

How charter schools impact public school district budgets

Research Brief • In the Public Interest • January 2018

Over the last 20 years, California's charter school industry has grown by 936 percent, from 123 schools in 1997 to 1,275 today. Despite this substantial growth, the economic impact of charter schools on local public schools has rarely been studied in any formal or comprehensive way.

In the Public Interest, a nonprofit organization that studies public goods and services, is currently directly measuring, for the first time, how much charter schools cost public school students. In preparation for a forthcoming report, In the Public Interest compiled studies by a variety of institutions and authors nationwide, all which share a similar finding: public school districts and the students they serve are undermined by laws and practices that prioritize charter school growth over educational opportunities for all students.

Nashville

By who? MGT of America, an independent firm

What did they find? \$47.2 million net negative fiscal impact estimated in 2016. Continued charter growth will increase direct and indirect costs, and to negatively impact deferred maintenance at leased buildings.

Who said what? Metro School Board member Will Pinkston said the report confirms “what many of us have known for some time—that the continued unabated growth of charter schools is not fiscally sustainable and will have a negative fiscal impact on Metro Nashville Public Schools.”

Michigan

By who? The lead author, David Arsen, is a professor of Education Policy at Michigan State University

What did they find? Michigan's central cities such as Detroit lost about 46 percent (inflation adjusted) in revenue over ten years. Even after cutting programs and salaries, emergency managers couldn't balance budgets because of state policy.

Who said what? The *Detroit Metro Times* wrote, “In other words, the fiscal failings...had less to do with poor spending on the part of district—though we're sure there was some of that—and more to do with statewide policies...that put the traditional district at a disadvantage.”

Other states

In Ohio, Cornell University's Jason B. Cook found that charter school growth leads to decreases in property values therefore decreased local public school revenue. In New York's Albany and Buffalo school districts, Robert Bifulco and Randall Reback of Syracuse University and Barnard College respectively, found that charter schools created excess costs caused by operating two systems of public schools under separate governance arrangements. In North Carolina, a study by Helen Ladd of Duke University and John Singleton of the University of Rochester found that charter schools are creating a fiscal burden for the Durham school district between \$500 and \$700 per student.

There are both good and bad charter schools, and the question of how many California should have is a subject of legitimate debate. But charter school industry growth can't be done on the backs of students at local public schools, whose services are cut in order to pay for the creation of what amounts to a parallel school system.

Los Angeles

By who? MGT of America, an independent firm

What did they find? Over \$591.8 million in lost revenue and added costs in 2015. Declining enrollment and increased oversight costs not reimbursed by the state and special education costs due to charter schools underserving the highest needs students.

Who said what? Khallid Al-Amin, a Los Angeles Unified School District parent, said, “This report shows a huge financial strain on the district, now parents deserve to know how the financial strain affects the educational opportunities of their children.”

Pennsylvania

By who? Research for Action, a Philadelphia-based nonprofit education research organization

What did they find? Net negative fiscal impact, called “stranded costs,” ranged between \$8,000 and \$17,000 per pupil in the first year, depending on the size of the district and the rate of charter school growth.

Who said what? “The report documents and explains in detail what we've known for years, that the absurd charter law and inequitable funding system means that this unfettered charter school growth is unsustainable,” said Councilwoman Helen Gym. “It's a system that cannibalizes public school districts at the expense of all students.”