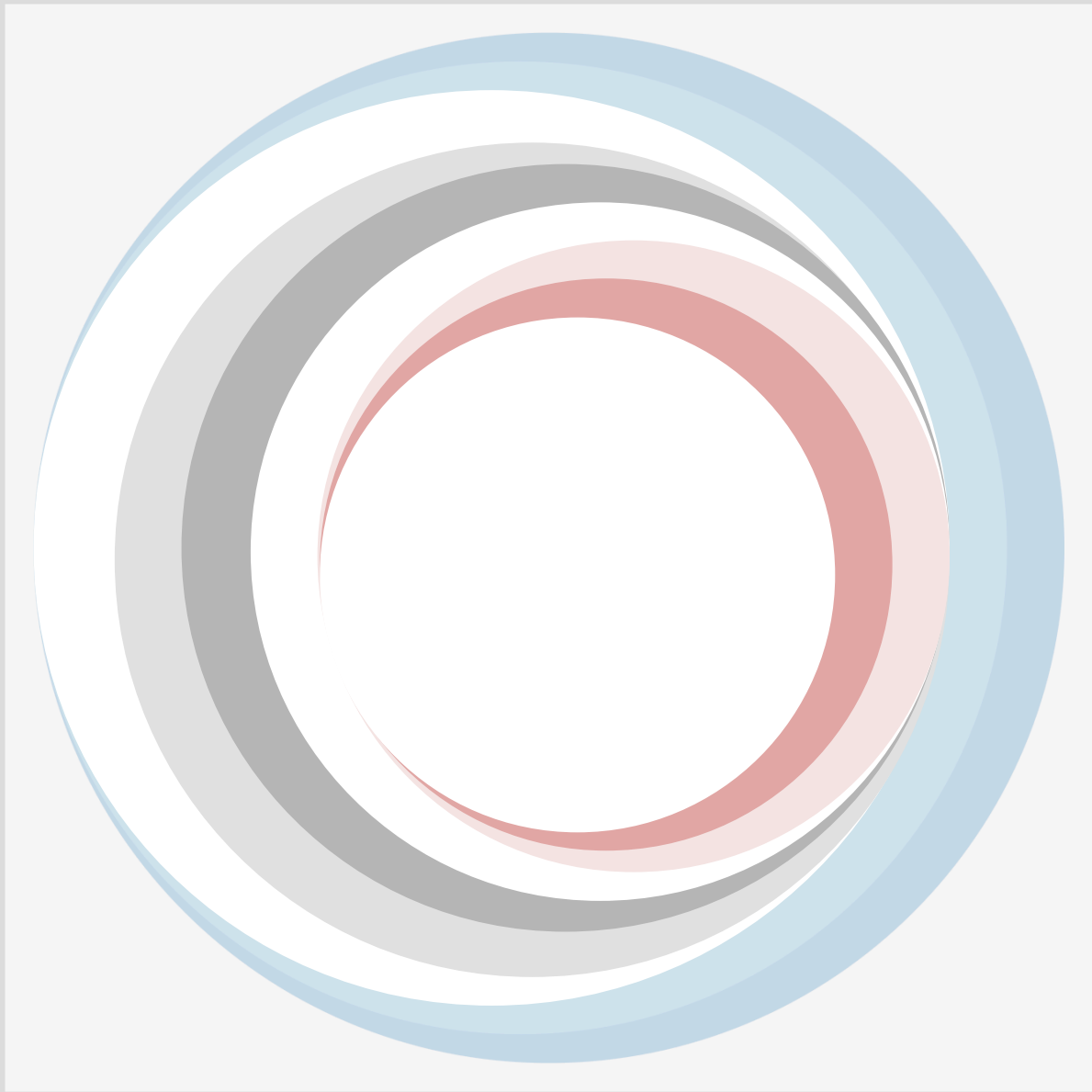


Study of Oregon Charter School Funding



March 2015

A report prepared by ECONorthwest for the Chalkboard Project.





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Acknowledgments and Contact Information

ECONorthwest completed this project under contract to the Chalkboard Project. The purpose of this study is to better understand the state of charter school funding in Oregon. In particular, this effort updates a study conducted in 2010 that identified a per student funding disparity between charter schools and district-run schools in Oregon.

For this effort we did not engage in any primary data collection but rather relied upon available secondary sources. Substantial data on Oregon schools, students and staff is available from the Oregon Department of Education.

Throughout we have identified our sources of information and assumptions used in the analysis. Within the limitations imposed by uncertainty and the project budget, ECONorthwest has made every effort to check the reasonableness of the data and assumptions. The fact that we evaluate assumptions as reasonable does not guarantee that those assumptions will prevail. The contents of this document do not necessarily reflect views or policies of the Chalkboard Project.

We gratefully acknowledge the assistance of the many individuals who provided us with information and insight, but emphasize that we, alone, are responsible for the report's contents. We have prepared this report based on our general knowledge of data and analysis techniques and information derived from government agencies, private statistical services, the reports of others, interviews of individuals, or other sources believed to be reliable.

Matthew Kitchen prepared this report. ECONorthwest is solely responsible for its content.

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Summary in Brief

In 1999 the Oregon Legislature passed legislation that allowed for the creation of independent public schools that operate under a charter agreement with local school board of directors. These charter schools are freed from certain regulations in order to foster innovation in meeting student needs while held accountable for performance through the charter agreement. The state established the public funding of charter schools, with local districts passing State School Fund dollars to charter schools within their boundaries on a per student basis. This study attempts to shed some light on the question of whether public charter schools in Oregon, when compared with their district-run counterparts, operate with similar levels of public funding.

Charter Schools in the state of Oregon are funded on a per pupil basis from each resident district's state provided General Purpose Grant allocation. These funds are provided to district authorized charter schools on a per student basis using a formula established in state law.

In 2010 Seed Strategies, LLC prepared a study of charter school funding for the Northwest Center for Educational Options. This study highlighted the disparity between per pupil funding at charter schools and their district operated counterparts. The purpose of this current study is to update this previous study based on the most recent data available, reflecting any recent changes in district practices. To accomplish this task ECONorthwest worked with Oregon Department of Education staff to acquire and employ the appropriate district and charter school finance data. The results of the current analysis are consistent with those of the previous study. A summary of key results include the following:

- While 4.7 percent of public school students attended charter schools in 2012-13, those schools operated with only 3.3 percent of the public funds dedicated to education statewide.
- Charter schools in 2012-13 received less public funding on a per student basis than their district-run counterparts. Per student (based on Weighted Average Daily Membership) charter schools receive funding that is equivalent to 63% of the funding available to all district-run schools statewide. When just "host districts" and the charter schools within those host districts are considered charter schools receive funding that is equivalent to 58% of the funding available to the host district-run schools.
- In total charter schools received nearly \$5,000 less per student (based on fall enrollments) in public funding than their district-run school counterparts. If district-run schools operated on the equivalent per student funding of charter schools they would have nearly \$2 billion less in funding statewide. To fully fund the students in charter schools commensurate with other public schools, on the other hand, would involve a shifting of funds equal to just 3 percent (on average) of funding for host districts.
- There are a number of areas of shared, or negotiated, responsibility between charter schools and districts (such as transportation, special education, and central office services). With shared service delivery comes ambiguity about cost responsibility; which in turn can undermine progress toward funding parity.
- Charter schools have, in aggregate, a less experienced and lower compensated staff. Charter schools do employ more teaching staff (FTE) per student. It is likely that lower per student funding levels limits the compensation for charter school staff and is also associated with lower experience levels. The distribution of staff by experience level also reveals some differences between charter schools and district-run schools. A larger share of charter school staff, as compared with district-run schools, has less than 5 years of total experience.

Charter Schools in Oregon

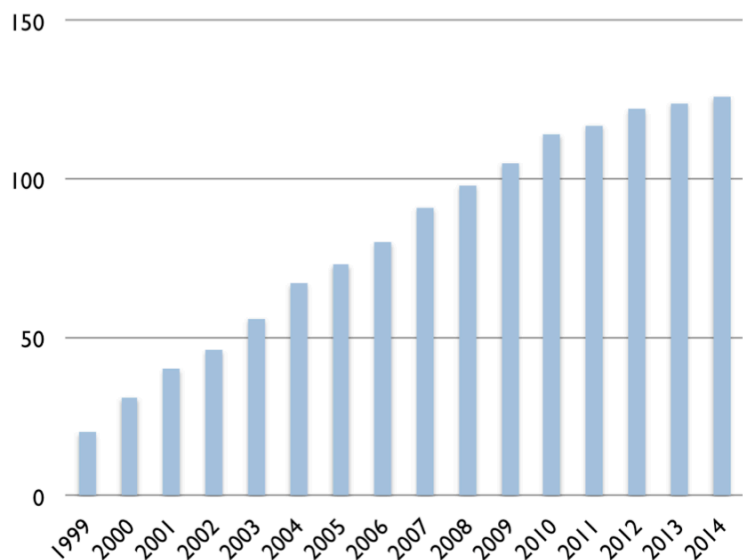
Since the passage of enabling legislation in 1999 charter schools have been a growing part of public education in Oregon. Charter schools are independently operated comprehensive public schools that are established through an authorizing agreement and under contract with local boards of education. Charter schools are subject to state laws governing the provision of public education services with exemptions from certain rules and regulations. In exchange for a limited degree of flexibility charter schools commit to meet the requirements of their charter agreement.

In Oregon, as in other states, charter schools operate under a charter agreement with an authorizing agency. The charter agreements provide charter schools with more autonomy with respect to matters of school operations including budget, staffing, and curriculum. In return charters are held accountable for meeting performance objectives that are set out in the charter agreement. Failing to meet performance standards set out in the school charter can, depending on specific terms of the contract, and state law governing charter school operations, lead to sanctions and ultimately the closing of a school. The intent of the enabling legislation was to create “a legitimate avenue for parents, educators and community members to take responsible risks to create new, innovative and more flexible ways of educating children within the public school system.” (ORS 338.015)

While 4.7 percent of public school students attended charter schools in 2012-13, those schools operated with only 3.3 percent of the public funds dedicated to education statewide.

In the 2008-09 school year nearly 90 public charter schools served over 15,000 students, or 2.7 percent of the state’s student population. By the 2012-13 school year over 26,000 students (4.7 percent of the state’s student population) were enrolled in 126 public charter schools. In 2012-13 there were twelve virtual charter schools¹ serving just over 6,500 students and 17 of the state’s 197 school districts had converted to “single school charter districts” serving 3,200 students. While 4.7 percent of public school students attended charter schools in 2012-13, those schools operated with only 3.3 percent of the public funds dedicated to education statewide.

Figure 1. Number of Charter Schools in Oregon 1999-2014



Source: Oregon Department of Education and ECONorthwest

¹ Virtual charter schools primarily serve students with online courses.

Figure 2. Charter Schools as a Share of Public Enrollments and Funds in 2012-13

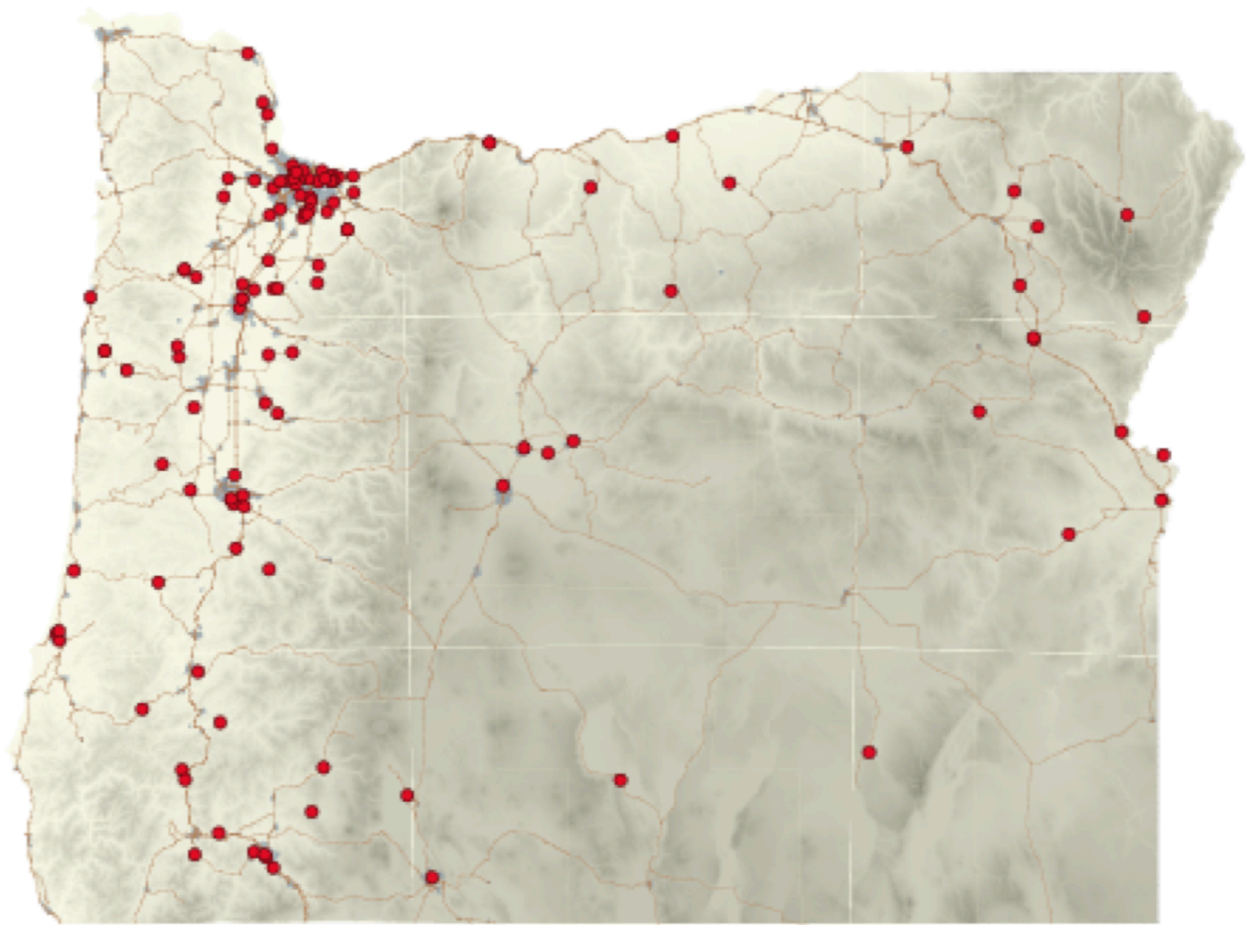
	Enrollment	Public Funds
All Charter Schools	4.7%	3.3%
Charter Schools (less Single School Charter Districts)	4.1%	2.6%

Source: Oregon Department of Education and ECONorthwest

Charter schools employ 4.7percent of the total public education staff (FTE) statewide that are assigned to schools. These staff receive approximately 3.9 percent of compensation for staff assigned to schools. When district staff not assigned to schools (such as central office support, finance, HR and transportation staff) are included then charter schools employ 3.8 percent of all staff receiving 3.2 percent of compensation.

The location of Oregon’s public charter schools I n 2012-13 are displayed in the map in Figure 3.

Figure 3. Location of Oregon Charter Schools



Source: ECONorthwest

State Funding of Public Schools

Rules governing the funding of charter schools are set out in state statute. The district in which the charter school has been established must transfer state funding to the charter school for each attending student. A minimum payment per student is set at a percent of the “host district’s” per student General Purpose grant. The mix of characteristics in the student population are factored, or weighted, in each district’s measure of student population, as a Weighted Average Daily Membership (ADMw).

(2) A school district shall contractually establish, with any public charter school that is sponsored by the board of the school district, payment for provision of educational services to the public charter school’s students. The payment shall equal an amount per weighted average daily membership (ADMw) of the public charter school that is at least equal to:

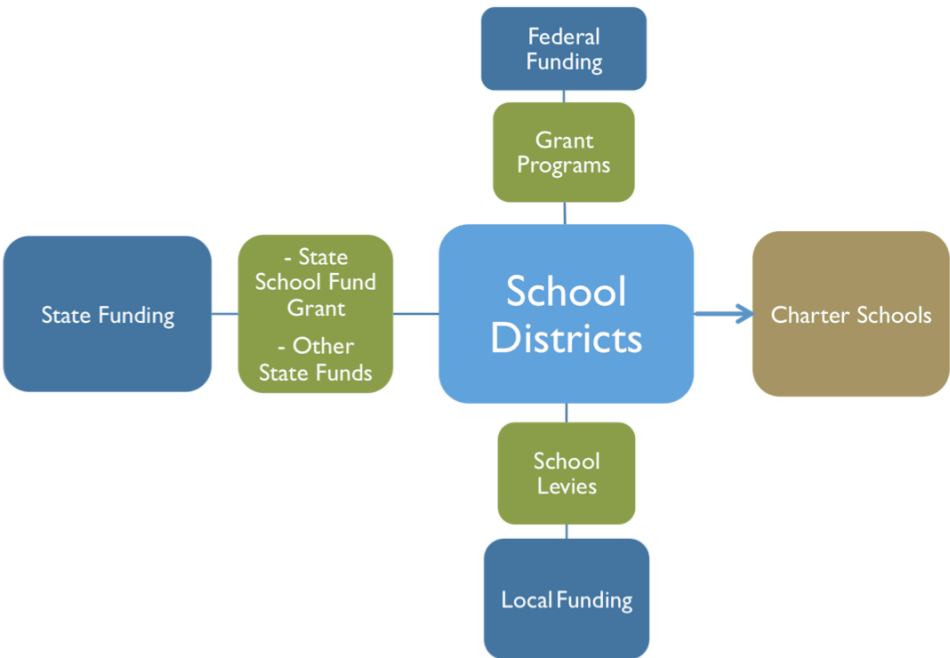
(a) Eighty percent of the amount of the school district’s General Purpose Grant per ADMw as calculated under ORS 327.013 for students who are enrolled in kindergarten through grade eight; and

(b) Ninety-five percent of the amount of the school district’s General Purpose Grant per ADMw as calculated under ORS 327.013 for students who are enrolled in grades 9 through 12. (ORS 338.015)

The district in which a charter school has been established makes a minimum fund transfer to the charter school for each student based on a share of the district’s per student General Purpose grant.

Figure 4 displays the central “pass-through” role of districts in the funding of charter schools in Oregon.

Figure 4. Districts Pass Funds Through to Charter Schools



Source: ECONorthwest

Generally the funding of public schools in Oregon involves an array of purpose specific grants and reimbursements, from a variety of sources of funds, including state, local and federal dollars. But the primary state payments to districts are grants from the State School Fund. State School Fund grants are actually a package of grants adjusted for the availability of local school funding. The largest grant within the State School Fund Grant is the General Purpose grant to districts. The General Purpose grants begin as a statewide fixed amount per student “membership”. This fixed amount is adjusted based on a number of local factors relevant to each district such as the experience level of teachers in the district and the characteristics of the student population.

Payments to district from the State School Fund on a per student basis vary dramatically from one district to the next.

The General Purpose grants are a primary component of the State School Fund grant to districts. The State School Fund grant is inclusive of other funds, however. State School Fund grants are the sum of General Purpose grants, transportation grants, high cost disability grants, and facilities grants, less a portion of local revenues including federal dollars that are considered “supplantable”.

2) There shall be apportioned from the State School Fund to each school district a State School Fund grant, consisting of the positive amount equal to a general purpose grant and a facility grant and a transportation grant and a high cost disabilities grant minus local revenue, computed as provided in ORS 327.011 (Description of Local Revenues for purpose of State School Fund distributions) and 327.013 (State School Fund distribution computations for school districts). (ORS 327)

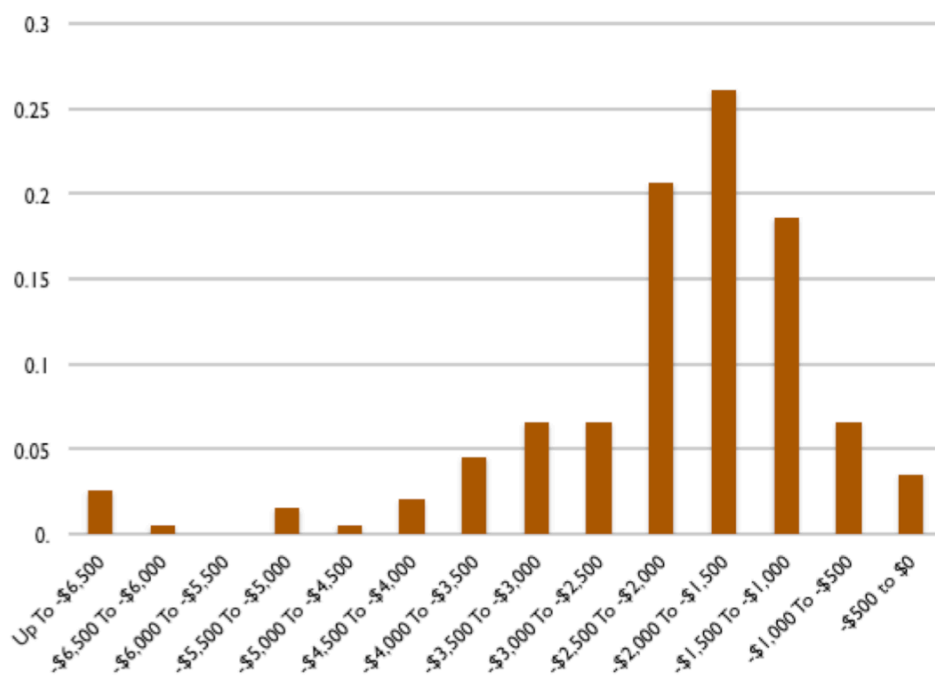
Payments to each district from the State School Fund on a per student basis vary dramatically compared with their per student General Purpose grant. This is a result of the State School Fund being a combination of various grant programs, and due to the netting out of most local dollars from the distributions to districts. Some districts receive a per student State School Fund grant that is roughly equal to their per student General Purpose grant value, while others receive considerably lower amounts². Some school districts have considerably higher local funding which decreases the total fund provided from the state through the State School Fund³.

The amount by which districts’ State School Fund grants are less than their General Purpose grants on a per student basis varies across districts based on how much “local” funding is available to each district. The distribution of these values is displayed in Figure 5 below. The majority of school districts in Oregon receive between \$1,000 and \$2,500 less per student from the State School Fund than is the base per student value of their General Purpose grant. And some districts receive per student distributions that are considerably lower.

² It is important to keep in mind that in many cases outliers in funding on a per student basis are associated with small districts with very small numbers of students being served. These outliers have only a very modest influence on the overall picture of school finance in Oregon.

³ In a hypothetical example a district might receive \$6,000 per student as a General Purpose grant and another \$1,000 per student in transportation and other state grants. But if non-excludable local and supplantable federal funds totaled \$3,000 per student then this district would receive a total State School Fund grant equal to \$4,000 per student.

Figure 5. Share of Districts by the Per Student Value Difference Between SSF Grants and GP Grants

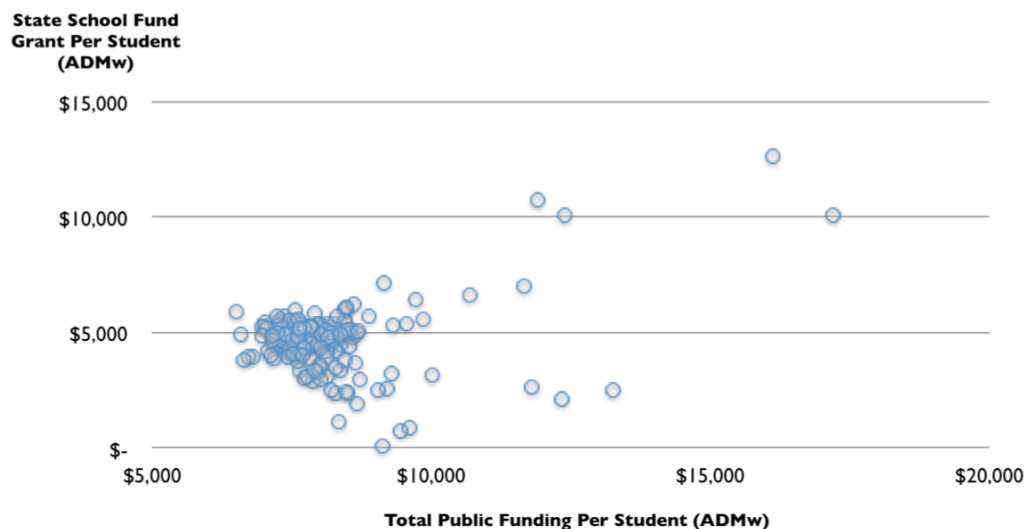


Source: Oregon Department of Education and ECONorthwest

Details about state funding of local school districts are important to the central question of this study. Charter schools in Oregon receive a portion of each “host district’s” per student General Purpose grant and these grants can have very little relationship to each district’s total public funding level per student. In particular, districts with a high per student level of local funding will receive lower per student funding from the state.

In the 2012-13 school year 95% of all state funds distributed to school districts came from the State School Fund. These funds totaled just under \$2.7 billion. Local funding for the same period totaled \$1.9 billion and federal funds to support operations were approximately \$0.5 billion. On the per student basis, however, non-state sources of revenue still vary considerably across districts. This is evident when comparing the State School Fund grants on a per student basis with each districts total public funding per student, as in Figure 6.

Figure 6 District Per Student SSF Grants Compared with Total Per Student Funding



Source: Oregon Department of Education and ECONorthwest

Funding Charter School Students

The primary question of this analysis is whether charter schools in Oregon receive similar levels of funding per student as their district-run counterparts. Charter schools are comprehensive public schools, and as such, provide education services that are commensurate with district-run schools. Getting clarity on whether schools operating under a charter agreement have similar resources as other schools is a practical line of inquiry with potential implications for state education policy.

In 2010 the Northwest Center for Educational Options commissioned an analysis of charter school funding from Vanessa Wilkins of Seed Strategies. The report, *Unintended Consequences: An Analysis of Charter School Funding in Oregon*, found that “on average, charter schools receive only 55.7% of the revenue per student that districts receive to serve the students in traditional district schools”. The report aimed to describe the revenue available to charter schools on a per student basis as compared with revenues available to district-run schools. To achieve this objective the author acquired data from the Oregon Department of Education reflecting district revenues as well as transfers from districts to charter schools. Private donations to schools were omitted for both districts and charter schools. The study examined available funds for charter schools and their host districts on a per student basis based on fall enrollments. Since this report was produced there have been unsuccessful efforts to pass legislation that would modify how Oregon charter schools are funded. There has also been growth in charter schools, both in terms of number of schools and enrollments.

This current study was designed to revisit the analysis and findings from the earlier study in order to determine if the state of charter school funding has changed since 2008-09. This report also examines some data on school staffing in an effort to understand if charter schools employ substantially different staffing models from district-run schools. Staff costs are the majority of school operating expenditures, and as such it is likely that differences in charter school funding will also be reflected in how charter schools are staffed.

Approach

Our approach to updating the previous analysis generally adheres to the methods employed for the 2010 study. We note here a few differences and additional information on the current methods. As was true for the 2010 study we relied upon data provided by the Oregon Department of Education reflecting revenue, enrollments, average daily membership and payments to charter schools for all 197 school districts. We obtained data for the 2012-13 fiscal year, the most recent year for which comprehensive data is available.

Information from seven districts was removed from the analysis due to potential inconsistencies in the data.⁴ The inclusion or removal of these districts had no bearing on the general findings however. We examined district and charter school revenues not inclusive of private donations as was also true in the 2010 study.

While the 2010 study focused on revenue per student, where students were measured as fall enrollments, we utilized both fall enrollments and ADMw as measures of student population. The logic of using fall enrollments as a student population measure is clear since each student must be served independent of weights that are applied during the funding allocation process in order to reflect characteristics of the student population. The current study also employed ADMw as a measure of student population, however, since it is this measure that determines the specific funding allocations to districts through the General Purpose Grants. It is also the ADMw

⁴ The data inconsistencies are most likely a result of classification and reporting issues associated with student enrollments. In each case the districts report less than 10 enrolled students during fall enrollment but appear to have a larger student population based on ADMw.

that is used to determine the actual funds that must be included in district disbursements to charter schools. In summary our approach included the following:

- An examination of funding data for charter schools that are part of larger districts and compared this data with the same data for their host district counterparts.
- We examined single school charter districts in comparison with small non-charter districts (less than 250 students)
- We analyzed staff-level data regarding years of experience and salaries for staff in charter schools and district-run schools

Lower Levels of Public Funding for Charter School Students

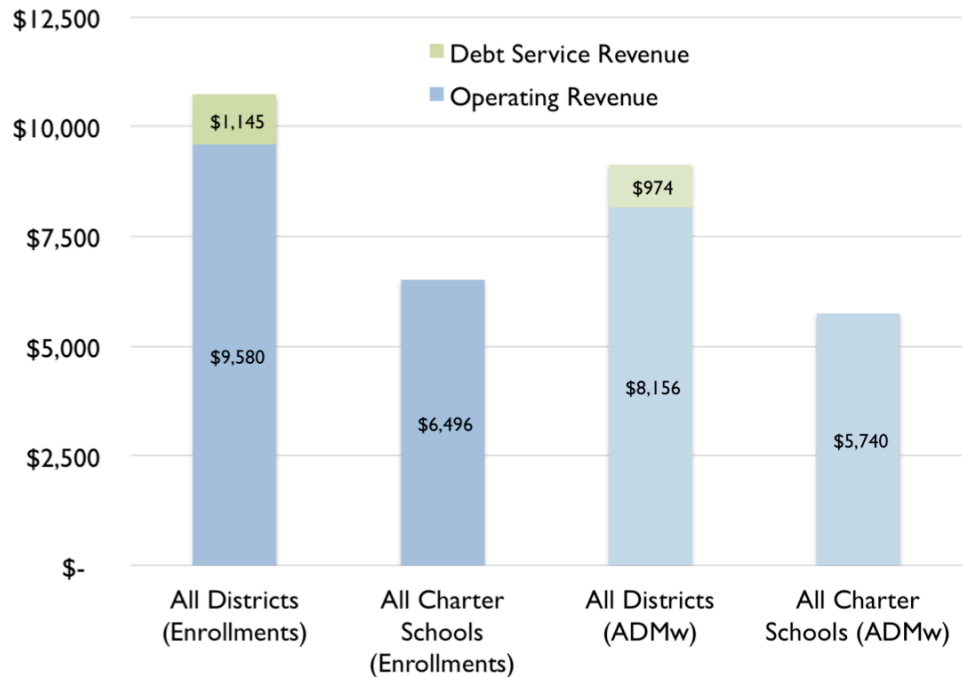
Charter schools received less public funding on a per student basis than their district-run counterparts in 2012-13. This is true when the “per student” measure is based on fall enrollment or based on Weighted Average Daily Membership (ADMw). In Oregon there are school districts that are hosts to charter schools, there are districts that are comprised of single charter school conversions, and there are districts that have no charter schools at all. The funding disparity is similar whether we compare all Oregon charter schools with all school districts across Oregon, or just compare charter schools that are hosted within larger districts with those host districts.

Figure 7 displays the per student revenue for all districts and for all charter schools. Charter schools receive funding that is equivalent to 63% of the funding available to all district-run schools (61% based on fall enrollments).

Figure 8 displays the per student revenue for just host districts and for charter schools within those host districts. Based on this more selective analysis charter schools receive funding that is equivalent to 58% of the funding available to all district-run schools (53% based on fall enrollments).

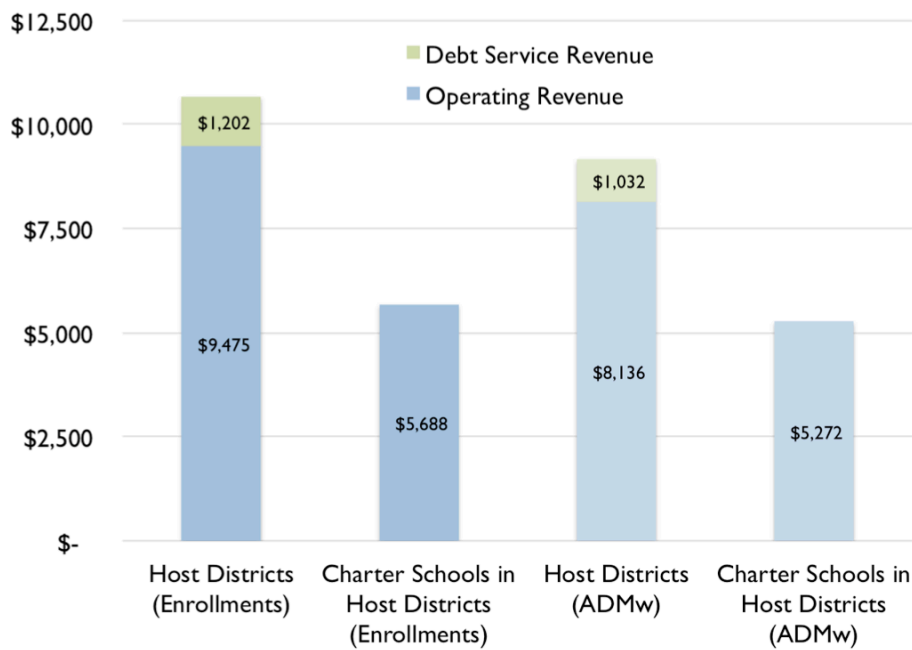
The difference in per student state funding between charter schools and district-run schools is a direct consequence of state funding rules.

Figure 7. Per Student Funding for Charter Schools and School Districts



Source: Oregon Department of Education and ECONorthwest

Figure 8. Per Student Funding for Charter Schools and Their Host Districts



Source: Oregon Department of Education and ECONorthwest

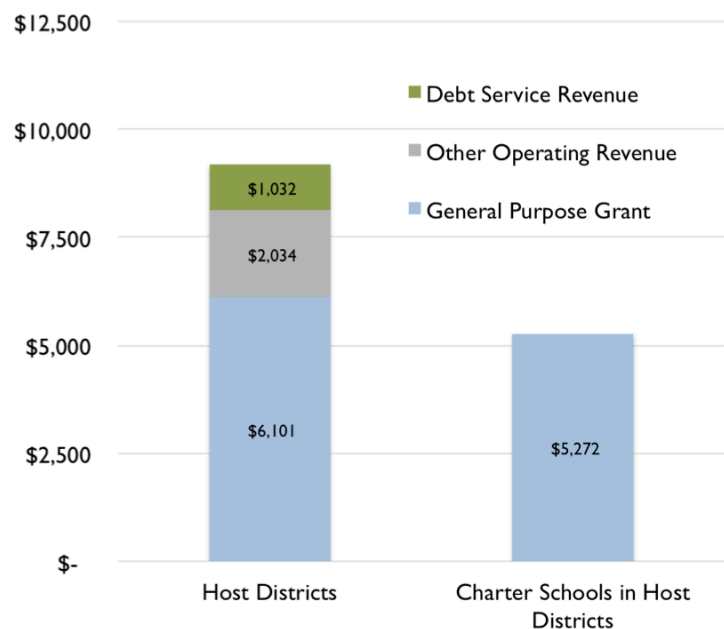
Current policies that determine the state funding of public schools are in part a response to funding equity concerns that surfaced in the aftermath of property tax limiting measures adopted by state voters⁵. State law requires that school districts pass state education funds to charter schools in the amount equal to a fraction of each district's per ADMw General Purpose grant. There are no requirements to pass on other funds to charter schools.

We described earlier how State School Fund grants (on a per student basis) to districts vary dramatically when compared with their (per student) General Purpose grant. Again, this is largely

due to the variation across districts in the availability of other local, state and federal funding. As a result the amount of funds that are passed through to charter schools on a per student basis compared with the per student total district funding also varies considerably from district to district. In summary, district-run schools have access to a number of revenue sources that are typically not available to charter schools.

This is evident when the funding for the school districts that host charter schools are compared directly with the funding of these charter schools, as is done in **Figure 9**. Charter schools receive the required share of districts' General Purpose grants per student (\$5,300 compared with the districts' \$6,100). But on average, beyond this \$800 per ADMw differential, district-run schools also have access to approximately another \$2,000 per ADMw in other revenues supporting operations and \$1,000 in

Figure 9. Districts GP Grants and Other Funds



Source: Oregon Department of Education and ECONorthwest

⁵ Measure 5 was passed in 1990 and Measure 50 in 1997

debt service revenues. In total charter schools received nearly \$3,900 less per ADMw in public funding than district-run schools. This is equal to nearly \$5,000 less per student based on enrollments.

These findings are consistent with the past Oregon study and are also consistent with a recent multi-state study conducted by a research team at the University of Arkansas titled *Charter School Funding: The Disparity Expands*⁶. The study analyzed traditional school districts and public charter schools funding levels and was based on Fiscal Year 2010–11 (FY11) data for each of 30 selected states plus the District of Columbia (D.C.).

Specific to Oregon the study found that charter schools received 43.3% less funding than district schools. “Oregon charter schools received \$6,127 per pupil, but district schools would have received an estimated \$10,968 to educate the same students, a difference of \$4,841 or 44.1 percent”.

Areas of shared, or negotiated, responsibility result in a wide variation in the type of services provided directly by charter schools, their host districts, and district-run schools

School districts in Oregon have the option of passing on additional funds to charter schools other than the prescribed share of the General Purpose grant required by state law. But there is little incentive to do so. In some cases school districts provide services to charter schools that are not directly covered by the General Purpose grant. For example transportation and special education services are funded through independent grant programs that get bundled into the State School Fund grants to districts. At the same time, many charter schools don’t get compensated for services they actually do provide, especially in cases where the school is the direct provider of services that would typically be the responsibility of the districts in supporting district-run schools. Charter schools must provide their own “central office” services such as facilities management, human resources, finance, risk-management, policy development and Board of Directors support. Together these areas of shared, or negotiated, responsibility result in a wide variation in the type of services provided directly by charter schools, their host districts, and district-run schools.

One example, the reimbursements for the costs of providing transportation services, involve payments made directly to districts by the state. No such reimbursements are provided to charter schools. Instead, host school districts are required to provide transportation services (including transportation between schools within a district) to any eligible student whether they attend a charter school or district-run school. However, districts cannot be required to deploy new bus routes in order to provide those services.

Another example is the provision of special education services; which is the responsibility of school districts. In cases where charter school students are eligible for specialized services based on an Individual Education Plan (IEP) those services can be provided directly by district staff or hired services. Or these services may be procured and provided by the charter school itself, to be reimbursed by the school district. Typically school districts provide all “pull-out” services stipulated in IEPs. But most students with IEPs require modifications and accommodations in the classroom; which charter school educators provide without any special education funding.

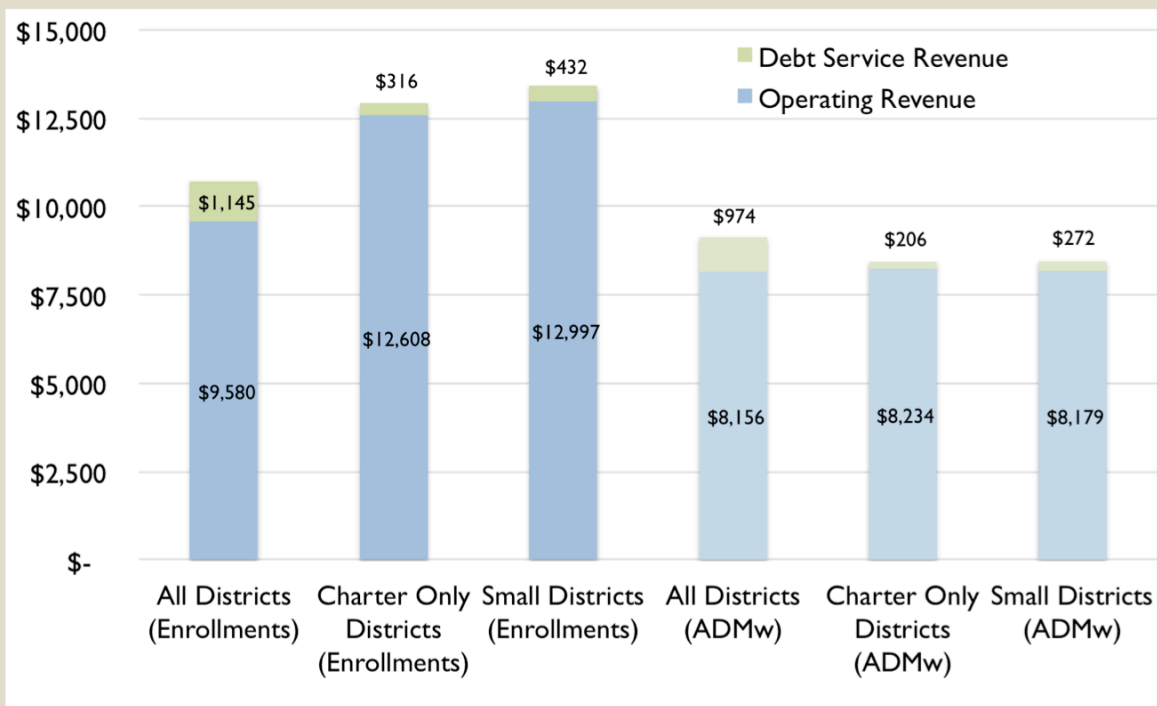
The revenues from debt financing that support capital programs provide a third example. These constitute about 11% of district revenues on a per student basis statewide. Charter schools, on the other hand, do not receive these revenues and must pay for facilities and facility support services out of their operating funds.

⁶ www.uaedreform.org/charter-funding-inequity-expands/

Charter Only Districts

Oregon law allows a district with only one school to convert to a charter school (ORS 338.035). As of 2012-13 there were 17 “single school charter districts”. These “single school charter districts” are unique when compared with other charter schools in Oregon since all the services and funds available to the district are used in support of the charter school operations, including all state and federal grants and local revenues. These “single school charter districts” are similar in most respects to other small non-charter districts. Due to their size and a wide array of costs that will not scale perfectly with size, they typically have higher funding on a per student basis. This is seen in Figure 10 below, which displays per student operating and debt service revenues for all districts, charter only districts and non-charter districts with fewer than 250 students. Per student figures are computed based on fall enrollments as well as on ADMw.

Figure 10. Charter-Only Districts Versus Small District



Source: Oregon Department of Education and ECONorthwest

The Pattern of the Funding Disparity

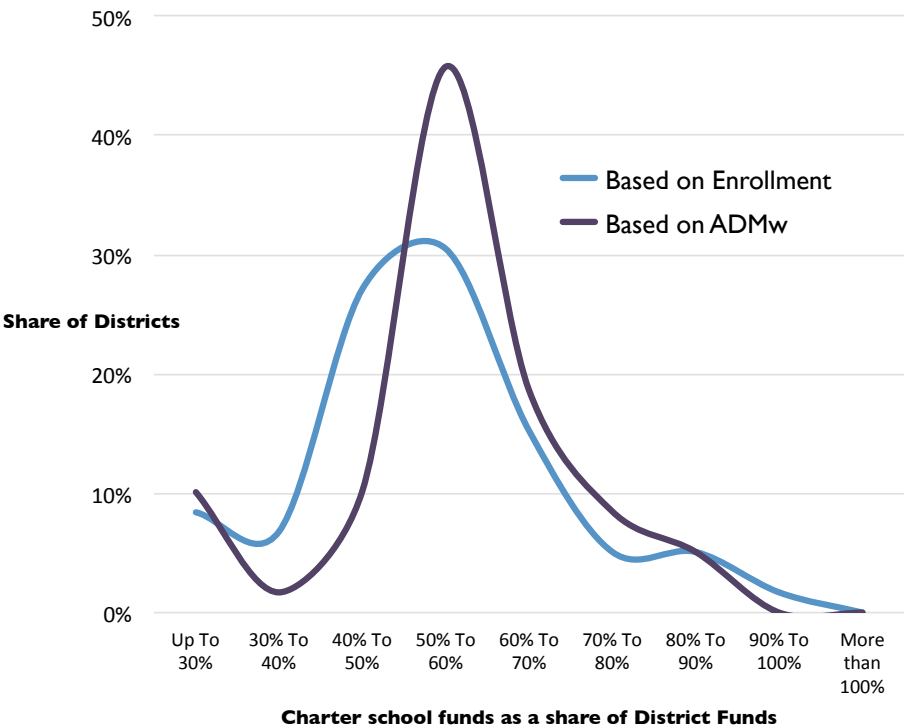
As mentioned previously state statute requires school districts to pass through to charter schools between 80% and 95% of the per student (ADMw) General Purpose grant. Our analysis confirms that based on data from the 2012-13 school year districts are following state statute. But simply complying with state law results in funding disparities between charter schools and their district-run counterparts. When examining just those charter

schools within larger districts, charter school students are receiving 86% of General Purpose grant fund amounts but only 58% of total funding available to their district school counterparts on an ADMw basis.

While some charter schools and their students receive funding roughly on par with district-run schools, most do not.

Looking beyond the General Purpose grant to the array of other funding available to local districts provides a more complete picture. The per student public funding for a charter school compared to its host district varies considerably. Again, each district is unique in its funding with a different mix of local sources, eligibilities for federal funding, facilities and transportation costs, staffing and student populations. The end result is that while some charter schools and their students receive funding roughly on par with the district-run schools within their own districts, most do not. A vast majority of charter schools receive funding that is between 30% and 70% of the funds available to students in their host district’s district-run schools.

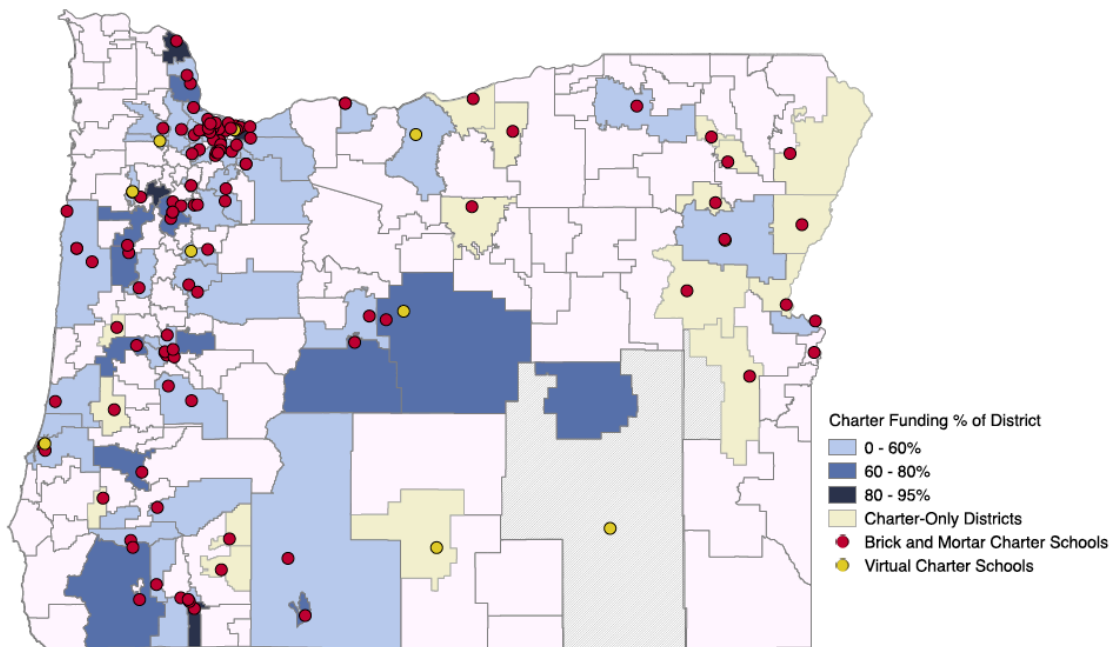
Figure 9. Charter School Public Funding as a Share of Funds Available to District-Run Schools



Source: Oregon Department of Education and ECONorthwest

The variation in the share of district funds that are made available to charter schools on a per student basis can also be seen in the map in Figure 10 on the next page.

Figure 10. Charter School Locations and Charter School Public Funds as a Share of District Funds



Source: Oregon Department of Education and ECONorthwest

Charter Schools Staffing

Staffing represents a large percent of school budgets. As charter schools operate with notably different levels of per student public funding than their district-run counterparts it is likely that staffing models will likewise be different. In particular, lower per student funding may place overall budget constraints on charter schools that limit their opportunities to compensate staff. Our findings suggest that charter schools have, on average, a less experienced and lower compensated staff. Charter schools also employ more staff per student. Charter schools may of course employ alternate staffing models out of necessity, or by choice. In Oregon charter schools are required to have fifty percent of their FTE be licensed teachers⁷; which provides charter schools with some degree of flexibility in organizing staff resources.

We examined staff level data for staff assigned to charter schools⁸ and district-run schools (excluding district staff not assigned to any school) for the year 2013-14. In addition to school assigned staff districts employ staff that are not assigned to any specific school. These non-school assigned staff represent approximately 20% of district staff and compensation. The staff data included information on position, school assignment, full-time equivalency (FTE), years of experience and salaries. A data-cleaning step removed staff positions where the FTE value for the position was zero or where an adjusted salary figure was less than \$5,000 or over \$300,000⁹ on a per FTE basis. On a per student basis charter schools employ fewer head teachers, more teachers, fewer special education teachers, and fewer para-professionals and non-licensed staff. In total, expenditures for salaries per student¹⁰ are nearly \$580 lower for charter schools than for district-run schools.

⁷ The other fifty- percent must be “highly qualified and registered” by the Teachers Standards & Practices Commission (TSPC).

⁸ Charter school staffing data includes staff that are part of “single school charter districts”.

⁹ This includes a very few observations above this value that appear to be data anomalies.

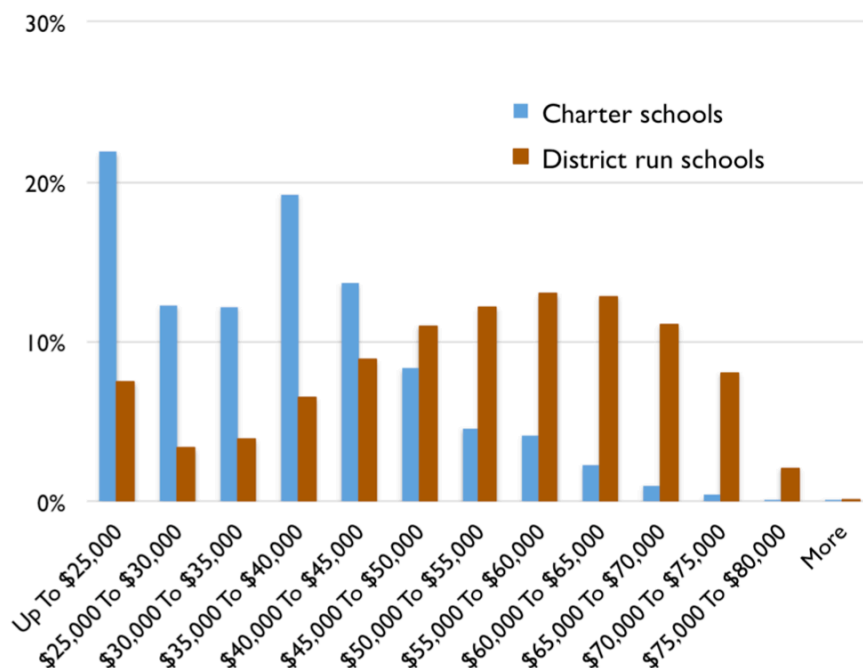
¹⁰ The figures are nearly identical on an enrollment and an ADMw basis.

Figure 11. FTE and Base Salaries for Staff Assigned to Schools

Position	FTE	Total Base Salary	Ave. Salary	FTE/1000 Students	Salary/Student
CHARTER SCHOOLS					
Head Teacher, Non-Special Ed	20	\$838,703	\$42,146	0.8	\$32
Teacher, Non-Special Ed	1,232	\$52,006,504	\$42,222	47.0	\$1,985
Special Education Teacher (Non-PE)	54	\$2,435,787	\$44,891	2.1	\$93
Other Licensed Staff, Non-Special Ed	33	\$1,435,634	\$43,836	1.2	\$55
Paraprofessional, Non-Special Ed	105	\$2,522,091	\$24,084	4.0	\$96
Other Non-Licensed staff, Non-Special Ed	119	\$3,474,567	\$29,178	4.5	\$133
Other Staff	384	\$17,359,798	\$45,154	14.7	\$663
Total Staff	1,947	\$80,073,083	\$41,129	74.3	\$3,056
DISTRICT-RUN SCHOOLS					
Head Teacher, Non-Special Ed	701	\$42,523,013	\$60,685	1.3	\$76
Teacher, Non-Special Ed	21,924	\$1,230,612,311	\$56,132	39.3	\$2,204
Special Education Teacher (Non-PE)	2,428	\$132,101,046	\$54,417	4.3	\$237
Other Licensed Staff, Non-Special Ed	469	\$24,114,022	\$51,370	0.8	\$43
Paraprofessional, Non-Special Ed	2,385	\$63,189,734	\$26,491	4.3	\$113
Other Non-Licensed staff, Non-Special Ed	3,300	\$98,747,585	\$29,927	5.9	\$177
Other Staff	9,918	\$438,651,095	\$44,226	17.8	\$786
Total Staff	41,125	\$2,029,938,807	\$49,361	73.7	\$3,636

Source: Oregon Department of Education and ECONorthwest

Figure 12. Distribution of Staff by Wages/Salaries



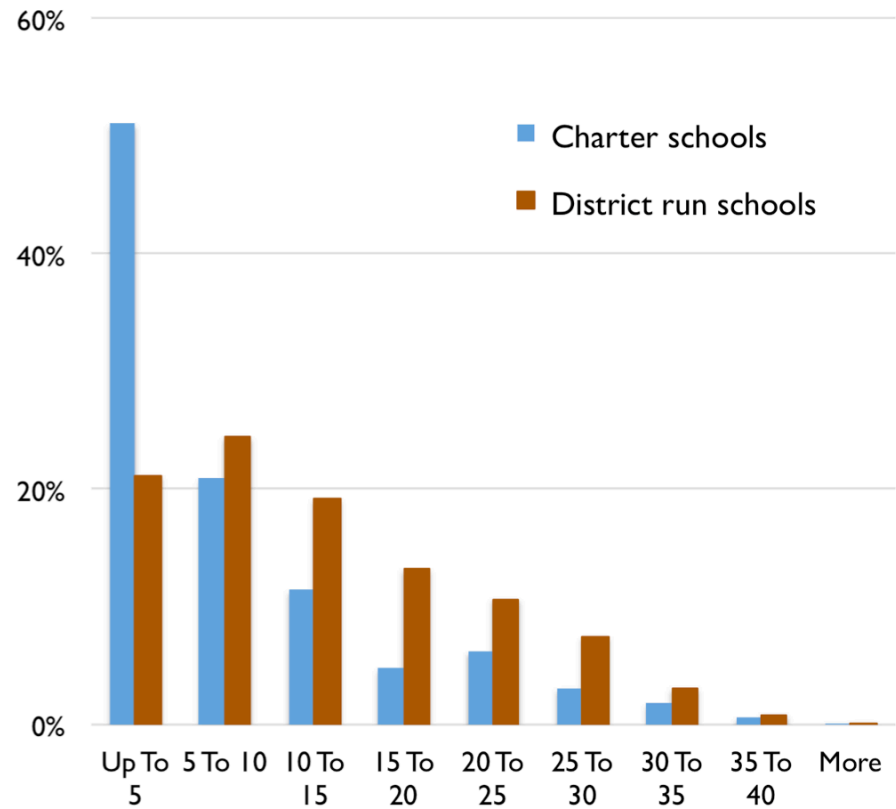
Source: Oregon Department of Education and ECONorthwest

Figure 12 and Figure 13 display distributions of district and charter school teaching staff by salaries and experience levels respectively. Charter schools have a much higher share of staff earning below \$50,000, and a much lower share of staff earning more than \$50,000. The distribution of charter school staff by compensation level includes a cluster of staff earning between \$35,000-\$50,000.

The distribution of teaching staff by experience level also reveals some differences between charter schools and district-run schools. A larger share of charter school staff has less than 5 years of total experience. The specific staff experience levels for charter schools are likely a result of a number of factors including choices made by school administrators regarding the type and quantity of staff they wish to employ, budget realities for charter schools, and self-selection on the part of staff in choosing to work in charter schools.

Four out of five staff positions in charter schools in Oregon are teachers, while for district-run schools three out of every four school assigned staff positions are teachers. In charter schools there is 1 teacher for every 20.1 enrolled students while in district-run schools there is 1 teacher for every 22.3 enrolled students.

Figure 13. Distribution of Staff by Total Years of Experience



Source: Oregon Department of Education and ECONorthwest

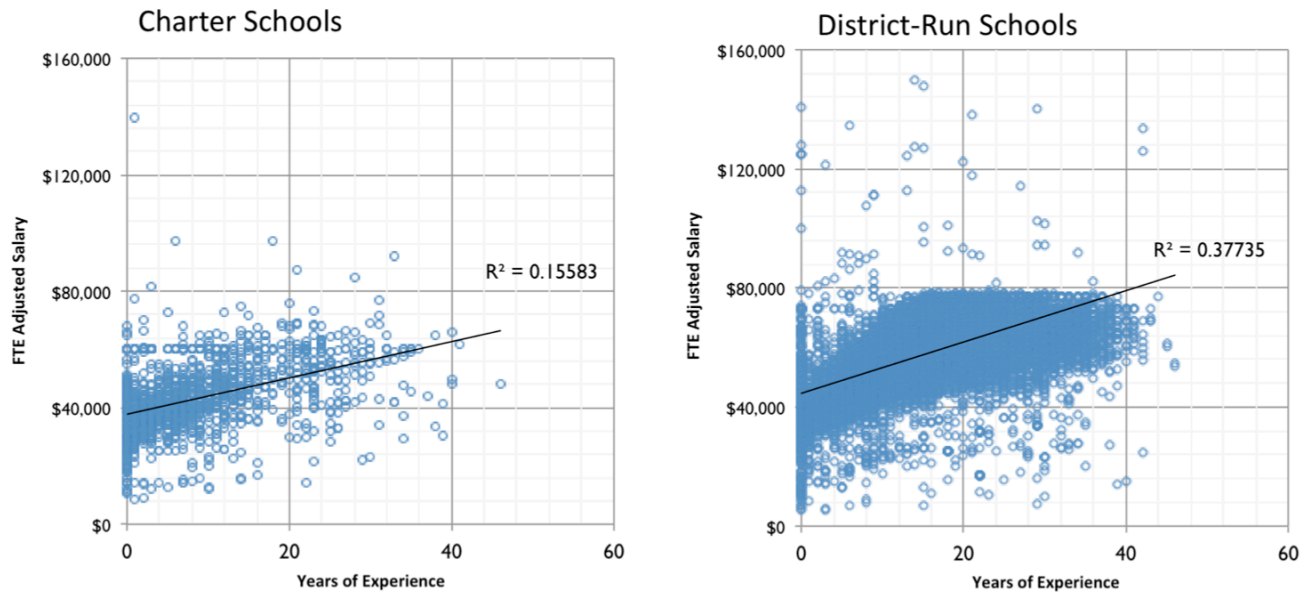
Total salaries per student are nearly \$580 lower for charter schools than for district-run schools.

Based on an examination of just base salaries not including benefits, staff costs for charter schools are a higher percentage (59%) of their total public funding than is the case for schools districts (49%). It is likely that charter schools do not provide identical benefits as school districts so that total compensation is hard to determine from the available data, but in each case total compensation will be a larger share of budgets.

Staff compensation and experience are intertwined, but less so in the case of staff in charter schools than in the case of staff in district-run schools. It is very often the case that highly experienced staff are highly valued and better compensated. In public education many staff, especially classroom teachers, are subject to a salary schedule based on collective bargaining agreements. If charter schools have more flexibility in how staff resources get used we should see a weaker relationship between experience and compensation. This pattern is observed in the data for teachers in Oregon public schools as displayed in Figure 14 below. The rate of compensation gain with respect to experience is higher for district-run schools (about \$860 per each year of added experience) than for charter schools (about \$625 per each year of added experience). Experience level

explains about 38% of the variability in teacher compensation in the case of district-run schools and only 16% in the case of charter schools. This means that more of the variation in teacher compensation in charter schools is due to other factors than experience.

Figure 14. Staff Experience and Compensation for Charter Schools and District-Run Schools



Source: Oregon Department of Education and ECONorthwest

Conclusion

The primary question of this analysis is whether charter schools in Oregon receive similar levels of funding per student as their district-run counterparts. A 2010 study of charter school funding conducted by SEED Strategies for the Northwest Center for Educational Options highlighted the disparity between per pupil funding at charter schools and their district operated counterparts. This current study updated the previous study based on the most recent data available from the Oregon Department of Education. This report also examines some data on school staffing in an effort to understand if charter schools employ substantially different staffing models from district-run schools.

While the 2010 study focused on revenue per student, where students were measured as fall enrollments, we utilized both fall enrollments and ADMw as measures of student population. ADMw is the measure that determines the specific funding allocations to district through the General Purpose Grants. It is also the ADMw that is used to determine the actual funds that must be included in district disbursements to charter schools.

Our analysis demonstrates that charter schools in 2012-13 received less public funding on a per student basis than their district-run counterparts. The specific results are very similar to those found in the previous study. When just host districts, and the charter schools within those host districts, are considered charter schools

receive per student (based on enrollments) funding that is equivalent to 58% of the funding available to the “host” district-run schools statewide.

While some charter schools and their students receive funding roughly on par with the district-run schools within their own districts, most do not. A vast majority of charter schools receive funding that is between 30% and 70% of the funds available to students in their host district’s district-run schools. For the most part it is the variation in a variety of non-state revenues that explains the funding gap between charter schools and their district-run counterparts.

School districts in Oregon have the option of passing on additional funds to charter schools other than the prescribed share of the General Purpose grant required by state law. But there is little incentive to do so. A number of areas of shared, or insufficiently defined, responsibility (such as transportation, special educations, and central office services) result in a wide variation in the type of services provided directly by charter schools, their host districts, and district-run schools. With shared service delivery responsibility comes ambiguity about cost responsibility; which in turn can impede progress toward funding parity.

Charter schools in Oregon also staff their programs differently from district-run schools. These differences probably reflect some intentional choices on the part of charter schools but are also clearly a product of budget limitations. Compared with their district-run counterparts, on a per student basis charter schools employ more numerous but less experienced teaching staff, at lower total compensation.

