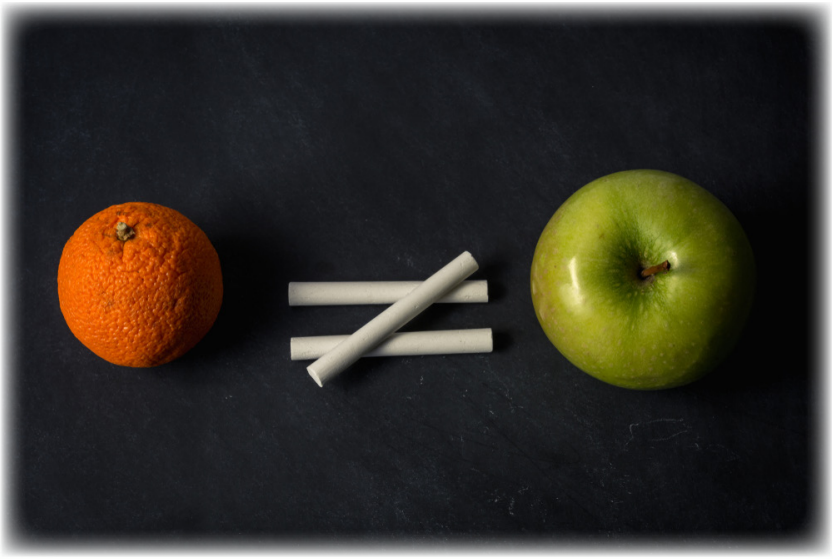
NEPC Review: Charter School Funding: Dispelling Myths About EMOs, Expenditure Patterns, & Nonpublic Dollars (University of Arkansas Department of Education Reform, October 2021)



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January 2022

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Summary

Charter School Funding: Dispelling Myths about EMOs, Expenditure Patterns, & Nonpublic Dollars is the latest in a series of reports from the Department of Education Reform at the University of Arkansas that purports to show charter schools are inequitably funded compared to public district schools. The report relies on a proprietary dataset to make its claims; however, the data conflict with publicly reported figures, and the methods used to create the dataset are not documented. The report's analysis ignores several basics of school finance: Differences in student characteristics and school programming are not accounted for, categorical spending is conflated with potential profit taking from charter management organizations, and philanthropic giving is inadequately evaluated. The sparse documentation of the report's methods, combined with basic flaws in its analysis frameworks, render it useless in guiding charter school funding policy.

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NATIONAL EDUCATION POLICY CENTER

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I. Introduction

Arguably the most consequential change in United States education policy over the past several decades has been the growth of charter schools. Charter schools were established, at least in part, under the premise that their autonomy from public school districts would allow them to become educational innovators.[1] This autonomy, however, has become controversial, as charter school critics claim that maintaining a system of separate, publicly funded schools has deleterious effects.[2]

Several recent studies have attempted to ascertain the differences in funding and costs between charter and public district schools. The task is complex: Because charter schools often operate under different fiscal reporting standards, valid data that allow for accurate comparisons are difficult to come by. Fiscal comparisons are further complicated by differences between charter and public district school student populations. Students with differing characteristics require different resources to equalize their educational opportunities; funding differences between charters and district schools may, therefore, reflect differences in student characteristics.

Despite the complexity of comparing charter and public district school finances, charter advocates have confidently proclaimed that charter schools routinely suffer from inequitable funding. The Department of Education Reform at the University of Arkansas (UArk) has published a series of reports on such alleged funding "inequities." The latest in this series is *Charter School Funding: Dispelling Myths about EMOs, Expenditure Patterns, & Nonpublic Dollars*, authored by Angela K. Dills et al.[3]; its goal is to debunk three purported "myths" about charter school finances and argue that charters are inequitably funded compared to

neighboring public district schools.

II. Findings and Conclusions of the Report

The report lays out three supposed myths told by charter school critics:

1. "Funding for charter schools accurately reflects the needs of their students and is equitable."
2. "Charter schools take taxpayer money out of public education and from instructing students and put it into private sector profits."
3. "Charter schools receive more nonpublic funding per pupil than TPS [traditional public schools] do and so are not reliant on public funding in the same way TPS are."[4]

The report is organized into three main sections, each intended to counter and disprove one of these "myths."

III. The Report's Rationale for Its Findings and Conclusions

The report uses a proprietary dataset, limited to 17 cities across the nation, for the 2018 fiscal year. Data are collected from state education departments and financial statements from charter schools. In response to previous criticism of an earlier and related report's methods, the report claims that it allocates revenues and spending by public school districts so that any spending made directly on behalf of charter school students is attributed not to the district, but to the charters. [5]

To support the claim that charter schools receive less revenue per pupil than public district schools, the report refers to a previous and related policy brief, which uses the same data and compares revenues from both sectors in each city.[6] The report then presents a simple statistical analysis that shows that the collective charter funding gap for each city is not correlated with the percentage of students enrolled in charters who qualify for free or reduced-price lunch.

The report next attempts to show that charter schools spend proportionally more on instruction than public district schools. Aggregating across most of the cities in the sample, the report claims charters spend 48.5 percent of their total expenditures on instruction, compared to 40.4 percent for public district schools.

Finally, the report makes the case that charter schools do not receive nonpublic funding at a higher level than public district schools. The report concedes that charter schools do, in fact, receive more philanthropic support than public district schools; however, the report claims the amounts are both unevenly distributed across and within cities, and are too small to make up the gap in other revenues.

IV. The Report's Use of Research Literature

The report ignores a body of research that has grown over the past several years regarding charter school finances. No other cost, spending, or revenue studies of charter schools (aside from the authors' own work) are cited, even though these studies lay out the methodologies necessary to make accurate fiscal comparisons between charter and public district schools.[7] No research on the effects of charter school growth on public school district finances is cited, much of which suggests that district finances are affected by the presence of charter schools.[8] No works on philanthropic giving and charter schools are cited, which show philanthropy can play a significant role in the finances of charters.[9] Readers are, consequently, unable to place this report within the context of ongoing research into education costs or charter school finances.

V. Review of the Report's Methods

I review the methods of each of the report's sections in turn:

Charter School Funding Gaps and Student Characteristics

The report relies entirely on a proprietary dataset from 17 cities that calculates per-pupil revenues and expenses for charter schools and public district schools.[10] Yet there is no substantive discussion of the methods used to collect data on the finances of either sector. This is particularly problematic as the report's data differ significantly from publicly available figures. Table 1, for example, shows Census Bureau revenue per-pupil data for the 17 target cities' public school districts. Contrast these with UArk's figures, as reported in a previous brief employing the same dataset as this report. While some districts' federal figures are close to those reported by UArk, many are quite different.

Table 1: Revenue Per Pupil, 2017-18: US Census Bureau and Department of Education Reform, University of Arkansas Data

City	School District Name (NCES)	Total Revenue Per Pupil, US Census	Total Revenue Per Pupil, UArk	Disparity (UArk Minus US Census)
Phoenix AZ	Phoenix Elementary District	$13,803	$11,824	-$1,979
Phoenix AZ	Phoenix Union High School District	$13,027	$11,824	-$1,203
Little Rock AR	Little Rock School District	$14,989	$19,773	$4,784

Los Angeles CA	Los Angeles Unified	$16,051	$20,783	$4,732
Oakland CA	Oakland Unified	$14,332	$19,108	$4,776
Denver CO	School District No. 1 in the County of Denver	$15,482	$20,827	$5,345
Washington DC	District of Columbia Public Schools	$31,280	$36,266	$4,986
Atlanta GA	Atlanta Public Schools	$20,510	$20,861	$351
Chicago IL	City of Chicago SD 299	$17,425	$27,859	$10,434
Indianapolis IN	Indianapolis Public Schools	$17,638	$16,230	-$1,408
New Orleans LA	Orleans Parish	$88,302	$18,694	-$69,608
Boston MA	Boston	$30,604	$25,628	-$4,976
Detroit MI	Detroit Public Schools Community District	$14,558	$15,539	$981
Camden NJ	Camden City School District	$41,990	$35,216	-$6,774
New York City NY	NYC Consolidated Data	$32,493	$32,420	-$73
Tulsa OK	Tulsa	$10,981	$12,949	$1,968
Shelby TN	Shelby County	$12,535	$12,842	$307
Houston TX	Houston ISD	$12,507	$13,341	$834
San Antonio TX	San Antonio ISD	$13,689	$13,830	$141

1. Revenue per pupil from the US Census Bureau's Public Elementary-Secondary Education Finance Data (F-33), via the School Finance Indicators Database, https://www.schoolfinancedata.org/
2. DeAngelis, C.A., Wolf, P.J., Maloney, L.D., & May, J.F. (2020). *Charter school funding: Inequity surges in the cities*. Fayetteville, AR: Department of Education Reform, University of Arkansas. Retrieved December 29, 2021, from: https://scholarworks.uark.edu/scdp/81/

There may well be valid reasons for the report's revenue data to differ from figures reported by the US government. However, the report offers no rationale for why the data serving as the base for this analysis are employed rather than standard, publicly available data from an authoritative source. The discrepancy is neither acknowledged nor justified.

In addition, there is little indication that the fiscal figures or enrollment counts used to generate the per-pupil revenue or spending figures are truly comparable, because the students in each sector are not comparable. Table 2, derived from federal school-level data, shows the percentage of pre-kindergarten and high school students in public district schools and charters. There is substantial variation among different cities, but all cities show significantly different proportions of students at various grade levels in the two sectors. Since grade levels affect cost, even simple differences in the proportion of students at different grade levels means that costs for charter student populations will not be equal to those for district populations.

Table 2: Percentage of Total Enrollment, Pre-K and High School Students, by School Sector, 2017-18

	Pct. Pre-K		Pct. High School	
City	Charters	Public School Districts	Charters	Public School Districts
Camden	0.0%	8.9%	28.0%	18.4%
Chicago	0.4%	6.0%	46.9%	26.9%
Denver	1.5%	6.6%	28.8%	27.9%
Detroit	0.0%	0.0%	22.4%	31.1%
Houston	12.9%	6.5%	29.8%	26.4%
Indianapolis	0.0%	3.1%	33.1%	23.5%
Little Rock	0.0%	7.1%	21.9%	27.3%
New Orleans	3.0%	4.5%	28.9%	35.4%
New York	0.0%	2.6%	17.9%	31.5%
Phoenix	0.0%	1.2%	31.2%	27.3%
San Antonio	3.8%	11.8%	16.7%	32.6%
Tulsa	3.3%	7.0%	22.8%	25.2%
Washington, D.C.	17.7%	12.2%	22.6%	27.3%

Data source: National Center for Education Statistics, Public School Universe, 2017-18, via the School Finance Indicators Database (https://www.schoolfinancedata.org/). District figures are derived from rolling up school-level enrollment counts to the local education administration (LEA) level. Charter schools are geographically placed within school district boundaries using lat/lon codes in the PSS data merged to school district boundary GIS data (https://nces.ed.gov/programs/edge/Geographic/DistrictBoundaries). These data are then rolled up to make enrollment counts for all charters within a district's boundaries.

This issue is further complicated by the reality that school districts may face greater costs as charter school enrollments increase. As I have shown, public school districts in many states see a rise in both revenues and spending per pupil as charter enrollments grow.[11] This is likely because school districts have fixed costs (building maintenance, for example) that do not decrease as their enrollment declines and charters expand. In addition, a variety of state-level policies can keep some school district revenues constant even as enrollments decline due to charter growth, leading to an increase (often temporary) in per-pupil revenues. These issues are never discussed or accounted for in the report.

The report does attempt to make the argument that one student characteristic, eligibility for free or reduced-price lunch (FRPL), does not explain the revenue gaps between districts and charters. But the correlation presented is nevertheless flawed for at least two reasons. First—and as acknowledged in previous reports[12]—funding differences may arise due to student characteristic differences other than FRPL status. Table 3 shows differences for selected cities between charter and public district school populations in FRPL, Limited English Proficiency (LEP), and students with learning disabilities (SWD) percentages. In every city, at least one of these categories of students differs significantly between charter and district schools. All of these characteristics and others, as well, will affect education costs and, consequently, can explain differences in funding.

Table 3: Student Characteristics by School Sector, Selected Cities, 2017-18

	Pct. FRPL		Pct. LEP		Pct. SWD	
City	Charters	Public School Districts	Charters	Public School Districts	Charters	Public School Districts
Camden	85.3%	75.3%	8.1%	9.5%	12.4%	16.6%
Chicago	90.2%	81.1%	13.6%	19.5%	15.3%	14.5%
Denver	74.2%	65.1%	38.9%	31.9%	10.4%	11.3%
Detroit	90.4%	85.6%	12.6%	11.8%	9.1%	16.9%
Houston	77.1%	75.8%	33.8%	31.7%	5.5%	7.6%
Indianapolis	82.2%	74.7%	14.9%	10.7%	10.1%	16.3%
Little Rock	34.0%	25.1%	6.8%	11.9%	9.1%	10.2%
New Orleans	63.8%	63.8%	6.9%	2.3%	12.1%	12.4%
New York	79.1%	74.8%	7.5%	14.9%	15.9%	18.2%
Phoenix	36.6%	68.3%	9.6%	13.7%	8.7%	11.8%
San Antonio	78.8%	92.8%	15.6%	19.5%	8.5%	10.5%
Tulsa	76.8%	84.1%	11.1%	21.0%	11.7%	19.6%
Washington, D.C.	*	*	7.3%	14.4%	14.7%	14.0%

Data source: Civil Rights Data Collection, 2017-18, US Department of Education (https://ocrdata.ed.gov/resources/downloaddatafile). CRDC data were merged to the NCES Public School Universe Survey (see Table 2 notes); in cases where merged district data resulted in enrollment counts in either sector that differed more than ten percent from the source data, that district was excluded from the table.

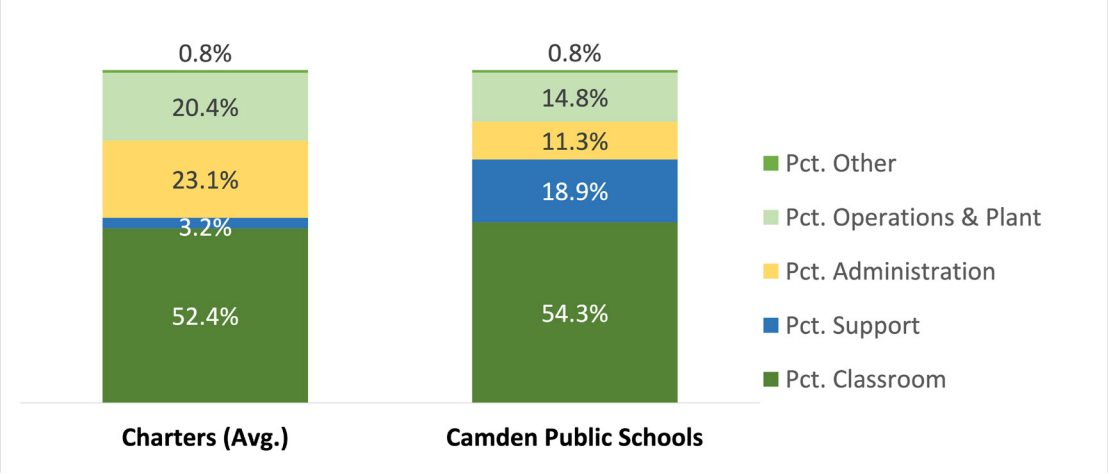
Second, the correlation presented compares funding gaps to the absolute FRPL percentage of each charter sector—but not to the *gap* in FRPL between charters and school districts. The correlation, therefore, sheds little light on the relationship between student economic disadvantage and charter school funding.

Categorical Spending

To make the case that charter schools spend proportionally more on instruction than public district schools, the report compares different categories of spending between the charter and district sectors. The comparison is between all schools in the sample: No attempt is made to show city-by-city differences. The report notes that up to 25 percent of the expenditures may be unknown; however, rather than create a separate "unknown" category, the report distributes these expenditures proportionally among the five given categories. In other words, ". . . if 10 percent of known funding is allocated to Leadership, we allocate 10 percent of Unknown funding to Leadership."[13] This is an unwarranted assumption: It is possible that most or all of instructional spending is accounted for, and the unknown spending is therefore not in the Instructional category. A more defensible analysis would have been to explicitly publish the amount of spending that is unknown.

New Jersey, one of the states in the study, publishes categorical spending figures for both charters and district schools as part of its Taxpayers' Guide to Education Spending. These New Jersey figures vary significantly from the report's aggregated figures. Figure 1 shows that Camden's charters and Camden Public Schools spend proportionally the same on instruction; however, the charters spend much less on support and much more on administration and operations/plant. The inconsistencies hidden within the report's figures show the necessity for including such detail in city-by-city comparisons, and an explanation for why state-reported and publicly available figures differ from the report's data.

Figure 1: Categorical Spending, Camden, NJ Charter Schools (Weighted Average) and Camden Public Schools, 2017-18



Data source: NJ Department of Education, Taxpayers' Guide to Education Spending, 2017-18 (https://www.nj.gov/education/guide/). The data here is reported in the 2020 data files as "actual" figures for 2017-18.

The report goes on to compare the categorical spending for different types of charter schools, including those run by for-profit education management organizations (EMOs). Readers are supposed to compare the percentages spent on student instruction and support favorably, the implication being that EMO-led charters spend equivalent amounts on students and, thus, are not taking money from the classroom and putting it into profits. The most obvious problem with the comparison, however, is that those EMOs may be paying themselves or related third parties to provide instruction and support services at a profit.[14] Without fiscal data directly from the EMOs, it is impossible to say whether and how much money that could be spent on students is retained by the EMOs as profit.

Nonpublic Revenue and Philanthropy

The report seeks to rebut the claim that charter schools receive more in nonpublic revenue than public district schools. Much of the revenue that public district schools receive, however, comes from program fees (charged to students for school activities) or business-type activity (such as food service or rental fees). The report acknowledges this; what it fails to consider is that these revenues are offset by the expense of providing such programs and services. A school, for example, might collect student fees, but it must then spend those funds to provide the programs aligned with the fees. Likewise, a school may charge rent for use of facilities after school hours, but it must also maintain and oversee those facilities outside of school hours. Without any accounting for these increased expenses, the report's accounting of these revenues is meaningless for the purpose of comparing charter and public school district spending.

Unlike most other nonpublic revenue, philanthropic giving is not offset by additional expenses, The report finds that charters do take in more philanthropic revenue than public district schools; however, it claims these amounts are relatively small and unevenly distributed across the charter sector. Missing from the report, however, is any discussion of the role of related third parties in charter school philanthropy. Many charter schools have aligned organizations specifically set up to accept and distribute philanthropic revenues on behalf of the charters and their management organizations. Any accounting of the philanthropic revenues directed toward charter schools must include these organizations.

Table 4 lists related nonprofit organizations aligned with charter schools in several of the report's target cities. These related organizations and their aligned charter schools can benefit from having accumulated assets over several years, including receiving investment income; an initial philanthropic donation, therefore, can add to a charter school's revenues for years to come. Nowhere in the report is this reality acknowledged, let alone accounted for in philanthropic revenue data.

Table 4: Related Third Parties for Selected Charter Schools, 2018 Net Assets

City	Charter School	Related Third Party	Net Assets
Camden, NJ	Camden Prep/Uncommon	Camden Prep Foundation	$38,359,438
Camden, NJ	KIPP	Cooper Lanning Square Renaissance School Facilities Inc.	$116,400,128
New York, NY Camden, NJ Boston, MA	Uncommon New York City Camden Prep Roxzbuy Prep	Uncommon Schools, Inc.	$229,179,924
Various	KIPP	KIPP Foundation	$67,290,028
New York, NY	Success Academy	Success Foundation Inc.	$916,776

Data source: 990 tax forms, 2018, as collected by Guidestar (https://www.guidestar.org/).

VI. Review of the Validity of the Findings and Conclusions

The report conjectures that U.S. House Resolution (H.R.) 4502, a bill that would remove federal funding for charters that contract with for-profit companies, could potentially affect all charters as ". . . it likely could affect non-profit charter schools that contract with accounting firms, for-profit meal providers, janitorial companies, and other service providers."[15] But there is no reasonable reading of this law that would deny federal funding to a charter school that, for example, hired out its custodial services, especially since many public district schools currently do the same.[16]

Unwarranted assertions like this are found throughout. The report states, for example: "State and local funding formulas for charter schools do little to account for the characteristics of their students."[17] Yet many of the states in the report's sample do, in fact, have charter school funding systems that explicitly account for student characteristics.[18] Determining whether these formulas result in "inequities" between charter and public district schools, however, would require accounting for differences in student population characteristics, all sources of revenue and support, student outcomes, differences in programming, and inter-organizational fiscal transfers. The report makes no meaningful effort to account for these factors; its findings, therefore, have little validity.

VII. Usefulness of the Report for Guidance of Policy and Practice

Comparing the revenue, spending, and cost differences between charter and public district schools is important but complex work. Before any claims can be made about the alleged financial "inequities" visited upon charters, researchers would have to account for a host of factors that affect school spending and school costs. This report, unfortunately, is wholly inadequate in its efforts to make any meaningful comparison of the finances of both types of schools. It is, therefore, useless for stakeholders wishing to create better charter funding policy.

Notes and References

1 Bulkley, K.E., & Fisler, J. (2003). A decade of charter schools: From theory to practice. *Educational Policy*, *17*(3), 317-342. Retrieved July 26, 2017, from https://doi.org/10.1177/0895904803017003002

2 Strauss, V. (2019, February 11). There's a backlash against charter schools. What's happening and why. *The Washington Post*. Retrieved December 29, 2021, from https://www.washingtonpost.com/education/2019/02/11/betsy-devos-loves-charter-schools-theres-little-love-lost-lots-places-whats-happening-why/

Ravitch, D. (2013). *Reign of error: The hoax of the privatization movement and the danger to America's public schools* (First edition.). New York: Alfred A. Knopf.

3 Dills, A.K., Wolf, PJ, DeAngelis, C.A., May, J.F., Maloney, L.D. & Syftestad, C. (2021, October 21). *Charter school funding: Dispelling myths about EMOs, expenditure patterns, & nonpublic dollars*. Fayetteville, AR: School Choice Demonstration Project, University of Arkansas. Retrieved December 6, 2021, from https://scdp.uark.edu/charter-school-funding-dispelling-myths/

4 Dills, A.K., Wolf, PJ, DeAngelis, C.A., May, J.F., Maloney, L.D. & Syftestad, C. (2021, October 21). *Charter school funding: Dispelling myths about EMOs, expenditure patterns, & nonpublic dollars* (p. 4). Fayetteville, AR: School Choice Demonstration Project, University of Arkansas. Retrieved December 6, 2021, from https://scdp.uark.edu/charter-school-funding-dispelling-myths/

5 The report is responding to previous criticism, where the reviewer notes these transfers artificially inflated per pupil revenue figures for district schools. See: Baker, B.D. (2014). *Review of "Charter funding: Inequity expands."* Boulder, CO: National Education Policy Center. Retrieved December 29, 2021, from https://nepc.colorado.edu/sites/default/files/ttruarkcharterfunding.pdf

The authors acknowledge the criticism in Baker's review here: Wolf, P. J., Maloney, L. D., May, J. F., & DeAngelis, C. A. (2017). *Charter school funding: Inequity in the city*. Fayetteville, AR: Department of Education Reform, University of Arkansas. Retrieved December 29, 2021, from http://www.uaedreform.org/downloads/2017/05/inequity-in-the-city.pdf

6 DeAngelis, C.A., Wolf, P.J., Maloney, L.D., & May, J.F. (2020). *Charter school funding: Inequity surges in the cities*. Fayetteville, AR: Department of Education Reform, University of Arkansas. Retrieved December 29, 2021, from https://scholarworks.uark.edu/scdp/81/

7 Such studies include:

- Knight, D.S., & Toenjes, L.A. (2020). 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 December 29, 2021, from https://doi.org/10.14507/epaa.28.4438
- Atchison, D., Levin, J., & Brodziak de los Reyes, I. (2018). *Study of spending in public charter and traditional schools in California*. Washington, DC: American Institutes for Research. Retrieved December 29, 2021, from https://gettingdowntofacts.com/publications/study-spending-public-charter-and-traditional-schools-california
- 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 December 29, 2021, from https://marylandeducators.org/sites/default/files/marylandstudypublcschoolfunding122016.pdf
- Baker, B.D., Libby, K., & Wiley, K. (2015). Charter school expansion and within-district equity: Confluence or conflict? *Education Finance and Policy*, *10*(3), 423-465. Retrieved December 29, 2021, from https://doi.org/10.1162/EDFP_a_00169

8 Such studies include:

- Weber, M.A. (2021). *Robbers or victims? Charter schools and district finances*. Washington, DC: Thomas B. Fordham Institute. Retrieved December 29, 2021, from https://fordhaminstitute.org/national/research/robbers-or-victims-charter-schools-and-district-finances
- Buerger, C., & Bifulco, R. (2019). The effect of charter schools on districts' student composition, costs, and efficiency: The case of New York State. *Economics of Education Review, 69*, 61-72. Retrieved December 29, 2021, from https://doi.org/10.1016/j.econedurev.2019.01.003
- Bruno, P. (2019). Charter competition and district finances: Evidence from California. *Journal of Education Finance*, *44*(4), 361-384.
- Cook, J.B. (2018). The effect of charter competition on unionized district revenues and resource allocation. *Journal of Public Economics, 158*, 48-62. Retrieved December 29, 2021, from https://doi.org/10.1016/j.jpubeco.2017.12.003

9 Such studies include:

- Baker, B.D., Libby, K., & Wiley, K. (2012). *Spending by the major charter management organizations: Comparing charter school and local public district financial resources*. Boulder, CO: National Education Policy Center. Retrieved December 29, 2021, from http://nepc.colorado.edu/publication/spending-major-charter
- Baker, B.D., & Ferris, R. (2011). *Adding up the spending: Fiscal disparities and philanthropy among New York City Charter Schools*. Boulder, CO: National Education Policy Center. Retrieved December 29, 2021, from https://eric.ed.gov/?id=ED515469

10 I note here that there is also no explanation for why these 17 cities were chosen, or whether they are representative of the charter school sector across the nation. In fact, many of these cities have characteristics that likely make them poor choices for financial comparisons between charter and public district schools. New Orleans, for example, is famously known for having moved to an "all charter" school model (see: When choice is the only option: The New Orleans all-charter school system and the inequality it breeds. (2015). *Columbia Human Rights Law Review*, *47*(1), 280-311.) What exactly then is being compared in the data? California has an unusual charter school authorizing system that allows for distant school districts to authorize charter schools outside of their own boundaries (see: Mahnken, Kevin (2019, July 8). Lawmakers are trying to end a weird quirk of California's charter school sector. Here's why the state is so unusual. *LA School Report*. Retrieved December 29, 2021, from https://laschoolreport.com/lawmakers-are-trying-to-end-a-weird-quirk-of-californias-charter-school-sector-heres-why-the-state-is-so-unusual/). Are the finances of the authorizing districts included in the report? Data from New Jersey show about 9 percent of students in Camden's charter schools are actually residents of other school districts (see: Weber, M. (2019). *Ten important facts about New Jersey charter schools… and five ways to improve the New Jersey charter sector*. New Brunswick, NJ: New Jersey Education Policy Forum. Retrieved December 29, 2021, from https://njedpolicy.wordpress.com/2019/04/26/ten-important-facts-about-new-jersey-charter-schools-and-five-ways-to-improve-the-new-jersey-charter-sector/). Were these different districts' finances included in the comparisons? The City of Phoenix, AZ has over 30 different school districts within its border (see: *City of Phoenix: School districts*. Retrieved December 29, 2021, from https://www.phoenix.gov/education/schools). How does the report weight these districts and account for the fact that some are elementary, some are high school, and some are unified districts? And does the report confirm all students in all districts have equal access to all charter schools within the city limits? These few examples show the complexity of making relevant comparisons between charters and public school districts; however, the report never acknowledges any of them.

11 Weber, M.A. (2021). *Robbers or victims? Charter schools and district finances*. Washington, DC: Thomas B. Fordham Institute. Retrieved December 29, 2021, from https://fordhaminstitute.org/national/research/robbers-or-victims-charter-schools-and-district-finances

12 DeAngelis, C.A., Wolf, P.J., Maloney, L.D., & May, J.F. (2020). *Charter school funding: Inequity surges in the cities*. Fayetteville, AR: Department of Education Reform, University of Arkansas. Retrieved December 29,

2021, from https://scholarworks.uark.edu/scdp/81/

13 Dills, A.K., Wolf, P.J., DeAngelis, C.A., May, J.F., Maloney, L.D. & Syftestad, C. (2021, October 21). *Charter school funding: Dispelling myths about EMOs, expenditure patterns, & nonpublic dollars* (p. 24). Fayetteville, AR: School Choice Demonstration Project, University of Arkansas. Retrieved December 6, 2021, from https://scdp.uark.edu/charter-school-funding-dispelling-myths/

14 Baker, B.D., & Miron, G. (2015). *The business of charter schooling: Understanding the policies that charter operators use for financial benefit*. Boulder, CO: National Education Policy Center. Retrieved December 29, 2021, from http://nepc.colorado.edu/publication/charter-revenue
Cardine, C., & Wells, D. (2017). *Following the money: Twenty years of charter school finances in Arizona*. Grand Canyon Institute. Retrieved December 29, 2021, from http://grandcanyoninstitute.org/wp-content/uploads/2017/09/GCI-Policy-Report-Following-the-Money_Sept_17_2017.pdf

15 Dills, A.K., Wolf, P.J., DeAngelis, C.A., May, J.F., Maloney, L.D. & Syftestad, C. (2021, October 21). *Charter school funding: Dispelling myths about EMOs, expenditure patterns, & nonpublic dollars* (p. 8). Fayetteville, AR: School Choice Demonstration Project, University of Arkansas. Retrieved December 6, 2021, from https://scdp.uark.edu/charter-school-funding-dispelling-myths/

The bill explicitly states: "*None of the funds made available by this Act or any other Act may be awarded to a charter school that contracts with a for-profit entity to* ***operate, oversee or manage the activities of the school****."* (emphasis mine) A plain reading of this text makes clear that a charter school that subcontracted out its food service or custodial services would be unaffected.

16 Mathis, W.J., & Jimerson, L. (2008). *Guide to contracting out school support services: Good for the school? Good for the community?* East Lansing, MI: Great Lakes Center. Retrieved December 29, 2021, from https://greatlakescenter.org/docs/Policy_Briefs/Mathis_ContractingOut.pdf

17 Dills, A.K., Wolf, P.J., DeAngelis, C.A., May, J.F., Maloney, L.D. & Syftestad, C. (2021, October 21). *Charter school funding: Dispelling myths about EMOs, expenditure patterns, & nonpublic dollars* (p. 20). Fayetteville, AR: School Choice Demonstration Project, University of Arkansas. Retrieved December 6, 2021, from https://scdp.uark.edu/charter-school-funding-dispelling-myths/

18 Explanations of different state charter school funding formulas, and how they account for differing student characteristics, include:

- California: Ugo, I., & Hill, L. (2017). *Charter schools and California's local control funding formula*. San Francisco, CA: Public Policy Institute of California. Retrieved December 29, 2021, from https://www.ppic.org/wp-content/uploads/r_0917iur.pdf
- New Jersey: Rubin, J.S. (2015). *New Jersey charter school funding*. New Brunswick, NJ: Rutgers, The State University of New Jersey. Retrieved December 29, 2021, from https://rucore.libraries.rutgers.edu/rutgers-lib/49673/
- Massachusetts: Schuster, L. (2016). *Charter school funding, explained*. Massachusetts Budget and Policy Center. Retrieved December 29, 2021, from https://archive.massbudget.org/reports/pdf/Charter-School-Funding-Explained.pdf