

Washington, D.C.

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Summary and Highlights

This snapshot examines the revenue sources and funding equity for the district and charter schools in Washington, D.C. during FY 2006-07 (Figure 1).¹

Figure 1: District and Charter School Revenues and Enrollments

D.C. (2006-07)	Statewide	
Per pupil Revenue		
District	\$29,808	
Charter	\$17,525	
Difference	(\$12,283) (41.2%)	
Per pupil Revenue by Source		
	District	Charter
Federal	\$4,676	\$1,756
State	\$23,073	\$14,023
Local	N/A	N/A
Other	\$550	\$1,740
Indeterminate	\$1,510	\$6
Total	\$29,808	\$17,525
Enrollment		
District	48,217 74.4%	
Charter	16,590 25.6%	
Charter Schools	50	
Total Revenue		
District	\$1,437,238,369 83.2%	
Charter	\$290,737,300 16.8%	
Total	\$1,727,975,669	
Percentage of Revenue by Source		
	District	Charter
Federal	15.7%	10.0%
State	77.4%	80.0%
Local	N/A	N/A
Other	1.8%	9.9%
Indeterminate	5.1%	0.0%
Change in district school funding if subjected to charter funding structure		
	(\$592.2 million)	

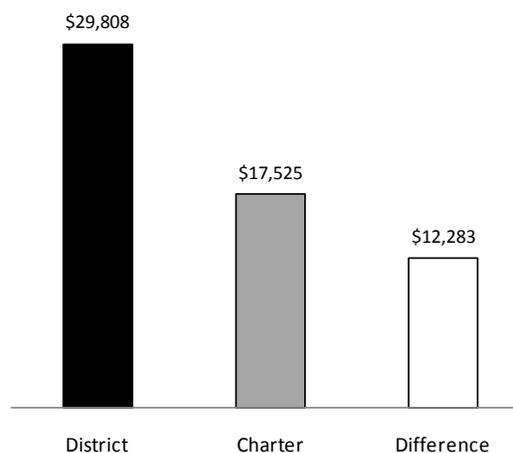
Highlights of Our Findings

- D.C.'s 50 charter schools² received 41.2 percent less funding than D.C. Public schools: \$17,525 vs. \$29,808 per pupil, a difference of \$12,283.³
- D.C. charters educated 25.6 percent of the district's students, but they received only 16.8 percent of the total revenue.

Primary Reasons for Funding Disparities

- The District of Columbia provides facilities funding to charter schools, but that funding falls short of capital construction projects undertaken for the district.
- The funding formula works identically for district and charter pupils, but the district receives funding through other district and federal agencies that the charter schools cannot access.

Figure 2: Per pupil Total Revenue for D.C. District vs. Charter Schools, FY 2006-07



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How Washington, D.C. Funds Its District and Charter Schools

The District of Columbia guarantees a base amount of funding per student, called the Uniform Per Student Funding Formula, that funds both district and charter schools. The formula includes a foundation level, established at \$5,000 per pupil in 1998-1999, that rises each year by the lower of four percent or the local Consumer Price Index. It

is designed to provide all services to a student in grades 4 and 5 who does not receive any supplemental programs or services. The foundation level for FY 2006-07, the year of this study, was \$8,002. Both district and charter schools receive additional revenue for pupils enrolled in lower and higher grade levels, as well as for students with special needs.

The number of pupils in each category, determined during the fall enrollment count, is multiplied by the Weighted Pupil Unit factor and then multiplied again by the Foundation Level to determine the total local contribution to each district and charter school.

District schools also receive funding from other city agencies, referred to as intra-district funds, but the charters do not have access to any of those funds. Additionally, a city agency has responsibility for all capital construction of district schools, but those funds are unavailable to charters. Finally, the federal government began funding the retirement of current employees working for DCPS as of 1999, and a separate city agency began providing funding for all teachers entering the school system the same year. Again, the charter schools are not eligible to participate in those programs.

Primary Revenue Sources for Washington, D.C. Schools

The District of Columbia Public Schools does not have taxing authority, and so it cannot raise funds for education apart from the city government’s taxing decisions. Since the District of Columbia is not part of a state jurisdiction, the revenue it raised for education has been classified as “state” in this study for comparability purposes.

D.C. charter schools received less revenue from the federal government than did district schools (\$4,676 vs. \$1,756 per pupil). Charter schools also received less in state revenue than DCPS schools (\$23,073 vs. \$14,023 per pupil).

D.C. charter schools helped to close funding disparities by fundraising (Figure 1). “Other”

funding also includes interest received and revenue from services provided, such as after school programs. This “Other” revenue represented \$1,740 per pupil for charter schools compared to \$550 for district schools.

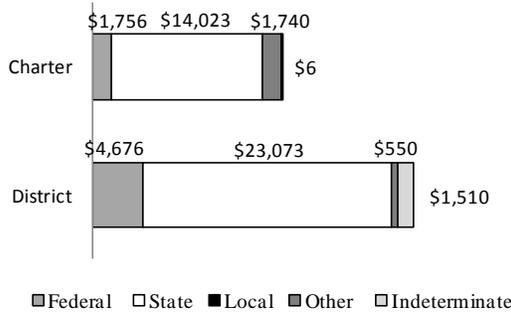
Figure 3: State Charter School Policies

State Policies	Yes	No	Partial
Charter schools receive their funding directly from the state	X		
Charter schools are eligible for local funding	X		
Cap on funding a charter school can receive		X	
District public schools receive differential funding (e.g. more funding for 9-12 vs. K-8 schools)	X		
Charter schools receive differential funding	X		
State allows district to withhold funding from charter schools for providing administrative services	X ⁴		
State "holds harmless" district funding for charter enrollment	X ⁵		
School is considered LEA if authorized by non-district organization	X		
School is considered LEA if authorized by district	X		
Cap on number of charter schools		X	
Cap on number of charter schools authorized per year	X ⁶		
Cap on number of students attending charter schools	X ⁷		
Charter schools have an open enrollment policy	X		

D.C. charters provided services to 25.6 percent of the district’s public school students, yet they received only 16.8 percent of the total revenue available for educational services. In contrast, DCPS provided services to 74.4 percent of the

district's students and received 83.2 percent of total revenue for education in the district.

Figure 4: Per Pupil Revenue by Source for D.C. District vs. Charter Schools, FY 2006-07



Four conclusions stand out regarding charter school funding in the nation's capital. First, though the District of Columbia was one of the few states/municipalities in this study to offer facilities funding to charter schools, the charter schools did not receive an amount equal to the district. In FY 2006-07, the District of Columbia provided DCPS \$145,739,636 for capital projects, or \$3,023 per pupil. D.C. charters received just \$2,810 per pupil in general operating revenues for facilities, a disparity of \$213 per pupil.

Second, the city of Washington, DC and the U.S. Treasury provide revenue to cover retirement costs for DCPS teachers, but not for charter school teachers. In FY07, DC Retirement Board contributed \$233 million toward teacher retirement through direct payments from the city and from investments, while the U.S. Treasury contributed an additional \$68.6 million toward teacher retirement. Together, these two sources of funds represent \$6,258 per pupil of DCPS costs, or slightly more than half of the disparity between the district and the charter schools.

Third, the district receives "intra-district" funding from other city agencies that are not part of the funding formula, and charters do not have access to these funds. In FY07, the district received \$61 million in additional funding from other city agencies, or \$1,270 per pupil.

Finally, given that the funding formula works the same for both entities, the remaining variance is caused by differences in the type of students served. As described above, the DCPS funding formula provides greater funding for students with special needs or in grades other than four and five. As shown in Figure 5, the district had higher pupil counts for elementary students, as well as middle school students, which would contribute to the funding variance. District and charter schools have nearly identical numbers of pupils in high schools. It appears that charters were able to secure more federal funding than district schools because more of their students are eligible for free or reduced lunch and more of their schools were eligible for Title I (Figure 5).

Figure 5: School Characteristics

D.C. (2006-07)	Statewide District	Statewide Charters
Percentage of students eligible for free or reduced price lunch	55.6%	42.4%
Percentage of schools eligible for Title I	75.7%	79.7%
Percentage of students by school type:		
Primary (K-5)	54.9%	38.1%
Middle (6-8)	13.7%	9.2%
High (9-12)	22.0%	15.9%
Other (K-12, K-8, etc.)	9.4%	36.8%

State Scorecard

We have assigned ratings to each state based on the quality of data available, as well as the extent to which charter schools have access to specific streams of revenue (Figure 6).

In Figure 6, we judged "Data Availability" on the ease of access to the information needed for this study and others like it. A rating of "Yes" means that all information was available through web sources or that it was provided upon request by state departments of education. A rating of "Partial" means some but not all of the data for

Figure 6: State Scorecard

Findings		DC
Federal Funding	Charters have access to federal funds according to state statutes (Yes = black, No = white)	Y
	Percentage of federal revenue is <i>greater than</i> (> black), <i>equal to</i> (=; black), or is <i>less than</i> (< white) that of total enrollment for charter schools	<
State Funding	Charters have access to state funds according to state statutes (Yes = black, No = white)	Y
	Percentage of state revenue is <i>greater than</i> (> black), <i>equal to</i> (=; black), or is <i>less than</i> (< white) that of total enrollment for charter schools	>
Local Funding	Charters have access to local funds according to state statutes (Yes = black, No = white)	N/A
	Percentage of local revenue is <i>greater than</i> (> black), <i>equal to</i> (=; black), or is <i>less than</i> (< white) that of total enrollment for charter schools	N/A
Facilities Funding	Charters have access to facilities funds according to state statutes (Yes = black, No = white)	Y
	Percentage of facilities revenue is <i>greater than</i> (> black), <i>equal to</i> (=; black), or is <i>less than</i> (< white) that of total enrollment for charter schools	<
Data Availability	State provides detailed, public data on federal, state, local, and other revenues for district schools (Yes = black, Partial = grey, No = white)	P
	State provides detailed, public data on federal, state, local and other revenues for charter schools (Yes = black, Partial = grey, No = white)	Y
Funding Formula	Charters are treated as LEAs for funding purposes (Yes = black, Partial = grey, No = white)	Y
	State funds student (black) or the LEA (grey)	S
	State funding formula is fair and equitable (Yes = black, No = white)	N

this study were available either through web sources or through state departments of education. A rating of “No” means the data were not available either through web sources or through state departments of education.

Separately, we judged “Funding Formula” based on whether or not charters were considered Local Education Agencies for purposes of funding. “Yes” means that charters in the state are always considered LEAs for all forms of funding. “Partial” means that charters are sometimes considered LEAs for specific streams of funding (such as federal revenue) or that only certain charters are considered to be LEAs. “No” means charters in the state are never considered an LEA for funding purposes. A state received a rating of fair and equitable funding if charters received fair and equitable revenue in all four revenue streams listed.

Similar methods were applied to ratings for federal funding, state funding, local funding, and facilities funding.

Endnotes

¹ The District of Columbia observes an October 1 through September 30 fiscal year. Therefore, the revenue analysis, while for a 12-month period, does not match the same time frame as other states in this study.

² Several charter schools in the District of Columbia serve preschool, Pre-Kindergarten or adult students exclusively. Those charter schools are not included in this analysis.

³ Financial data gathered for this study originates from multiple sources. Financial data for DCPS were obtained from the District of Columbia Budget Office. Audits related to charters were provided by the District of Columbia Public Charter School Board.

⁴ Statute allows authorizers to withhold up to one-half of one percent for administrative costs

- ⁵ DCPS funding for current year is based on previous year enrollments, while funding for charter schools is based on current year enrollment
- ⁶ Either authorizing agent can approve no more than 10 charters per year. FY07 was the last year in which DCPS authorized charter schools. The DC Public Charter School Board now is the sole authorizer of charters.
- ⁷ This determination is made as part of the authorizing process on a charter by charter basis.