
Statewide Charter	79.9%	42.4%	82.4%	100.0%	79.7%	95.2%	N/A	N/A	12.9%

Funding Practices Summary

We have assigned ratings to each state based on the quality of the data available, as well as the extent to which charter schools have access to specific streams of revenue (Figure 12).

Figure 12

DC Funding Practices Summary									
PURPOSE	GRADE			FUNDING				REF	
	FY2003	FY2007	FY2011	Federal Source	State Source	Local Source	Facilities Source		
<i>This table summarizes answers to key funding mechanism questions in context with a grade based on actual funding results.</i>	D	F	F						
	Grade based on % of Actual Funding Disparity								
ACCESS TO FUNDING SOURCES									
Do charter schools have access to this funding source according to state statutes?	Y	Y	N/A	Y					
In practice, do charter schools have at least as much access to this funding source as districts have?	N	N	N/A	N					
Do charter school students receive at least 95% as much per pupil in revenue for this source as district students?	N	N	N/A	N					
DATA AVAILABILITY									
Does the state provide reasonable access to detailed public data on federal, state, local, and other revenues for district schools?							Y		
Does the state provide reasonable access to detailed public data on federal, state, local, and other revenues for charter schools?							N		
FUNDING FORMULA									
Are charter schools treated as LEAs for funding purposes?							Y		
Does the state provide funding for charter schools and districts based primarily on student enrollment?							Y		

Endnotes

- 1 Financial data gathered for this study originate from multiple sources. Financial data for DCPS were provided by the District of Columbia Office of Budget and Planning. The D.C. Public Charter School Board provided audits for the city's charter schools. Enrollment numbers for the district and the charters were obtained from the D.C. State Education Office.
- 2 DCPS capital included in this analysis represents current year capital obligations for district schools. The facilities allowance for charter schools is based on a five-year rolling average of DCPS per-pupil expenditures for facilities.
- 3 Data for FY03 compiled by the authors for the Thomas B. Fordham Institute report, [Charter School Funding: Inequity's Next Frontier](#), 2005. Data for FY07 compiled by the authors for the Ball State University Report, [Charter School Funding: Inequity Persists](#), 2010.
- 4 National Center for Educational Statistics (NCES). Common Core of Data, Table Generator, FY11: <http://nces.ed.gov/ccd/elsi/>. NCES had no Title I or free or reduced-price lunch data entered for 13 schools or 12.5 percent of charter schools. These schools were omitted from the tally. Additionally, NCES did not have any reported data for eight district schools, which were removed from the tally.