

Instructions for using the Economic Impact Report template

INTRODUCTION

This template is designed to enable any school district to calculate the net fiscal impact of charter schools in its community. It was constructed using 2016-17 data from the California Department of Education, which provides enrollment and revenue data for each district's schools and for all charter schools located within the district's boundaries. The template is designed to be as easy as possible—and require as little work as possible—for districts to use.

This template is based on a methodology described in In the Public Interest's new report, [*Breaking Point: The Cost of Charter Schools for Public School Districts*](#). This methodology measures the amount of revenue that districts lose as a result of students who reside within the district attending charter schools rather than traditional public schools; then measures the costs that the district saves by virtue of not having to educate those students; and finally calculates the difference—the amount of lost revenues that are not offset by reduced costs. The result is the net fiscal impact.

To measure this impact, the template uses a counterfactual: it calculates how each district would be impacted if students who reside in the district but currently attend charter schools were instead to attend district schools. It totals the additional revenue that this would bring in to the district, and then calculates the costs the district would bear in order to educate those additional students. The difference between these is the net impact.

What follows are step-by-step instructions on how to use this template to calculate the net fiscal impact of charter schools in your own district. (Please note that data for the Oakland Unified, San Diego Unified, Los Angeles Unified, and East Side Union High School districts are not included in this template tool, as more detailed analyses of these districts have been conducted separately). Some of the information needed to complete this analysis is specific to each district, and will need to be supplied by District staff. The vast majority, however, is publicly available information from the California Department of Education, and will be supplied automatically by the template tool.

If you have any questions about how to use this template, we encourage you to contact us at info@inthepublicinterest.org.

HOW TO USE THIS TEMPLATE

The seven steps below will enable any California school district to calculate the net fiscal impact of charter schools in its community.

1) **Identifying charters located in the district & calculating revenue**

The template tool already contains a list of all charter schools located in each district—whether they are authorized by the district, county or state Board of Education—along with enrollment data both for those charter schools and for traditional public schools within the district. In addition, the template also uses Local Control Funding Formula data together with data

reported in charter schools' own financial reports in order to determine how much revenue currently goes to charter schools that would otherwise be available to the district. All this information is provided automatically for each school district.

a) Enter the district code

In the "Data Entry" tab, enter the five-digit CDE District Code for your school district in Cell B3. Once you enter your District Code and press "Enter," the name of your district should appear automatically in Cell C3, and a list of charter schools physically located in your district should appear in Column I.

This list will include only "independent" charter schools, i.e. schools whose finances are separate from the district's. The list also does not include conversion schools. This should have the conservative effect of making the fiscal impact modestly lower than it would otherwise be. For an explanation of why conversion charter schools are exempted from this analysis, please see the Appendix of *Breaking Point: The Cost of Charter Schools for Public School Districts*, pg. 27.

NOTE: It is possible that some of the most recent changes in school openings or closings will not be reflected in the list of charter schools that the template provides for a given district. If you discover that there is a school missing from your district's list, simply add the 7-digit CDE School Code in Column H, and that school's data will automatically be added. If you discover that there is a school on your district's list that should not be included, simply delete that school's School Code in Column H.

b) Estimating revenue per ADA

Once a District Code is entered, the template will automatically estimate the Revenue per ADA that this district would have received if students enrolled in charter schools were, instead, in district schools. This information will appear in Column B, Rows 5-15. If any of the cells in Column B, Rows 5-15 show the error message "#N/A", please proceed to Step "c" below.

NOTE: In "Breaking Point: The Cost of Charter Schools for Public School Districts", Dr. Gordon Lafer was able to use a more precise revenue calculation by using the actual Unduplicated Pupil counts and the additional ADA per grade span for each charter school, and using the district's LCFF Calculator to compute more precise estimates of ADA funding. In order to make this template more streamlined and simpler to use, we have used the district's total 2016-17 LCFF Funding per ADA as a proxy for the funding that would be provided based on the current population of charter school students. If your district is interested in making the more precise calculation, please contact us at info@inthepublicinterest.org for assistance in replicating the more detailed methodology used in our report.

c) Fill in any missing data

If any of the cells in Column B, Rows 5-15 return “#N/A” after entering the District Code, this indicates that there is data missing for some of the charter schools that are physically located in the district. The template automatically provides data for all charters that issue financial reports using the Unaudited Actuals Alternative Form, rather than the SACS report form. In the “Relevant Charters” tab, you will be able to identify which schools’ data is missing, and you will then need to manually enter the missing data into the *light orange cells only* (Rows 6-8). Charter schools authorized by your district should have provided district staff with copies of their Unaudited Actuals in September 2017. If some of the schools located in your district are authorized by the State Board of Education, the County Office of Education, or a nearby District, you should request copies of the Unaudited Actuals from the authorizer. The “Relevant Charters” tab includes a list of object codes to include in each category of revenue (Rows 24-27).

NOTE: We exclude from our calculation those sources of revenue that are only available to charter schools and would not be available to public school districts. For a description of exactly which revenue sources are included, please consult the Appendix of “Breaking Point: The Cost of Charter Schools for Public School Districts,” starting at the bottom of pg. 26.

2) Determining the number of charter students who are eligible to attend district schools

In order to calculate the economic impact of charter schools on the district, you must determine the number of charter students currently attending charter schools who would be eligible to attend district schools. If your district is a unified district, students in all grades will likely be eligible. If your district is an elementary or high school district, however, only some students will be eligible. In addition, for the purposes of our calculation, we only consider students who live within the boundaries of the district. To determine how many students to include in your calculation, complete the following two steps:

a) Determine the percentage of charter students who live within the district

In Column J in the “Data Entry” tab, enter the % of students who live within the district’s boundaries for each charter school listed. This information should already have been reported to the district by all charter schools authorized by your district. If it has not, you should request it. If there are charters physically located in your district but authorized by the county, state or another district, you should request this data from the authorizer.

b) Determine the correct grade-span of students

When you enter the District Code on the “Data Entry” spreadsheet, enrollment numbers by grade will appear for each charter school in Column T through Column AH. Use this data to calculate a number of grade-eligible students for each charter school by entering calculations into columns K through N. (FOR EXAMPLE: if your district includes Kindergarten through 5th grade students, in the K-3 Column, you would enter the equation “=SUM(T3:W3).” For the purposes of this calculation, TK enrollment should be included as part of Kindergarten enrollment.

The spreadsheet will use the data entered in this step to calculate the total number of grade-span-eligible students who live within the district's boundaries, and will automatically enter that number for use in calculations in other parts of the template.

NOTE: It is possible that there are students that the district would not be able to accommodate for reasons other than their grade-span. For example, a high school district may not be able to accommodate students over 19 years old. You may determine how many of these students to remove from your numbers by using the ["School K-12 Enrollment by Age Group and Grade"](#) query in the CDE's DataQuest system.

3) Determine the district's capacity to accommodate additional students

In order to determine the district's capacity to accommodate additional students, it is necessary to measure the space utilization of existing district facilities. For each current district facility, staff must determine the number of additional students that could be accommodated in the school. The best method for making this calculation may vary from district to district; if your district has recently conducted a facility utilization survey, this will likely provide the best current data. In the absence of a recent facility survey, our recommended methodology is described in the Appendix to *Breaking Point*, on pg. 25-26. (Please note that students enrolled in virtual charter schools are assumed to be possible to accommodate in district-run virtual schools if such schools exist.) Steps 4 through 7 below should be conducted only for the number of students who can be accommodated in existing district schools. If district staff have questions about the best way to measure available capacity, or questions about how to measure the net fiscal impact for students who could not be accommodated in existing district schools but would require additional district facilities, please contact us at info@inthepublicinterest.org.

4) Enter the total special education population for each charter school

On the "Data Entry" tab, enter the total number of special education students for each charter school in Column S. As with financial information, this data should already be available to district staff for all charter schools that are authorized by your district. For charter schools within your district's boundaries that are authorized by other entities, you should request this data from the authorizer.

5) Enter the total number of special education students in district schools

On the "Staffing Calculations" tab, enter the total number of special education students in the district in Cell B9.

6) Enter staffing data to calculate staffing costs

The "Staffing Calculations" tab allows you to calculate the staffing needs, and associated costs, of accommodating additional students in district schools, based on current district staffing patterns. Making this calculation can be done as follows:

a) Enter relevant 2016-17 district enrollment.

In Cell B4, enter the total district enrollment for 2016-17, including “dependent” charter schools, but not including “independent” charter schools. In other words, if a charter school’s finances are included in the district’s budget, its enrollment *should* be included in the number entered in Cell B4.

b) Enter the ratio of employee benefits to employee salary, in order to calculate total employee compensation costs

In Cell B11, enter the percentage that employee base salaries must be multiplied by in order to calculate total employee compensation (i.e., salary plus all benefits and employer-paid payroll taxes). For example, if benefits represent 47% on top of a typical employee’s base salary, you would enter 147%. While individual employee’s benefits may vary depending on choice of health insurance plan and other factors, for purposes of this template the figure to be used here is the average benefit cost for district employees as a whole. Your district likely calculates this percentage routinely, but as a proxy, you may calculate this ratio using the district’s 2016-17 annual financial report, by dividing “Employee Benefits” by the sum of “Certificated Salary” plus “Classified Salary.” 47% is entered as a default in the template, and is likely a conservative figure.

c) Determine which district positions would require increased staffing in order to serve additional students

When considering which positions to include, include only those positions where additional staffing would be required to increase in order to accommodate increased enrollment. This calculation is designed to identify *required* staffing costs, rather than desirable services that districts might choose to provide if afforded additional net revenue. Do not include in this calculation staffing that your district might *choose* to add if additional revenue were available, but only what *you are mandated to do* according to existing staffing ratios. Both general education and special education teachers would obviously need to be increased in every district. Other staff category increases vary by district, but possibilities that we have identified include: Assistant Principals, Social Workers, Counselors, Student Advisors, Lunch Attendants, Nurses, Security Officers, Attendance Clerks, Para-Educators, Social Workers, Psychologists, Speech/Occupational Therapists, and Instructional Support Specialists.

d) Enter occupational titles, current staffing ratios, and salary data for each position

- a. In Column A, Rows 16-31, enter the occupational title for each position. Be sure to include GenEd positions and Special Education positions in the rows we have designated for them, because the rest of the sheet is programmed to calculate those two categories separately.
- b. In Column B, Rows 16-31, enter the current number of students per staff person in that position. You should include actual student-to-staff ratios here, rather than mandated ratios or class size caps. This should be calculated by comparing the total number of Full Time Equivalent (FTE) positions in each occupational title with the

total population of students (or, for Special Education-related occupations, with the population of special education students).

- c. In Column D, Rows 16-31, enter the average annual base salary of 1 FTE staff person in that position. For teachers, you should use the average salary of newly-hired teachers where districts report that information. For districts that do not report salaries for newly hired teachers, we recommend using Step 5 on the teachers' union pay scale as a reasonable approximation for this (our research suggests that this level is generally equivalent to average new-hire salaries).
- d. There are some positions where districts may determine staffing based on a metric other than the student/staff ratio. For example, you may need to add one additional Assistant Principal at a school, regardless of the exact number of students. In such cases, you can override the ratio calculation by directly entering a number in Column F.

e) OPTIONAL: Perform a secondary calculation to determine what the costs would be when mandated staffing ratios are applied

In some cases, mandated staffing ratios may be lower than actual staffing patterns. This may occur, for example, if teachers have been hired for special projects or support services, in positions whose staffing would not be increased if enrollment increased. In these cases, districts may choose to perform a second calculation measuring the costs of accommodating additional students based on the mandated ratios. To perform this calculation,

- a. Enter the required number of students for each staff person in each position in Columns I through L.
- b. This will calculate the number of additional staff needed in Column N through Column R, and the additional staff cost in Column S.

NOTE: You will notice that the spreadsheet is only set up to allow you to put ratios in for positions that serve all students, and not special education-specific positions. While your district may have ratios for special education students at various levels of disability, we do not have data to determine the disability levels of the charter students. Therefore, we applied the current staffing ratios for district students to the incoming number of charter students with IEPs. This is obviously a conservative estimate. We provide an additional calculation, described below, to allow districts to adjust special education staffing levels.

f) OPTIONAL: Perform an additional calculation to account for charter school special education populations with lower needs

Research shows that the population of special education students in charter schools is often concentrated among students with relatively more mild needs. In cases where this is true, charter school populations would require less intensive student/staff ratios than is true for the district's special education students. If district staff believe this is the case in their community, you may enter a number of students per staff person for each of the special education classifications in Column U that is different from the existing ratio in Column C. This will adjust the total personnel costs from the initial primary calculation to reflect the

changed ratio. This should be done conservatively and based on district staff's careful judgment.

7) Calculate the net economic impact of charter schools on the district

To produce your district's Economic Impact Report, use the "EIR Calculation" tab. This tab calculates the economic impact of charter schools, providing up to three alternative estimates based on your district's choice options included in the "staffing calculations" tab. To complete the calculation, you need to add one additional cost: the per-student cost for books and supplies. Enter the amount spent in 2016/17 for instructional supplies in Cell B10. (In the absence of specific data on the amount spent on classroom instructional materials—as opposed to materials used at the central office or other departments—the Books & Equipment line-item in districts' budget may serve as a conservative proxy.) If your district already budgets books and supplies on a per student basis, you can leave this field blank and instead enter that per student amount into Cell B11.