# Charters are often more expensive to operate

For example, the state of New Mexico found they cost 26% more per student. This difference is often made up for by private donations from organizations traditionally opposed to free public schools, like the Walton Family Foundation. A Western Michigan University study found the per pupil funding in KIPP charter schools to be about $6,500 more per student, with most of this funding coming from the private sector.

**TOP STORY**

**MONDAY, DECEMBER 12, 2011**

# New Mexico legislators look to curb charter school costs

**By Ben Wieder, Stateline Staff Writer**

One of Albuquerque's charter schools, Academia de Lengua Y Cultura, offers a dual-language middle-school curriculum, with teachers in some classes giving lessons in English and Spanish on alternating days. Across town, the Cottonwood Classical Preparatory School, which takes students from sixth grade through high school, emphasizes seminar discussions and offers advanced international diplomas. The Southwest Secondary Learning Center, meanwhile, reinforces math, science and engineering lessons by allowing students to maintain and fly real airplanes.

Southwest Learning Centers photo

**Students at the Southwest Learning Centers charter school in Albuquerque, New Mexico. Some lawmakers in New Mexico say publicly-funded, privately-run schools are taking advantage of the state's rules to get more than their fair share of education funding.**

They represent three of New Mexico's more than 80 charter schools. While some of those schools look and act like private institutions — their leaders have freedom to run them as they see fit as long as students meet state standards — they are part of the public school system, charge no tuition and receive nearly all of their funding from state monies.

But unlike other states, where average per-student funding for charters is typically lower than it is for other public schools, a legislative report released last month found that charters in New Mexico receive an average of 26 percent more funding per student than traditional public schools. The report suggested that lawmakers change how schools are funded to address that.

New Mexico is unique in that the vast majority of school funding for all public schools comes from the state. These payments can be increased based on 24 various factors. The report says that some of those criteria, such as per-pupil funding increases based on the percentage of enrollment growth and a school's small size, benefit charters disproportionately. The state's funding formula has been adjusted more than 80 times since it was first created in 1973. The report recommends a complete overhaul of the formula to remove or give different weight to some of those factors.

Rick Miera, chair of the legislative education study committee, says the goal isn't to reduce the level of funding for the schools, but rather make sure that adjustments are serving the purpose they're intended to serve. "We have all these little factors that have come in over the years," the Democratic representative says. "These schools qualify for small schools, but are they small schools?"

## How New Mexico compares

Nationally, there are now more than 2 million students seeking alternative education programs who are enrolled in charter schools, thanks, in part, to recent legislation in several states that lifted caps on the number of charters and made it easier for successful charters to expand. Typically, charters are funded by states in one of three ways, according to Josh Cunningham, a research analyst at the National Conference of State Legislatures.

The most common is for states to give charters the same money for each student as they give traditional public schools in the same district. In other states, funding "follows" students, meaning that they are assigned the same funding as every other student in their home district, even if they choose to attend a charter in another district. Finally, a handful of states give the same level of per-pupil funding to each charter school in the state.

Cunningham says typical per-student funding for charters is lower than at traditional public schools, because many regular public schools make up a big part of their budgets from local property taxes and federal dollars that are harder for charters to obtain. Traditional public schools also generally have more options for raising money to build and maintain facilities. There are some federal funds set aside for charters, and some charters also seek private support, but Cunningham says that normally doesn't make up the differences in funding between charters and their traditional peers.

In Minnesota, where the first charter schools in the country appeared, the funding structure for charters has remained fairly constant since they were first allowed in 1991, says Tom Melcher, the state's school finance director. Charters are funded the same across the state, he says, with adjustments made to match local property taxes that other public schools receive.

Florida is among the states with the biggest jump in charter enrollment in the past year, after it passed a law allowing high-performing charter schools to more easily expand. The state now has more than 500 charter schools serving more than 150,000 students, but funding isn't quite as equitable as in Minnesota. State money for charters flows through the school district in which a charter is located. The district can take out a small percentage of that money for administrative costs and can choose how much of its local property tax revenue to share with charters.

"There's only a few districts that do share that revenue with charter schools," says Cheryl Etters, a spokeswoman for the Florida Department of Education.

In Colorado, which functions similarly to Florida, districts can take up to 5 percent in administrative fees and choose how much or little of local property tax funds to share with

charter schools. But Amy Anderson of the state Department of Education, says that most districts don't take out the full 5 percent fee and that districts now give charters a more equal share of federal and local funds. "With time, more and more districts have become better at recognizing that the kids in the charter schools are kids in their district," she says.

## Are funding differences fair?

Charter school advocates argue that funding discrepancies between traditional public schools and charters are unfair, but NCSL's Cunningham says that doing more with less is what charters are all about. "Part of the concept of charter schools is doing things more efficiently," he says.

That's the view taken by Steve Mancini, a spokesman for the Knowledge Is Power Program, or KIPP, which operates a network of 109 charters in 20 states and Washington, D.C. "We're leaner," he says. "We don't have the director of right brain instruction and the director of left-brain instruction."

Still, funding differences in each of the 20 states mean that different KIPP schools have to operate differently. KIPP schools in Newark, New Jersey, he says, receive two-and-a-half times the level of funding per student as KIPP schools in San Francisco. That means the California schools need to raise more money through donations to provide a comparable education.

On average, KIPP's schools across the country receive 85 percent of their funding from public sources and make up the difference with donations and other sources of private income, he says. The goal, though, is to increase the share of public money.

In New Mexico, some of the charter schools with the highest costs say the greater share they receive is justified. Leaders at the dual language Academia de Lengua Y Cultura say their higher costs can be attributed to the school's high percentage of bilingual students and special education students, whose education costs are eligible for higher funding in the formula.

The Southwest Learning Centers are mentioned in the report as an example of potential misapplication of the small-school label. They have students from fourth grade through high school who share the same building and the same upper-level administration, but are considered three separate charters, each of which qualifies as a small school better positioned for higher state funding.

Robert Pasztor, the schools' director of academic support, says the schools would not be able to offer the same technology-rich curriculum — with every student given access to laptops — and support a brand new gym if not for the benefits from the small-school adjustment, particularly since charter schools are on the hook for more of their facility costs. He thinks other schools in the state should follow their model, which yielded better state test results across the board last year than state and city averages.

"We in a sense have created this sort of 21st-century school house," he says. "No single school could afford this facility."

But John Arthur Smith, chair of the state legislative finance committee, says that isn't the intention of the small school adjustment. It was originally designed for small, rural districts, the Democratic senator says. "The bottom line is they're still gaming the formula."

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EDUCATION WEEK
Published Online: April 5, 2011
Published in Print: April 6, 2011, as **Study Stings KIPP on Attrition Rates**

# Study Stings KIPP on Attrition Rates

**By Mary Ann Zehr**

Back to Story



KIPP charter middle schools enroll a significantly higher proportion of African-American students than the local school districts they draw from, but 40 percent of the black males they enroll leave between grades 6 and 8, says a **new nationwide study** by researchers at Western Michigan University.

"The dropout rate for African-American males is really shocking," said Gary J. Miron, a professor of evaluation, measurement, and research at the university, in Kalamazoo, and the lead researcher for the study. "Kipp is doing a great job of educating students who persist, but not all who come."

With 99 charter schools across the country, most of which serve grades 5 to 8, the **Knowledge Is Power Program** network has built a national reputation for success in enabling low-income minority students to do well academically. And some studies show that KIPP charter schools have succeeded in significantly narrowing race-based and income-based achievement gaps between students over

time. While not disputing that track record, the new study attempts to probe some of the more unexplored factors that might play into KIPP's success.

It concludes, for instance, that KIPP schools are considerably better funded on a per-pupil basis than their surrounding school districts. The KIPP schools received, on average, $18,500 per pupil in 2007-08, about $6,500 more per student than the average for other schools in the same districts, according to the researchers' analysis of federal 990 tax forms filed by schools reporting both public and private sources of funding. The study reports that nearly $5,800 of that per-pupil amount is private donations and grants.

Mr. Miron said the "$6,500 cost advantage" raises questions about the sustainability of the KIPP model.

The study also faults KIPP for not serving more students who are still learning English or who have disabilities.

"The limited range of students that KIPP serves, its inability to serve all students who enter, and its dependence on local traditional public schools to receive and serve

the droves of students who leave, all speak loudly to the limitations of this model," the report says.

Luis A. Huerta, an associate professor of public policy and education at Teachers College, Columbia University, praised the study for exploring indicators of KIPP's operations other than student achievement, which, while important, doesn't tell the whole story, he said.



"If we can start speaking about these more nuanced layers, and move beyond this discussion of student achievement, we tend to get a real picture," he said. "Here we have schools receiving upwards to $6,000 or more than traditional schools, and that's not even accounting for the fact they have fewer services than traditional schools, yet the gains they've shown in student achievement are quite modest." Mr. Huerta is a faculty associate of the National Center for the Study of Privatization in Education at Teachers College, Columbia University, which had a hand in distributing the study but did not take part in the research.

The study came in for criticism from KIPP officials, as well as from two other researchers not involved in it. They questioned its methodology and said that while Mr. Miron is asking the right questions about KIPP schools, he hasn't provided adequate evidence to answer them.

"We see this report as having significant shortcomings in the methodologies and reject the core conclusions the report is making," said Steve Mancini, the public-affairs director for the San Francisco-based KIPP network, which was started in 1994.

**Methods Differ**

The study by the Western Michigan researchers used the federal Common Core of Data as its primary source. The researchers were able to obtain data from 2005-06 to 2008-09 for 60 KIPP schools across the country. The KIPP schools were compared with averages for other, more-traditional schools in the same districts. Besides the 990 forms, the researchers drew financial data on KIPP schools from the same federal database, which had financial data for 25 of those schools.

Robin Lake, the associate director of the Center on Reinventing Public Education, at the University of Washington in Seattle, was one of the scholars who questioned the study led by Mr. Miron.

"It seems he's trying to explain away the KIPP effect rather than explain it," she said. "More work needs to be done to get real answers."

"The main point to make is the kind of data they are looking at is quite different from the kind of data we've been looking at," said Brian P. Gill, a senior fellow for the Princeton, N.J.-based Mathematica Policy Research and a co-author of a study of 22 KIPP middle schools released last June. That study was commissioned by KIPP.

Mr. Gill said that Mathematica based its conclusions, including a finding that attrition of students from KIPP schools is about the same as from neighboring regular public schools, on data from individual students, not on aggregate data sets, as Mr. Miron's study has done.

The study led by Mr. Miron found that approximately 15 percent of students disappear each year from the KIPP grade cohorts, compared with 3 percent per year in each grade in the local traditional school districts. Mr. Miron said that finding doesn't contradict Mathematica's finding that attrition rates are comparable between KIPP schools and local district schools on average, because his research team compared only KIPP "districts"—the cluster of kipp schools in a particular district—and the rest of the schools in districts as a whole, not individual schools with schools.

Mr. Mancini, Ms. Lake, and Mr. Gill share the view that the comparison groups used in the Western Michigan study don't provide reliable information about student attrition. It's not appropriate, they contend, to make conclusions about attrition by comparing the proportion of students who leave a KIPP district with the proportion of students who leave the entire surrounding school district, which might have hundreds of schools.

"You want apples-to-apples comparisons. This is like apples to watermelons," said Ms. Lake.

**Unexplored Issue**

Mr. Miron said that the Mathematica approach to determining student attrition is "superior" to his. But his study explores an issue that he said Mathematica hadn't addressed: How does the fact that KIPP schools tend not to replace students that leave, particularly in the upper grades, affect attrition?

"The low-performing students are leaving KIPP schools, but they are still in the public school sector," Mr. Miron said.



Mr. Gill said Mr. Miron's study doesn't account for how grade retention, a hallmark of the KIPP model, may account for some of the shrinkage in cohorts of students moving from 6th to 8th grade.

The Western Michigan study doesn't challenge KIPP's positive student outcomes. It says that the nonprofit network's claims that its schools improve students' test scores at a faster rate than regular public schools are backed by "rigorous and well-documented studies," such as Mathematica's.

Mike Wright, who oversees KIPP's network growth and sustainability, characterized the report's findings on the financing of KIPP's schools as misleading.

He focused on the finding that KIPP schools receive nearly $5,800 more per pupil from private donations than do their surrounding school districts. One problem, Mr. Wright said, is that the finding is based on a sample of 11 KIPP districts that isn't representative of all KIPP schools. (Mr. Miron said he used those 11 districts because they were the only ones that reported public revenues on the 990 tax forms.)

Also, Mr. Wright said of the study's authors, "they are including everything under the kitchen sink, whether starting a school from scratch or investing in facilities" in the figure for private per

pupil funding. He contends it's a "misrepresentation" to imply that KIPP schools are overflowing with resources, when, unlike regular public schools, they are often left on their own to pay for buildings.

Mr. Wright contends that the average funding advantage from private sources for KIPP schools in comparison with their local school districts is closer to $2,500 per pupil.

Mr. Huerta, however, said Mr. Miron's methodology is strong, even though there are "complications in trying to dig out some of this information."

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# Is Administration Leaner in Charter Schools?
# Resource Allocation in Charter and Traditional Public Schools

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March, 2012

# Resource Allocation in Charter and Traditional Public Schools: Is Administration Leaner in Charter Schools?


## Abstract

There is widespread concern that administration consumes too much of the educational dollar in traditional public schools, diverting needed resources from classroom instruction and hampering efforts to improve student outcomes. By contrast, charter schools are predicted to have leaner administration and allocate resources more intensively to instruction. This study analyzes resource allocation in charter and district schools in Michigan, where charter and tradition public schools receive approximately the same operational funding. Holding constant other determinants of school resource allocation, we find that compared to traditional public schools, charter schools on average spend nearly $800 more per pupil per year on administration and $1100 less on instruction.

latimes.com/news/local/la-me-charters-20110823,0,4517250.story

LATimes.com

# California charter school association gets $15-million grant

**The grant is the largest yet to the California charter schools group and the biggest of its kind from the nonprofit set up by the founders of the Wal-Mart Corp.**

By Howard Blume, Los Angeles Times

August 23, 2011

The state charter school association has received a $15-million grant from the Walton Family Foundation to add 20,000 more charter school students in Los Angeles and 100,000 statewide.



The grant, scheduled to be announced Tuesday, is the largest by far to the California Charter Schools Assn., and also the largest of its kind from the nonprofit established by the founders of the Wal-Mart Corp.

The Los Angeles Unified School District has more charter schools — 183 last year — and more charter-school students than any school system in the country, and that growth spurt is poised to continue despite countervailing pressure from reduced education funding and political resistance from teacher unions and other critics.

The charter association "has been very effective in a very difficult political environment where there's very well-organized opposition to the growth of charter schools," said Jim Blew, who heads the foundation's education efforts. "And creating this growth with the restricted funding levels of schools in California also is very difficult."

Charters are independently managed and free from some of the restrictions that govern traditional public schools, including having to abide by a district's union contracts with teachers and other employees.

Wal-Mart has opposed unionization in its own operations, but the Arkansas-based foundation does not require charters that it supports to do likewise, although most charters are non-union. The foundation also supports providing government funding to allow low-income students to attend private schools; such publicly funded vouchers are not legal in California.

"We are most concerned about low-income areas where the education system is not working," Blew said. "The goal is explicitly to create competition to incentivize all public schools to improve.

"The growth of charter schools in Los Angeles has created a different dynamic," he said.

The foundation for the first time is funding initiatives within L.A. Unified itself, contributing about $2 million over the last two years toward developing a teacher- and school-evaluation system that includes student performance on standardized tests.

The three-year charter growth targets, if successful, would result in up to 18% of L.A. Unified students — about 110,000 — attending charter schools. As charters have hired more teachers, the membership clout of United Teachers Los Angeles has shrunk, with an increasing number of union-contracted teachers losing work at traditional schools.

About 60% of the charter association's $15-million budget derives from philanthropy, including from the Michael and Susan Dell, Bill & Melinda Gates, Fisher and Broad foundations. Member schools pay $5 per student ,and the association also charges fees for some services.

The association helps entrepreneurs start charter schools, lobbies government bodies and provides ongoing support to charters in such arenas as legal defense, increasing funding and demanding public facilities for charters.

Equally important, said Chief Executive Jed Wallace, is either improving or shutting down low-quality charters. "We're very serious about this issue of quality," he said.

The Obama administration has praised the group for supporting the closing of low-performing charter schools.

More charters, however, need to reflect the association's rhetoric, said Dean Vogel, president of the California Teachers Assn. He said too many charters are not equally accessible to disabled students or those learning English, a problem that still needs to be resolved.

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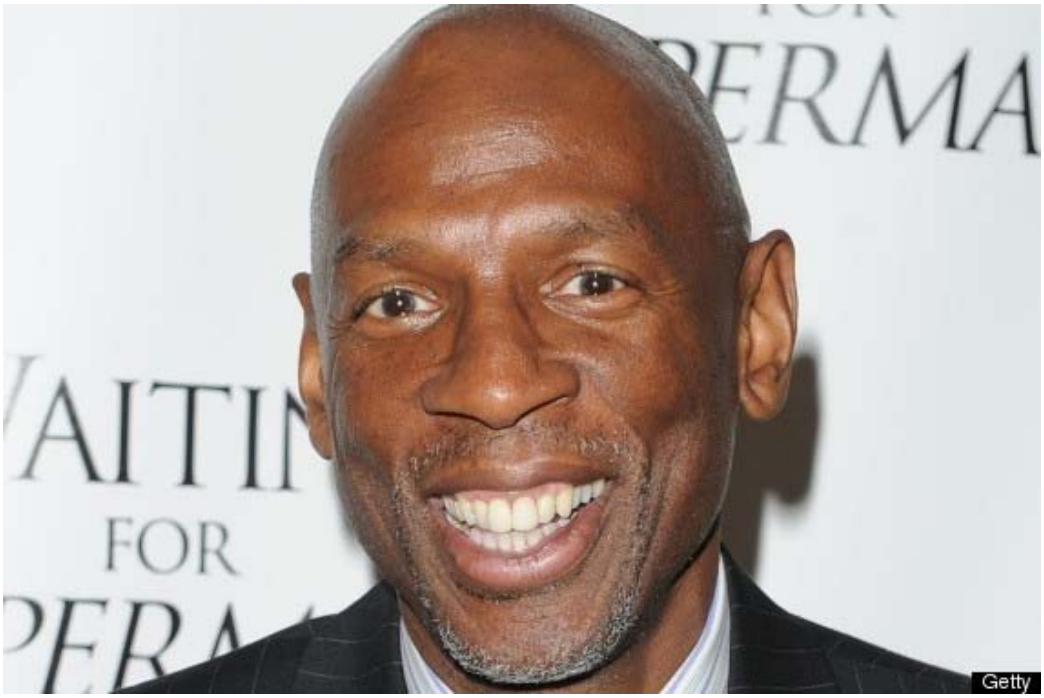
# NYC Charter School Gets $20M Goldman Sachs Gift

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NEW YORK — A fund created by the Goldman Sachs investment banking and securities firm is giving $20 million for a charter school and community center in New York City.

The donation to the Harlem Children's Zone is the largest ever by the Goldman Sachs Gives fund.

Harlem Children's Zone president Geoffrey Canada said Thursday the gift will enable his organization to build a school and community center at the St. Nicholas Houses public housing project in upper Manhattan. He says the community center will give children a safe alternative to the street.

Goldman Sachs president Gary Cohn says the Harlem Children's Zone has improved the lives of thousands of New York families.

Mayor Michael Bloomberg says the Harlem Children's Zone has established a national model for empowering children.