



Policy & Funding

# Yes, Charters Do Hurt Public School Funding

- By [David Nagel](#)
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Does the proliferation of charter schools hurt public-school funding? Yes, it does, according to a [new working paper](#) from [Duke University](#).

Two researchers, Helen Ladd from Duke's [Sanford School of Public Policy](#), and John Singleton, from the [Economics Department](#), based their research "on detailed balance sheet information" for a sample of school districts in their own state of North Carolina, which saw significant charter entry when a statewide cap of 100 charters was lifted in 2011.

The project examined the fiscal impact on charter schools for one medium-sized urban and five non-urban districts. The effect varies, they wrote, based on multiple factors: the share of students lost to charters, the amount of flexibility the districts have to adjust their budgets, and the types of students that decide to enroll in the charter schools. As a result, the financial hit will also vary among districts. For example, the researchers wrote, "non-urban school districts, which tend to be smaller and lower density, may have more limited latitude for adjusting their spending when they lose enrollments to charter schools than urban districts."

The largest district in the study had charter enrollment of about 15 percent of the student population. The fiscal impact there was "in excess of \$700 per public school student," about \$25 million total.

The other five had lower charter enrollments, varying from 3 percent to 14 percent. While the impact was lower, it was still "significant." In a couple of the districts, for example, the loss was

between \$200 and \$500 per student.

There were other factors that could influence the results of the study up or down, the researchers acknowledged. For example, the report stated, competition with charters may force district spending to become more efficient. Also, the estimates offered may not cover "all possible costs to districts of charter schools," such as monitoring payments to charters or dealing with closed charters. Likewise, charters may absorb a growing student population, thereby lessening the pressure to build new public-school facilities. Finally, the study doesn't assess the "social value" of charters.

But as a result of the findings, the researchers encouraged states to "ease the fiscal burden on public school districts," possibly by providing "transitional aid" to reduce the revenue losses to public school districts as charters expand.

The working paper is [openly available online](#).

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## About the Author

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