

8-25-2017

Charter School Funding: Inequity in New York City

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Final Version for Release

August 2017



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uaedreform.org/charter-school-funding-inequity-in-new-york-city



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The School Choice Demonstration Project (SCDP), based within the Department of Education Reform, is an education research center devoted to the non-partisan study of the effects of school choice policy and is staffed by leading school choice researchers and scholars. Led by Dr. Patrick J. Wolf, Professor of Education Reform and Endowed 21st Century Chair in School Choice, SCDP's national team of researchers, institutional research partners and staff are devoted to the rigorous evaluation of school choice programs and other school improvement efforts across the country. The SCDP is committed to raising and advancing the public's understanding of the strengths and limitations of school choice policies and programs by conducting comprehensive research on what happens to students, families, schools and communities when more parents are allowed to choose their child's school.

Executive Summary

New York City was home to 1,575 district and 183 charter schools in Fiscal Year 2014 (FY2014). Seven percent of all public school students in New York City attended charter schools that year. Our research team systematically reviewed funding and spending documents involving the city's district-run and independent charter schools for FY2014. Our questions focused on how equitably public school resources were distributed throughout The Big Apple, by public school sector and by location within the city. In the process of our research, we learned two important facts about charter school finance in New York City. First, an average



of 25 percent of all charter school resources take the form of in-kind services provided by the public school district to students in charter schools. If one were to exclude these in-kind services, as we do in several cases to illustrate their importance, one would draw incorrect conclusions about charter school funding equity in New York City. Second, New York charter schools can be divided into those that are co-located within district school buildings and those that are not co-located. Access to facilities is a crucial concern for charter schools. These two vital considerations are significant themes in this report.

Our research yielded nine major findings regarding charter school funding and spending in New York City:



1. Charter schools were funded at a lower level than district schools in New York City. On a strictly cash basis, charter schools received \$10,577 per-pupil less than district schools. Once we accounted for in-kind benefits provided to charters by the school district, a gap of \$4,888 in per-pupil funding of charter schools remained.



2. Charter schools received less funding than district schools from public sources. After accounting for in-kind benefits, the charter gap in per-pupil public funding was \$4,405 per-pupil, while charters have a funding advantage of \$9 per-pupil from indeterminate sources.



3. Even for non-public sources, which include philanthropy, the district had an advantage over the city's charter schools, raising \$492 more per-pupil.



4. Charter schools were publicly funded at somewhat higher levels in the areas of New York City with proportionately more economically disadvantaged charter students (Harlem and Bronx), although the differences were neither large nor perfectly consistent. The pattern of non-public funding of charter schools across the city was neither clearly progressive nor regressive.



5. Co-located charter schools received more total per-pupil funding than non-co-located charters.



6. Charter schools averaged less per-pupil spending than district schools in New York City. Once we accounted for in-kind benefits provided to charters by the school district, a gap of \$3,779 in per-pupil spending in charters remained.



7. The charter school spending gap was just \$1,181 per-pupil on instruction but was \$1,721 on other obligations such as capital and debt service.



8. Charter schools spent at somewhat higher levels in the areas of New York City with proportionately more economically disadvantaged students, although the differences were neither large nor perfectly consistent.



9. Co-located charter schools spent more per-pupil than non-co-located charters.

We hope that these findings regarding public school finance in the nation's largest school district spur an informed discussion of the state of public school funding equity in the city. Certain elements of existing policy, such as the Fair Student Funding initiative and the district practice of providing in-kind services to charters appear to be working to reduce funding inequities in New York City. Modest inequities remain, however, that cannot be explained by levels of student disadvantage. The story of charter school funding in New York City is one of less, but persisting, inequity.

We are grateful to many supporters of this project. We appreciate the guidance of Gary Larson, Jason Mandell, Molly O'Brien and Ali Littman at Larson Communications in making this complicated information accessible to the public. We are grateful to Sarah McKenzie for crucial editorial advice. We are thankful for the wizardry of Marlo Crandall of Remedy Creative in designing and formatting the report. We appreciate Elizabeth Reaves' excellent logistical support. We are grateful to the New York City Department of Education (NYCDoE) for providing the data necessary to conduct this study. We thank the Walton Family Foundation for their grant support and acknowledge that the content of this report is entirely the responsibility of the authors and does not necessarily reflect the positions of the Foundation, the University of Arkansas, or the NYCDoE.

Charter School Funding: Inequity in New York City

Charter schools have been a part of the educational landscape in New York City since the first New York charter school opened in Harlem in 1999. We define a charter school as any school that (1) operates based on a formal charter in place of direct school district management and (2) reports its finances independently from the school district. We define all other public schools as district schools. According to the New York State Department of Education (NYSDoE), New York City was home to 1,575 district and 183 charter schools in Fiscal Year 2014 (FY2014). Seven percent of all public school students in New York City attended charter schools that year.

Since 2005, members of our research team have evaluated the funding disparity between New York City's district and charter schools. The disparity in per-pupil funding provided to the two public school sectors had grown over time, from charters receiving a moderate 13 percent less than district schools in FY2003 to charters receiving 32 percent less in FY2011. Our latest multi-city study of charter school funding inequity reported that the funding gap in New York City had decreased to about 19 percent for charters compared to districts in FY2014 (Wolf et al., 2017). We decided to take a closer look at the story of less, but persisting, school funding inequity in New York City.

Our previous research has focused on funding for charter and district schools (Batdorff et al., 2005; Batdorff et al., 2010; Batdorff et al., 2014; Wolf et al., 2017). For this case study of a single city, however, we include analyses of spending in addition to funding. We examine the following questions regarding both the funding and spending of public schools in New York City:



1. Are the per-pupil amounts different for district and charter schools?
2. Are the categories of funding or spending different for the two types of public schools?
3. Do any differences vary by location within the city?
4. Do any differences vary by whether charter schools have their own facility or are co-located with a district school?

Some funding received by districts is spent providing services to charter school students. Such resource pass-throughs complicate our analysis. Our prior studies have relied upon state financial reporting documents to identify pass-throughs and attribute the funds appropriately to the charter school sector. We wondered if a review of more detailed expenditure documents would reveal more cases where district funds are supporting charter school students. This study, therefore, examined the per-pupil funding level in the two public school sectors using all of New York City's public school funding and spending data. We further studied funding and spending by geographic area to provide an analysis more sensitive to differences between boroughs of New York City. Finally, we analyzed funding and spending of charter schools based on their physical location. Many New York City charter

schools are located within the same building as other district or charter schools, which led us to examine if such co-located charter schools averaged funding levels or had spending patterns that differed from those of charter schools that operate in a stand-alone facility.

Through an open-records request, the NYCDoE provided us with a financial file containing 1.4 million transactions, a sufficient level of detail to determine spending by borough. We added to this database financial data for NYC charter schools from audits as well as items from the district's transaction file flagged as belonging to charters. Details regarding our data sources and analytic methodology are in the Methodology box on page 11 and the Appendix.¹

Our analysis of the funding and spending patterns in those FY2014 documents yielded nine major findings:



1. Charter schools were funded at a lower level than district schools in New York City. On a strictly cash basis, charter schools received \$10,577 per-pupil less than district schools. Once we accounted for in-kind benefits provided to charters by the school district, a gap of \$4,888 in per-pupil funding of charter schools remained.



2. Charter schools received less funding than district schools from public sources. After accounting for in-kind benefits, the charter gap in per-pupil public funding was \$4,405 per-pupil, while charters have a funding advantage of \$9 per-pupil from indeterminate sources.



3. Even for non-public sources, which include philanthropy, the district had an advantage over the city's charter schools, raising \$492 more per-pupil.



4. Charter schools were publicly funded at somewhat higher levels in the areas of New York City with proportionately more economically disadvantaged charter students (Harlem and Bronx), although the differences were neither large nor perfectly consistent. The pattern of non-public funding of charter schools across the city was neither clearly progressive nor regressive.



5. Co-located charter schools received more total per-pupil funding than non-co-located charters.



6. Charter schools averaged less per-pupil spending than district schools in New York City. Once we accounted for in-kind benefits provided to charters by the school district, a gap of \$3,779 in per-pupil spending in charters remained.

¹ Revenue numbers for New York City district schools for FY2014 will appear lower than in previous published reports (e.g. Batdorff et al., 2005; Batdorff et al., 2010; Batdorff et al., 2014). Review of detailed expenditures allowed us to back out pass-through expenditures to the city's charter schools that were not reported through the state's ST-3 data collection. As a result of this level of review, we lowered revenues for the New York City district schools by \$186.3 million (0.8 percent) and increased revenues and expenditures for the city's charter schools by the same amount (12.7 percent). To assure comparability of data to the FY2003, FY2007 and FY2011 reporting periods, we applied the same percentages as an adjustment to the previous reports. Therefore, longitudinal dollars reported here for New York City will not align to numbers released in our three previous reports but will align with the totals for each time period.



7. The charter school spending gap was just \$1,181 per-pupil on instruction but was \$1,721 on other obligations such as capital and debt service.



8. Charter schools spent at somewhat higher levels in the areas of New York City with proportionately more economically disadvantaged students, although the differences were neither large nor perfectly consistent.



9. Co-located charter schools spent more per-pupil than non-co-located charters.

We found that the NYCDoE makes a substantial financial commitment to the city's charter schools that does not appear in any state financial reporting. Specifically, the city's public education agency provides in-kind services to the New York City charter school community such as physical therapy, lunch, transportation, shared school facilities, and maintenance and security for students and staff in those facilities. Our research has typically excluded in-kind services, instead focusing on pass-throughs of district funding to charter schools, but the level of support offered by the NYCDoE, beyond the normal transfer of state and federal aid, materially supports the city's charter schools and thus is included in the analysis that follows. In-kind benefits represent 25 percent of charter school funding in New York City.

New York City now allocates educational resources more equitably than is typical in the U.S. Within the district and charter school sectors, many

differences in school funding and spending are based on levels of student need. Across the district and charter school sectors, however, a funding gap remains that penalizes students in New York City charter schools, even though they are more likely to be economically disadvantaged than are students in the city's district schools. In spite of receiving less funding, charter schools spend almost as much as district schools on the core function of instruction, including the costs of teachers, educational materials, and classroom technology. Finally, co-located charter schools spend more per-pupil than non-co-located charters, presumably because being relieved of the burden of paying rent frees up resources to spend on other school priorities.

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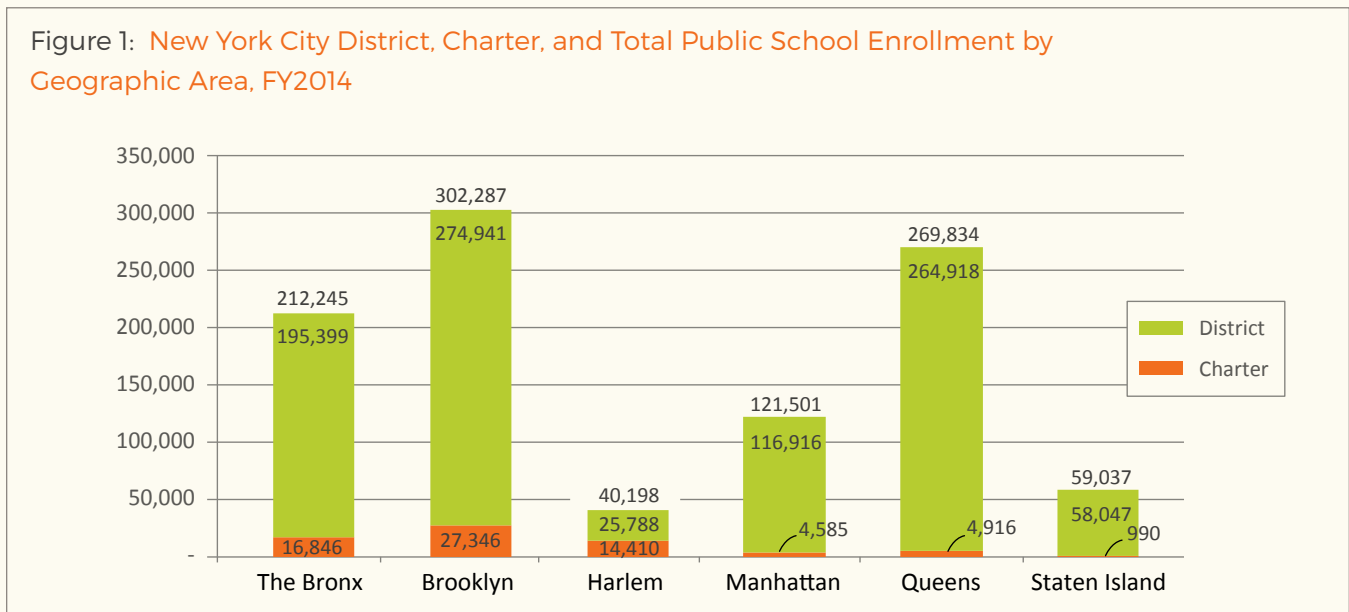
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District and Charter Schools in New York City

Charter schools have operated in New York City since 1999. They enrolled 7 percent of the city’s public school students in FY2014. Due to the expanse of New York City, we examined six geographic areas throughout our study: Harlem, the non-Harlem southern area of Manhattan, and the four complete boroughs of The Bronx, Brooklyn, Queens and Staten Island. Total public school enrollment was highest in Brooklyn, topping 300,000 students (Figure 1). Queens was second in enrollment, with almost 270,000 students, followed by The Bronx with over 210,000. The non-Harlem portion of Manhattan included over 120,000 public school students, with nearly 60,000 in Staten Island and just over 40,000 in Harlem.

The distribution of charter school students varied across the city. In Harlem, 36 percent of all public school students attended a charter school, the highest charter enrollment rate among the locations we studied. Brooklyn and The Bronx had the next highest clusters of charter school students with 9 and 8 percent respectively. Four percent of Manhattan public school students attended charters. Queens and Staten Island had the lowest percentages of public school students in charter schools, with only 1.8 and 1.7 percent, respectively.

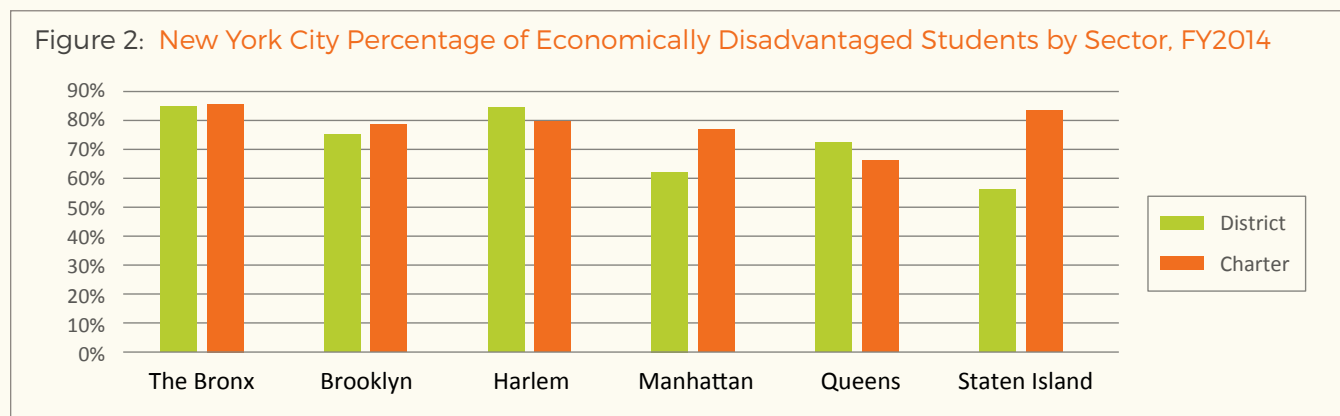
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	The Bronx	Brooklyn	Harlem	Manhattan	Queens	Staten Island	All NYC
Student Enrollment (Total)	212,245	302,287	40,198	121,501	269,834	59,037	1,005,102
District Enrollment	195,399	274,941	25,788	116,916	264,918	58,047	936,009
Charter Enrollment	16,846	27,346	14,410	4,585	4,916	990	69,093
Charter Portion of Enrollment	7.9%	9.0%	35.8%	3.8%	1.8%	1.7%	6.9%

Charter schools disproportionately enrolled economically disadvantaged students in four of the six New York City locations in our study (Figure 2).² On Staten Island, 83.4 percent of the students in charter schools were economically disadvantaged, compared to just 56.1 percent of students in the borough's district schools. The non-Harlem area of Manhattan had the second-largest discrepancy in student enrollments based on economic disadvantage, as 76.9 percent of Manhattan's charter school students were disadvantaged compared to just 62.2 percent of its district students. The charter school sectors in The Bronx and Brooklyn enrolled a slightly higher proportion of economically disadvantaged students than their district schools. In Harlem the pattern was reversed, as 79.7 percent of charter school students were economically disadvantaged compared to slightly more, 84.5 percent, in that area's district schools. Similarly, in Queens, only 66.1 percent of the students in charter schools were economically disadvantaged compared to 72.3 percent in district schools. For all of New York City, 79.5 percent of the students enrolled in charter schools were economically disadvantaged compared to 73.8 percent of students in district schools that were similarly disadvantaged.

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	District			Charter		
	Total Enrollment	Economically Disadvantaged	% Economically Disadvantaged	Total Enrollment	Economically Disadvantaged	% Economically Disadvantaged
The Bronx	195,399	165,990	84.9%	16,846	14,437	85.7%
Brooklyn	274,941	206,675	75.2%	27,346	21,445	78.4%
Harlem	25,788	21,780	84.5%	14,410	11,481	79.7%
Manhattan	116,916	72,665	62.2%	4,585	3,525	76.9%
Queens	264,918	191,550	72.3%	4,916	3,248	66.1%
Staten Island	58,047	32,554	56.1%	990	826	83.4%

2 We classify a student as "economically disadvantaged" if they are participating in the federal free or reduced price lunch program.

Funding

New York City funds district schools by bundling all funding sources into three main categories: Fair Student Funding, Categorical Allocations, and Programmatic Allocations. Fair Student Funding provides the largest concentration of dollars to schools and is based on the grade level as well as the academic need of students attending each school in the system. The NYCDoe intends Fair Student Funding to promote an equitable distribution of funds throughout the district's schools, and principals at each school have full discretion over the spending of these funds. Categorical Allocations comprise additional state and federal funds that can only be used for specified purposes. Examples of Categorical Allocations include Title, Individuals with Disabilities Education Act, and Universal Pre-K funds. Programmatic Allocations include city funds provided outside the framework of Fair Student Funding that contain some restrictions, such as summer school funding or mandated special education supports. For purposes of this study, we separate the bundled funds into their original sources for the funding analysis and disaggregate the spending into descriptive categories that are more meaningful than Fair Student Funding, Categorical Allocations, and Programmatic Allocations for the spending analysis.

Methodology

Our approach to analyzing school funding for district and charter schools involved (1) identifying all funding, (2) assigning it to either the charter or district sector based on documentation, and (3) attributing it to public, non-public, or indeterminate funding sources. Our funding research methodology included the following core elements:

- Funding calculations for the city's charter schools were based primarily on information from individual school audits
- The value of in-kind services was added to all calculations except where otherwise noted
- The NYCDoe's pass-throughs of state aid were deducted from the district school totals
- The public category for this report represents all funding made available to district or charter schools from local, state or federal sources
- The disaggregation by borough is described "by location" because it sub-divides Manhattan into two sections - Harlem and Manhattan - that are distinctive regarding their charter school populations

Our approach to analyzing school spending for district and charter schools involved (1) identifying all spending, (2) assigning it to either the charter or district sector based on documentation, and (3) categorizing it as focused on instruction, other obligations, or unknown spending. Our spending research methodology included the following core elements:

- Capital costs were not reported by location for district schools, but debt service was, so we used the percentage of debt service to determine the distribution of capital projects spending to district schools by location
- For capital spending related to co-located charter schools, we relied on recent analysis from the New York State Legislature that set the value of co-location at \$2,775 per-pupil, a figure we used for both the funding and spending sections of the analysis.

The bulk of funding for New York City's charter schools is determined by the state's funding formula, which divides a district's Approved Operating Expenditures by the Total Allowable Pupil Units. In FY2014, the Basic Tuition generated by this formula for New York City's charter schools amounted to \$13,527 per-pupil, an amount that is passed through to the charters from the NYCDoE. That figure is the minimum per-pupil funding amount that all charter schools in the city receive. Additional funding is available for students with disabilities receiving intensive services. As Local Education Agencies, the city's charter schools can apply independently for federal funds. Charter schools also receive some non-government funding, such as philanthropy and food service receipts. We refer to all of these sources, together, as the "cash" funding of schools.

The city's charter schools also receive significant in-kind services from the NYCDoE. While the level of in-kind varies from charter to charter, it can include school space, utilities and maintenance, as well as food service, transportation, and other forms of assistance.³ The total funding for NYC schools is their cash funding plus the cash value of any in-kind benefits provided to them. Throughout our report, we provide information about the importance of in-kind supports to understanding charter school funding in New York City.

1. Are the Per-Pupil Amounts Different for District and Charter Schools?

Since charter schools in New York City enrolled a higher proportion of economically disadvantaged students than did district schools in FY2014, we might expect that charters received proportionately more funding than their district counterparts. We would be wrong. Although charter schools enrolled nearly seven percent of the city's public school population, they received only 4.3 percent of total public school cash funding in FY2014. New York City district students received \$26,560 per-pupil that year while charter school students received only \$15,983 per-pupil, resulting in a 39.8 percent gap in cash funding favoring district schools. Do in-kind benefits provided to New York City charters eliminate that funding gap?

In-kind support from the NYCDoE to the city's charter schools is among the highest we have seen in the country. For the purposes of our research, we classified the in-kind support as 'facility support' or 'non-facility support'. Over half of the city's charter schools received in-kind facility support as they are co-located in underutilized district facilities.⁴ For charters in co-located space, the city provides access

3 While this report focuses on the financial landscape we found in FY2014, the state has since passed a law (2014) requiring offsets for facilities costs for New York City charter schools not co-located in public school space. The state also made a significant commitment to narrowing the funding disparity between districts and charters (2017), approving a state budget that increased charter school aid by \$1.1 billion. Most significantly, the law ties future aid funding increases to the same rate increases received by district schools.

4 Enrollment Capacity and Utilization Report, Based on 10/31/2013 Audited Registers. Historical Calculation by Building. New York City Department of Education and the School Construction Authority (SCA). <https://data.cityofnewyork.us/Education/Enrollment-Capacity-And-Utilization-Reports-Histor/hq56-zhrp>.

to the facility rent free, maintains the building, pays the utility bills, and provides all standard safety measures for the space. Charter school audits typically do not identify the value of this facility support, but the New York State legislature recently determined that non-co-located charter schools must receive \$2,775 per-pupil as an annual facility payment, so we assign that value to the in-kind facility support.

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Other in-kind support provided to charter schools by the NYCDoe appeared in financial reports but without describing in detail the type of support provided. Some charter school audits itemized the in-kind services provided by the city (Table 1). The documentation indicated that food service was the most common non-facility in-kind service, provided to almost 46 percent of charter schools in New York City. Transportation support also was prevalent, reportedly delivered to nearly 40 percent of charters. More than 5 percent of charters indicated they received special education services as an in-kind service from the NYCDoe, while less than 3 percent listed schools having received in-kind benefits of nursing, software, textbooks or library books.

Table 1: New York City Charter Schools Reporting In-Kind Services, FY2014

Service	Number	Percent
Food service	84	45.9
Transportation	73	39.9
Special education	10	5.5
Nursing/health care	5	2.7
Software	2	1.1
Textbooks	1	0.5
Library books	1	0.5

We could not determine, conclusively, if the NYCDoe provides these services to all charter schools in the city, with only some charters detailing the practice in their audits. Unlike determining a value for facility support, we were unable to find documentation from the NYCDoe that specifically identified all the charter schools that benefited from the non-facility in-kind support services. Therefore, we conservatively assumed that all charter schools were equal recipients of those in-kind benefits, and distributed the value of non-facility in-kind services across all charter schools in the city on a per-pupil basis.

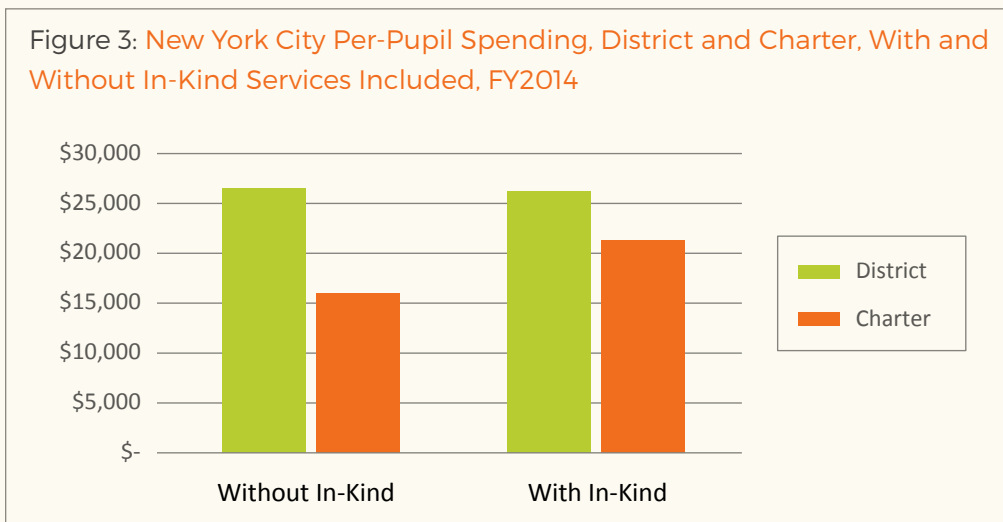
A full 25 percent of all charter school funding in New York City came in the form of in-kind services from the district. Even after these facility and non-facility

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in-kind benefits from the NYCDoE were attributed to the charter schools, the per-pupil funding gap remained sizable (Figure 3). The city's charter schools received \$4,888 less in cash and in-kind funding per-pupil than the city's district schools in FY2014. District schools received \$26,169 in total cash and in-kind funding per-pupil that year compared to \$21,281 for charter schools. With in-kind benefits included as charter school funding, the funding gap in FY2014 was reduced to 18.7 percent favoring district schools, slightly less than half the size of the cash-only gap of 39.8 percent. The district schools of New York City would have to give back \$4.6 billion annually if they operated with the same per-pupil funding levels as the city's charter schools.⁵

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	Enrollment	Total Without In-Kind Distributions	PPR	Total With In-Kind Distributions	PPR
District	936,009	\$ 24,860,355,406	\$ 26,560	\$ 24,494,269,261	\$ 26,169
Charters	69,093	\$ 1,104,289,760	\$ 15,983	\$ 1,470,375,905	\$ 21,281
Difference			\$ 10,577		\$ 4,888

⁵ This figure is the product of multiplying the \$4,888 in additional funding per-pupil received by TPS compared to charters times the 936,009 students enrolled in TPS in FY2014.

Could special education obligations explain the \$4.6 billion amount behind the charter school funding gap in New York City? District schools did enroll a higher proportion of students classified as having a disability, 18.2 percent, compared to 15.9 percent for charters. That means there were 21,342

“extra” students with disabilities enrolled in district schools compared to charters.⁶ Each of those extra students with disabilities would have to have cost \$214,376 more to educate than a general education student for special education obligations in district schools to explain the charter school funding gap in New York City. Prior research documents that only students with deaf-blindness or traumatic brain injury, who together make up only 0.2 percent of the student population across the nation, cost even \$30,000 more to educate than a general education student (Parrish et al., 2000). Therefore, we conclude that the per-pupil charter school funding gap of \$4,888, even after accounting for the value of in-kind services provided to charters, remains an inequity in New York City.

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2. Are the Categories of Funding Different for the Two Types of Public Schools?

The sources of school funding are important considerations. Public sources of funding tend to be more reliable than non-public sources such as philanthropy. Moreover, public funding reflects policy decisions for which elected officials can and should be held accountable. Therefore, we consider the specific source of school funding in the district and charter sectors whenever it can be determined.

We typically assign public funding to one of four categories: local, state, federal, and public indeterminate. We try to keep the public indeterminate total as small as possible because it is less informative. In the case of New York City, we had difficulty extracting useful data from the charter schools disaggregated to that level of detail. There is little consistency in the way each school’s audit is structured to report financial information. Vague categories, such as “Government Grants,” could apply to any of our first three specific funding categories and therefore would have to go into the non-specific fourth category of public indeterminate. Because the greater specificity of government source on the district side was a mismatch for the lesser specificity on the charter side, we integrated any funding category originating from a public source into a single “public” category for both types of schools. We could be certain that specific funds did or did not come from a public source even if we could not determine conclusively which specific level of government provided the money.

⁶ In other words, the district schools of New York City would have to subtract 21,342 students from their special education rolls to equal the charter school proportion of students with special needs of 15.9 percent.

Public funding is by far the largest source of resources for New York City district and charter schools (Figure 4). District schools received 96.8 percent of their FY2014 funding from public sources while charter schools received 98.3 percent of theirs from the three levels of government. District schools received an average of \$25,328 in per-pupil funding from all public sources compared to just \$20,923 on average for charter schools. Charter schools received \$4,405 less per-pupil on average from public sources compared to district schools, a public funding gap of 17.4 percent.

Previously we found that the relatively small per-pupil amounts of non-public funding tended to benefit district schools more than charters (Batdorff et al., 2015). That pattern holds true in

New York City in FY2014 as well. Non-public sources of funding included food sales, facility leases, interest on investments, and philanthropy. Average non-public funding favored district schools over charter schools by \$841 per-pupil versus \$349 per-pupil. That difference of \$492 in per-pupil funding represented a charter school funding gap of 58.5 percent from non-public sources.

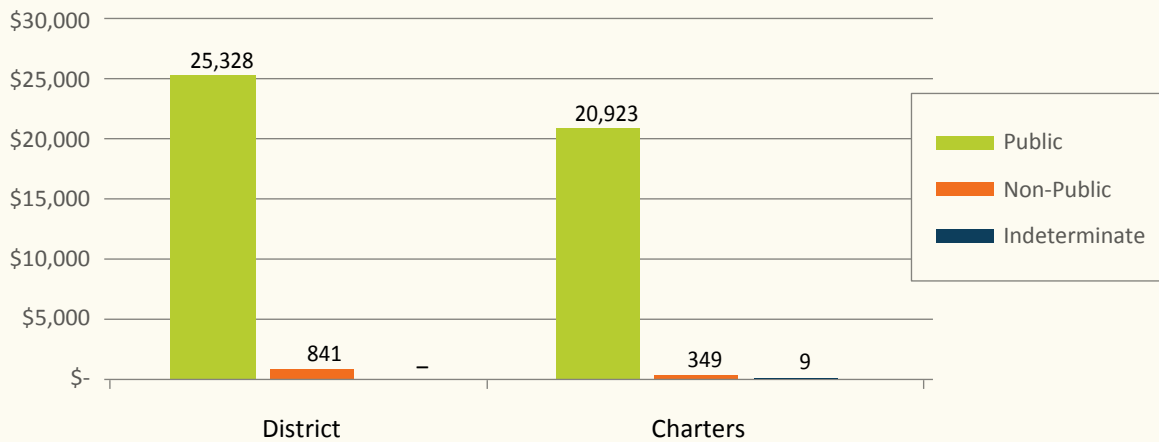
Private philanthropy makes up 81 percent of the non-public funding of NYC charter schools, averaging \$282 per-pupil. We divided the city's 183 charter schools into quartiles based on their per-pupil philanthropy totals. Philanthropic support was modest-to-trivial for all but the top 25 percent of charter school fundraisers. The top quartile received \$950 per-pupil in charitable gifts. The second quartile took in just \$164 per-pupil in philanthropy. Charitable funds per-pupil were only \$25 for the third quartile of charter schools and a miniscule \$0.11 per student for the lowest quartile. We have clear evidence in New York City that private philanthropy does not level the playing field regarding charter school funding. Any claim that private philanthropy can or does level the playing field regarding charter school funding is undermined by three crucial realities: (1) non-public funding is a tiny percentage of school funding in New York City, just 1.6 percent for charters, (2) district schools receive proportionately more of it than charter schools, and (3) the small amount of charitable support that is provided to the charter sector is concentrated in a modest number of schools.

Charter schools received \$4,405 less per-pupil on average from public sources compared to district schools, a public funding gap of 17.4 percent.

Philanthropic support was modest-to-trivial for all but the top 25 percent of charter school fundraisers.

We have clear evidence in New York City that private philanthropy does not level the playing field regarding charter school funding.

Figure 4: New York City District and Charter School Funding by Type with In-Kind Services Included, FY2014



District Revenue Type	Amount	PPR	% to Total
		936,009	
Public	\$ 23,707,132,316	\$ 25,328	96.8%
Non-Public	\$ 787,136,945	\$ 841	3.2%
Indeterminate		\$ -	0.0%
Total	\$ 24,494,269,261	\$ 26,169	100.0%

Charter Revenue Type	Amount	PPR	% to Total
		69,093	
Public	\$ 1,445,648,646	\$ 20,923	98.3%
Non-Public	\$ 24,079,475	\$ 349	1.6%
Indeterminate	\$ 647,784	\$ 9	0.0%
Total	\$ 1,470,375,905	\$ 21,281	100.0%

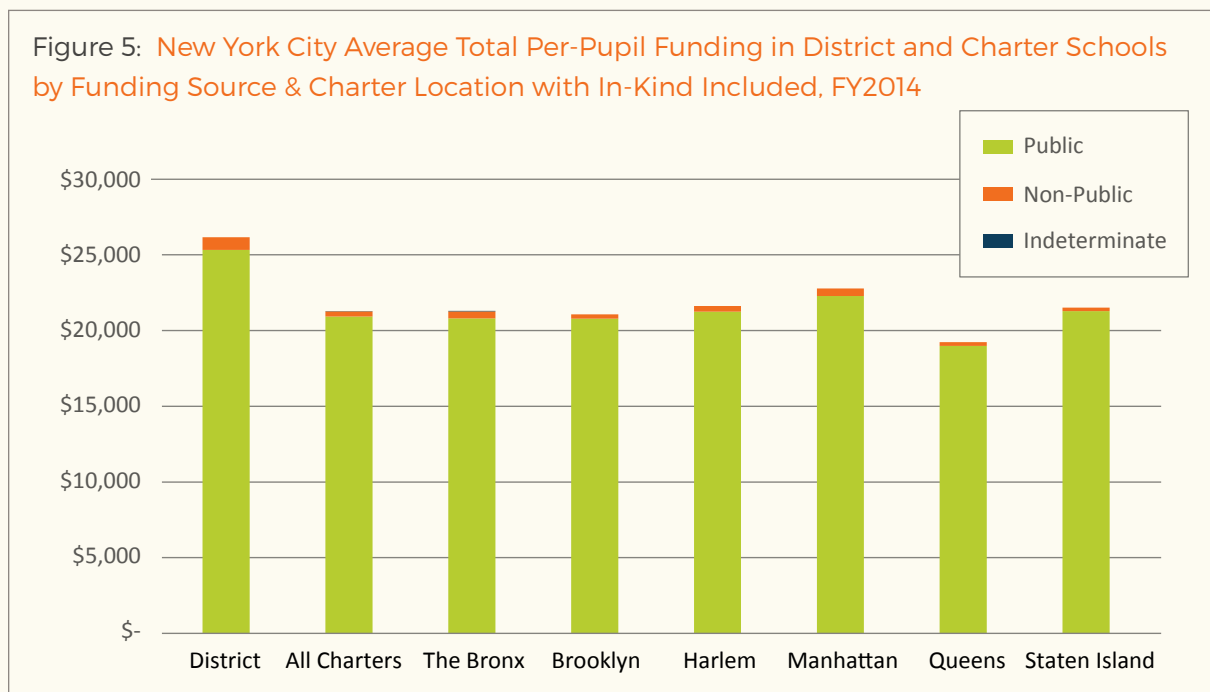
Indeterminate funding sources were minimal in our study. We were able to allocate 100 percent of district school funding to either public or non-public sources. For charter schools, over 99.9 percent of their funding could be assigned to one of those two categories. The \$9 per-pupil in charter school funding from indeterminate sources was simply necessary to balance the books exactly but had no effect on the analysis.

3. Do Any Funding Differences Vary by Location within the City?

School funding often varies by geography. Sometimes that variation is progressive in that areas with more economically disadvantaged students receive more funding per-pupil (Urban Institute, 2017). Other times geographic variation in per-pupil funding is regressive in that areas with more economically disadvantaged students receive fewer resources. In our prior research we have established that funding gaps between charter and district schools vary in magnitude across states and within regions in states (Batdorff et al., 2005; 2010; 2014). Progressive or regressive education funding patterns, and funding gaps, can exist across school districts or even within them. Thus, we consider the extent to which per-pupil funding and the charter school funding gap vary across locations in New York City.

Although we expect combined cash and in-kind per-pupil funding amounts for New York City's district schools to vary depending on their location, publicly available financial documents do not report school funding amounts by borough. For this analysis, we must use a single citywide average of \$26,169 for combined cash and in-kind per-pupil funding in the district schools of New York.

Data collected from charter schools, however, allow funding totals to be clustered by geographic location (Figure 5). Focusing on combined cash and in-kind funding, charter schools located in Manhattan received the most per-pupil, averaging \$22,789. Charters in Harlem generated the second highest funding average of \$21,615 per-pupil followed closely by Staten Island at \$21,512. The funding averages for charter schools in The Bronx and Brooklyn were within \$500 of the Staten Island per-pupil average. Charter schools located in Queens received the least amount of total funding, averaging \$19,230 per-pupil.



Borough	Public	Non-Public	Indeterminate	Total
District	\$ 25,328	\$ 841	\$ -	\$ 26,169
All Charters	\$ 20,923	\$ 349	\$ 9	\$ 21,281
The Bronx	\$ 20,810	\$ 456	\$ 38	\$ 21,305
Brooklyn	\$ 20,794	\$ 271	\$ -	\$ 21,065
Harlem	\$ 21,250	\$ 365	\$ -	\$ 21,615
Manhattan	\$ 22,288	\$ 501	\$ -	\$ 22,789
Queens	\$ 18,984	\$ 246	\$ -	\$ 19,230
Staten Island	\$ 21,290	\$ 222	\$ -	\$ 21,511

Compared to the overall city average for district schools, the charter school funding gap for cash and in-kind sources combined was highest in Queens, at \$6,939 per-pupil. The next largest charter school funding gap was in Brooklyn, averaging \$5,104 a student. The gap in The Bronx was third largest, at \$4,865. Funding of Staten Island charter schools was \$4,657 lower than the city's district average per-pupil, with Harlem's gap close behind at \$4,554. Manhattan charter schools were funded at levels closest to the citywide district average, with a per-pupil gap of \$3,380.

Continuing to focus on total cash and in-kind sources, New York City district schools averaged \$25,328 per-pupil in public funding. Manhattan was the location with the highest level of funding in this category for charters, with \$22,288 per-pupil. Staten Island charters were second with \$21,290 in per-pupil public funding. Harlem charter schools were a close third, receiving \$21,250 per-pupil. Queen's charters recorded the least per-pupil funding from public sources at \$18,984.

From a public funding standpoint, the pattern of charter school funding across these six areas of New York City was only mildly progressive. The Bronx and Staten Island charter schools serve higher proportions of economically disadvantaged students than the other four areas. While students attending Staten Island charter schools received the second-most public funding per-pupil, charter school students in The Bronx received slightly less than the average per-pupil funding from public sources for all of the city's charters. Manhattan charter schools served the second-lowest proportion of economically disadvantaged students but received the most per-pupil funding from public sources. The funding of Queens charter schools fit the progressive pattern, as those schools served the lowest proportion of economically disadvantaged students and received the least per-pupil funding from public sources.

From a public funding standpoint, the pattern of charter school funding across these six areas of New York City was only mildly progressive.

The district schools in New York City received higher funding from non-public sources than the charters overall: \$841 versus \$349 per-pupil. The overall pattern of non-public funding of charter schools in New York City was neither consistently progressive nor regressive. The Bronx, where charters served the highest proportion of economically disadvantaged students, received the second-highest per-pupil amount of non-public funding at \$456. Queens, where charters served the lowest proportion of economically disadvantaged students, received the second-lowest per-pupil amount of non-public funding at \$246. On the regressive side, charter schools located in

The district schools in New York City received higher funding from non-public sources than the charters overall: \$841 versus \$349 per-pupil.

Manhattan, which had the second-lowest proportion of economically disadvantaged students among the locations, received the most non-public funding, generating an average of \$501 per-pupil. Staten Island's charters, which served the second-highest proportion of economically disadvantaged students among the locations, received the least non-public funding at an average of \$222 per-pupil.

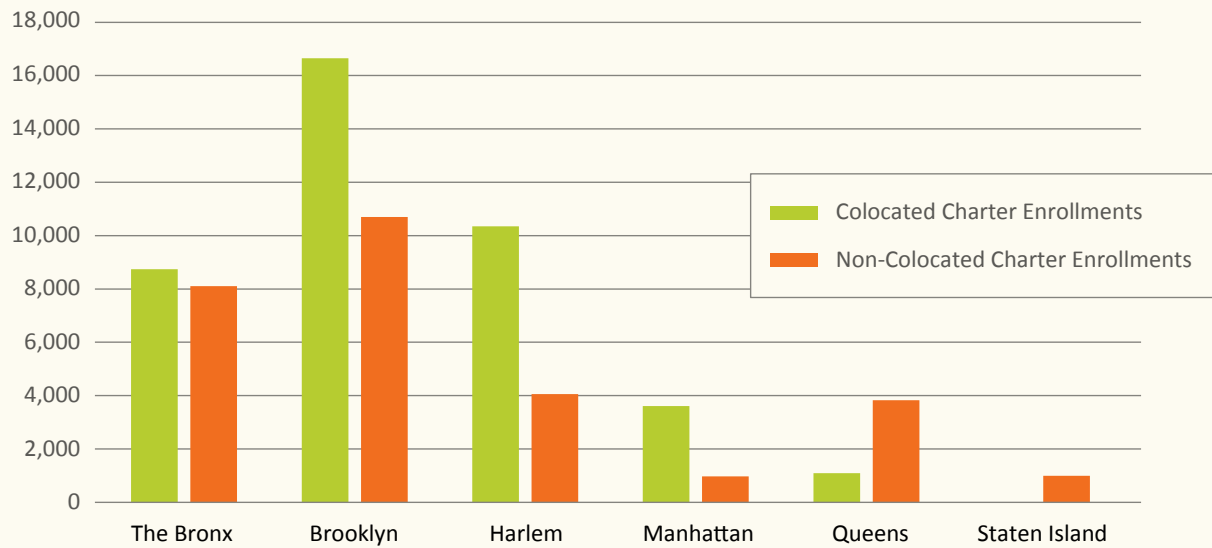
4. Do Any Differences Vary by Whether Charter Schools Have Their Own Facility or are Co-located with a District School?

In order to determine if the substantial average funding of New York City charter schools through in-kind services masked greater support for certain classes of charters, we reviewed district data that accounted for all district teaching space and the amount of that space used by a charter school. Fifty-nine percent of the city's charter school students attended school in co-located space with district schools in FY2014 (Figure 6). Manhattan's charter schools housed the highest percentage of students in co-located space – 79 percent, followed by Harlem at 72 percent. Queens charter schools only housed 22 percent of their students in co-located education facilities, while Staten Island recorded no co-located charters.

The number of charter school students in co-located facilities helps to drive the distribution of in-kind dollars in our study areas, as we have credited \$2,775 per-pupil to those co-located schools for the value of their shared school space. Do non-co-located charter schools make up for the absence of in-kind facilities benefits in some other way? Is it simply better, from a funding standpoint, to be a co-located charter school in New York City? Our answer is the latter.

Co-located charter schools in New York City received an average of \$22,942 in total per-pupil funding in FY2014 (Figure 7). Non-co-located charters averaged funding of just \$18,937 that year. The funding difference of \$4,005 per-pupil was substantially more than just the \$2,775 per-pupil we assigned to co-located charters as the value of the district facility they shared. The funding difference for non-co-located charter schools relative to co-located ones represented a gap of 17.5%.

Figure 6: New York City Charter School Enrollments by Area, Co-located & Non-Co-located, FY2014



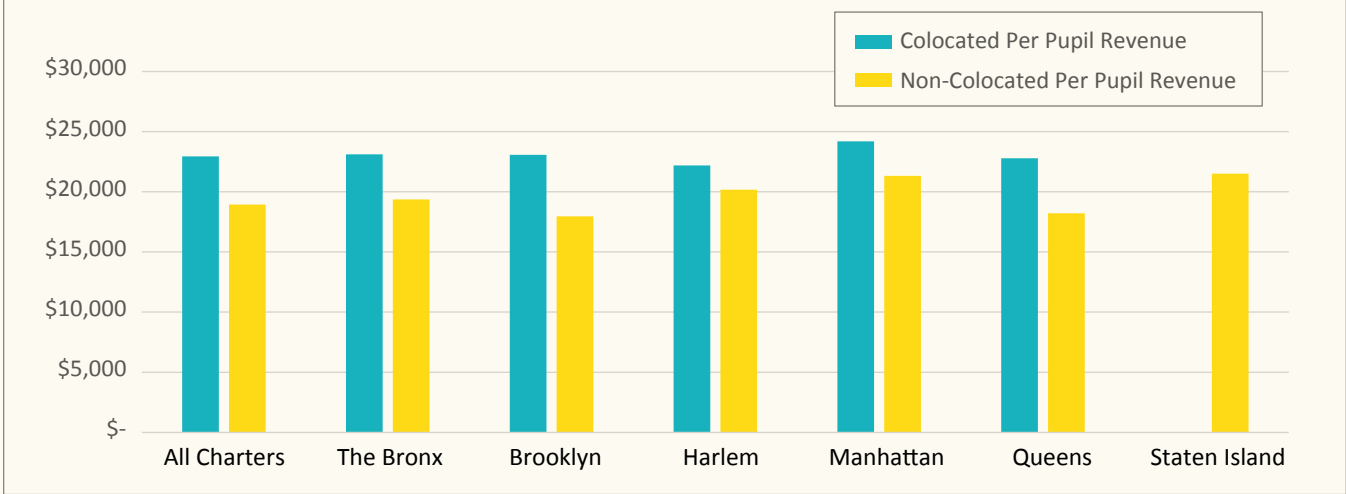
	Co-located Charter Enrollments	% Charter Borough Total
Bronx Charters	8,741	51.9%
Brooklyn Charters	16,646	60.9%
Harlem Charters	10,350	71.8%
Manhattan Charters	3,613	78.8%
Queens Charters	1,093	22.2%
Staten Island Charters	0	0.0%
Total Enrollment	40,443	58.5%

	Non-Co-located Charter Enrollments	% Charter Borough Total
Bronx Charters	8,105	48.1%
Brooklyn Charters	10,700	39.1%
Harlem Charters	4,060	28.2%
Manhattan Charters	972	21.2%
Queens Charters	3,823	77.8%
Staten Island Charters	990	100.0%
Total Enrollment	28,650	41.5%

The size of the non-co-located charter school funding gap as a percentage of the co-located funding level differed somewhat across the five locations with both types of charters. It was largest in Brooklyn, at 22.2 percent, followed closely by Queens, at 20.1 percent. The gap in The Bronx of 16.2 percent was near the overall average of 17.5 percent. Manhattan and Harlem had the lowest gaps in funding between co-located and non-co-located charter schools of 11.8 percent and 9.1 percent, respectively.

The funding difference for non-co-located charter schools relative to co-located ones represented a gap of 17.5%.

Figure 7: New York City Average Per-Pupil Funding with In-Kind Services Included of Co-Located and Non-Co-Located Charter Schools Overall and by Location, FY2014



	Co-located with In-Kind			Non-Co-located with In-Kind		
	Co-located Enrollment	Co-located Total Revenue	Co-located Per-Pupil Revenue	Non-Co-located Enrollment	Non-Co-located Total Revenue	Non-Co-located Per-Pupil Revenue
All charters	40,443	\$ 927,838,710	\$ 22,942	28,650	\$ 542,537,194	\$ 18,937
The Bronx	8,741	\$ 201,999,631	\$ 23,109	8,105	\$ 156,902,922	\$ 19,359
Brooklyn	16,646	\$ 383,936,148	\$ 23,065	10,700	\$ 192,109,772	\$ 17,954
Harlem	10,350	\$ 229,603,832	\$ 22,184	4,060	\$ 81,866,920	\$ 20,164
Manhattan	3,613	\$ 87,395,636	\$ 24,189	972	\$ 20,730,113	\$ 21,327
Queens	1,093	\$ 24,903,463	\$ 22,785	3,823	\$ 69,631,172	\$ 18,214
Staten Island	0	\$ -	\$ -	990	\$ 21,296,294	\$ 21,511

Spending

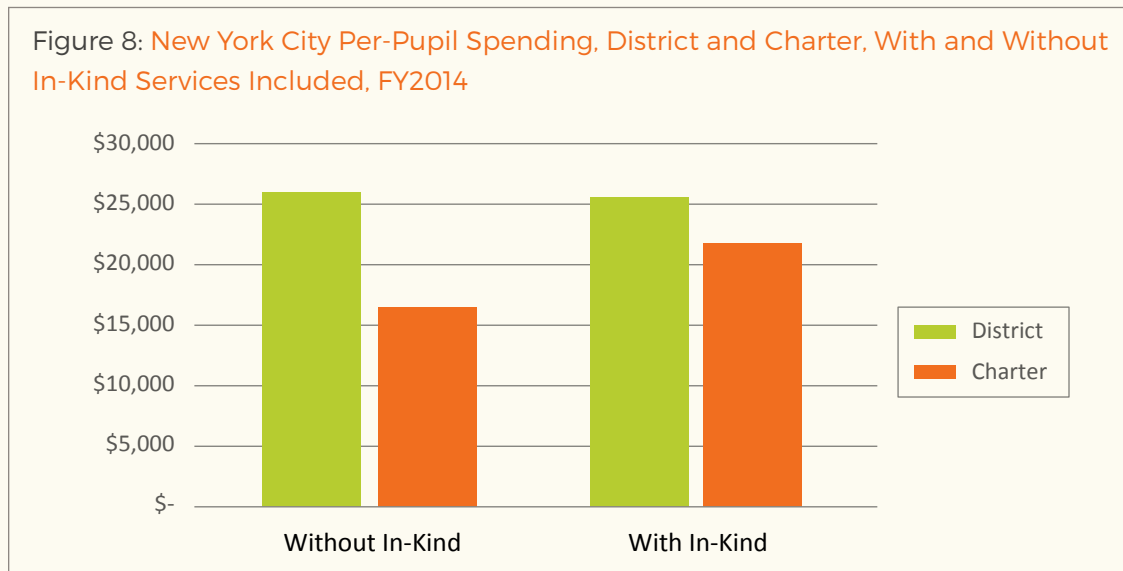
To this point we have discussed school funding. We think that school funding is an important topic because it represents the degree of investment in schools from both public and non-public sources. Differences in funding levels, across types of public schools and locations within a city, are important topics for public consideration.

Other analysts tend to ignore school funding and, instead, focus on educational spending. School spending is different from school funding. School spending shows how districts and individual schools choose to mobilize the funding they receive to educate children, within the areas of discretion available to them. For this report, we have examined the same questions regarding school spending as we have done regarding school funding. We discuss comparisons in terms of per-pupil dollars spent and spending as a percent of total funding, since both measures of spending are important. The story of school spending is similar to the story of school funding in New York City.

5. Are the Per-pupil Spending Amounts Different for District and Charter Schools?

New York City's charter schools educated 7 percent of the total student population but were responsible for only 5.9 percent of the city's public education spending. This discrepancy exists even after accounting for in-kind services from district schools to charter schools as charter school spending. New York City's district schools received \$26,169 per-pupil but spent \$25,563, while its charters received \$21,281 per-pupil but spent \$21,784 (Figure 8). Spending was slightly higher than funding in FY2014 in the charter sector, as, like the district, many charter schools in New York City have access to accounts to cover small budget deficits across fiscal years. The charter school spending gap of \$3,779 per-pupil represents 14.8 percent of average district school spending and is slightly smaller than the charter school funding gap of 18.7 percent.

New York City's charter schools educated 7 percent of the total student population but were responsible for only 5.9 percent of the city's public education spending.



	Enrollment	Total No In-Kind	PPE	Total with In-Kind	PPE
District	936,009	\$ 24,300,039,926	\$ 25,961	\$ 23,927,460,513	\$ 25,563
Charters	69,093	\$ 1,139,059,533	\$ 16,486	\$ 1,505,145,678	\$ 21,784
Difference			\$ 9,475		\$ 3,779

Accounting for in-kind services provided to charters by the district proves to be important on the spending side as it was on the funding side. Were we to exclude in-kind services from our calculations,

we would incorrectly conclude that charters spent \$9,475 less per-pupil than district schools. Due to the important role that in-kind services play in school spending in New York City, we account for in-kind in all of our remaining spending analyses.

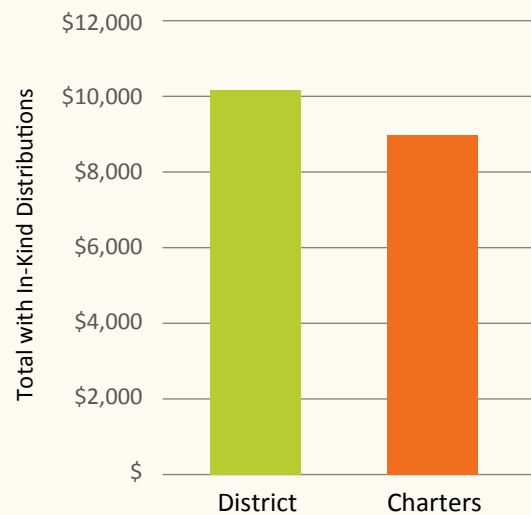
6. Are the Categories of Spending Different for the Two Types of Public Schools?

The state of New York does not require charter schools to submit to the same level of financial reporting as district schools, relying instead on charters to submit financial audits to the state. These financial audits can provide important clues as to how charter schools have used their funding to support students and teachers in their schools, although they contain less information than the state’s district financial reporting, making alignment of the spending details between the district and charter education sectors less clear than they are regarding school funding. Specifically, the charter audits do not provide sufficient detail for us to make reliable comparisons of district and charter spending in the categories of instructional support, operations, or leadership.⁷ The two spending categories for which the data are comparable between our district and charter data sources are instruction and other obligations. Therefore, we limit our discussion of variation in spending across public school sectors by spending category to those two types of school spending and further break out capital spending from other obligations for review.

Instruction Spending

Instruction spending includes all classroom-related salaries, activities, and equipment. In FY2014, district schools in New York City spent \$10,158 per-pupil on instruction while charter schools spent \$8,976 per-pupil on these same items (Figure 9). Although NYC district schools spent \$1,181 more per-pupil on instruction than

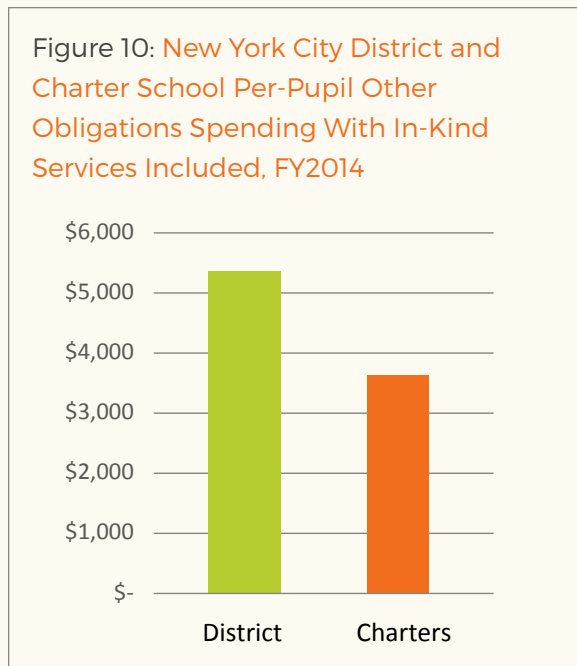
Figure 9: New York City District and Charter School Per-Pupil Instruction Spending With In-Kind Services Included, FY2014



	Enrollment	Total with In-Kind	PPE
District	936,009	\$ 9,507,659,155	\$ 10,158
Charters	69,093	\$ 620,189,926	\$ 8,976
Difference			\$ 1,181

⁷ Instructional support includes activities that support classroom instruction but are not tied directly to a grade, including library and media, guidance and counseling, student health and services, extracurricular activities including sports, curriculum and professional development, program management and therapists, psychologists, evaluators, and social workers. Operations includes transportation, food service and safety, costs related to building operations and maintenance (including in-kind for co-located charter schools), data processing and business operations. Leadership includes the costs related to principals, school office staff and materials, the superintendent, deputy superintendents, and legal services.

did charters, both school sectors spent a similar share of their overall funding in the classroom. District schools dedicated 39.7 percent of funding specifically to instruction while charters allocated 41.2 percent of funding to those same activities.



Although NYC district schools spent \$1,181 more per-pupil on instruction than did charters, both school sectors spent a similar share of their overall funding in the classroom.

	Enrollment	Total with In-Kind	PPE
District	936,009	\$ 5,017,861,157	\$ 5,361
Charters	69,093	\$ 251,470,964	\$ 3,640
Difference			\$ 1,721

Other Obligations Spending

Other obligations spending includes essential costs incurred by district and charter schools outside of the daily expenses required to educate students. Capital and debt service are two of the largest components of this expenditure category. Citywide, district schools spent \$5,361 per-pupil for other obligations. The city’s charter schools spent \$3,640 for the same function, yielding an other obligations spending gap of \$1,721 per-pupil (Figure 10). As a percentage of per-pupil funding, district schools spent 21 percent of their funds on other obligations while charter schools spent 16.7 percent of their resources on those items.

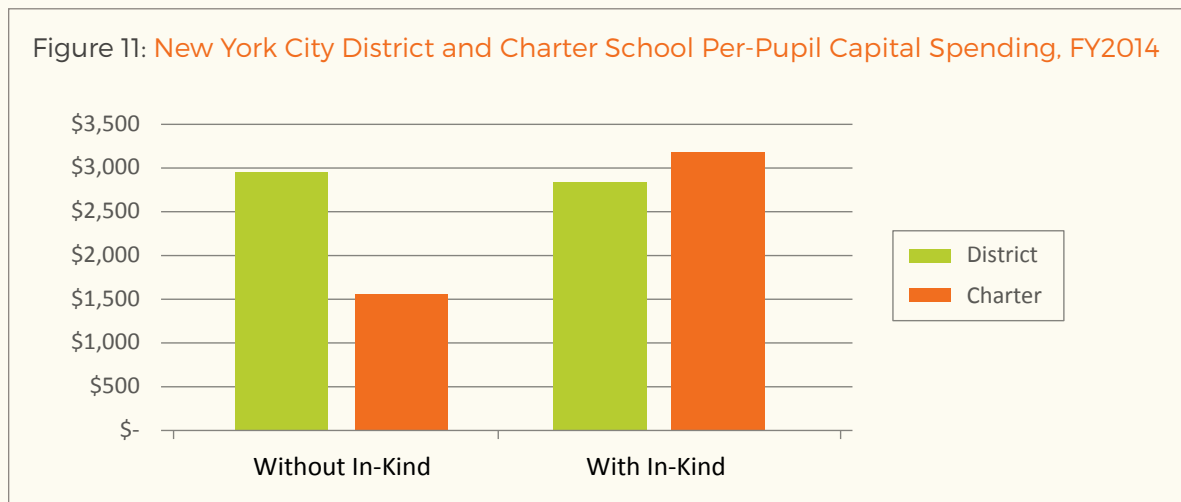
As a percentage of per-pupil funding, district schools spent 21 percent of their funds on other obligations while charter schools spent 16.7 percent of their resources on those items.

Capital Spending

Given the role capital plays in public education, we have included a separate analysis here, even though it is part of the detail contained in other obligations. For the district schools citywide, capital projects represented 53 percent of the costs in other obligations, or \$2,959 of the \$5,361 per-pupil. For the city’s charter schools, however, capital represented 87 percent of other obligations costs, or \$3,183

of \$3,640 per-pupil. Charter schools spent \$344 per-pupil more than district schools on capital. These calculations of capital spending include in-kind costs related to co-located facilities for the charter schools. Were they to exclude in-kind costs, as we demonstrate in Figure 11, we would incorrectly conclude that district schools out-spent charter schools on capital.

Charter schools spent \$344 per-pupil more than district schools on capital.



	Enrollment	Total Without In-Kind Distributions	PPE	Total With In-Kind Distributions	PPE
District	936,009	\$ 2,769,490,646	\$ 2,959	\$ 2,657,261,321	\$ 2,839
Charters	69,093	\$ 107,675,424	\$ 1,558	\$ 219,904,749	\$ 3,183
Difference			\$ 1,401		\$ (344)

7. Do Any Spending Differences Vary by Location within the City?

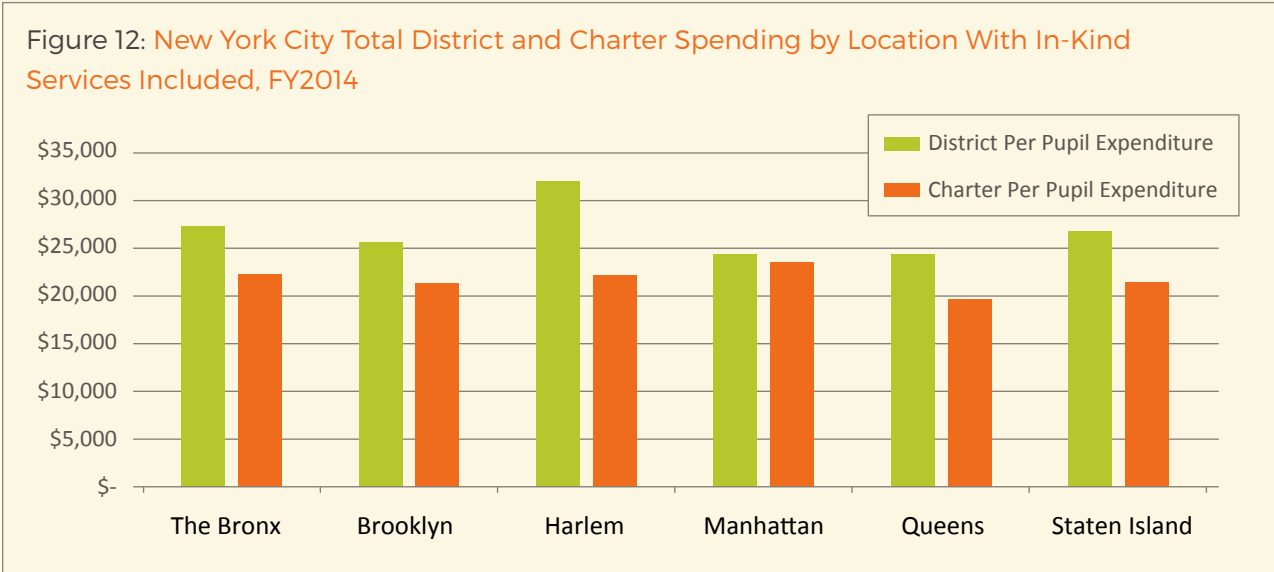
Our data on spending differences across locations was more robust than our data on funding differences across areas. We were able to document differences in average spending levels for district schools across Harlem, the non-Harlem part of Manhattan, and the complete boroughs of The Bronx, Brooklyn, Queens, and Staten Island. We also were able to track such differences among the charter school sectors in those six areas of New York City.

Total Spending

New York City district per-pupil spending varied across the locations in ways that reflect different levels of student need. Such a progressive pattern of public school spending is not typical in the U.S. (Urban Institute, 2017). Harlem contained one of the highest concentrations of low-income students

in the city in FY2014 and the NYCDoE spent more there on a per-pupil basis than in any of the other five New York City locations (Figure 12). The Bronx included the highest population of economically disadvantaged students and experienced the second-highest per-pupil spending in district schools. Brooklyn district schools were third in student need and fourth in per-pupil spending, eclipsed by Staten Island district schools in average student spending even though Staten Island students have relatively low levels of poverty. Manhattan was home to the fifth-neediest student population and the fifth-highest per-pupil spending amount, while Queens district schools had the fourth-most student need and experienced the sixth-most (and lowest) student per-pupil spending. The fact that the two boroughs with the highest need students also received the highest level of funding per-pupil is testament to the city's Fair Student Funding formula.

New York City district per-pupil spending varied across the locations in ways that reflect different levels of student need.



NYC District Expenditure Totals	Enrollment	Per-Pupil Expenditure
All District*	936,009	\$ 25,762
The Bronx	195,399	\$ 27,377
Brooklyn	274,941	\$ 25,660
Harlem	25,788	\$ 31,976
Manhattan	116,916	\$ 24,443
Queens	264,918	\$ 24,422
Staten Island	58,047	\$ 26,828

NYC Charter Expenditure Totals	Enrollment	Per-Pupil Expenditure With In-Kind	Difference Between District and Charter
All Charters	69,093	\$ 21,784	\$ 5,298
The Bronx	16,846	\$ 22,338	\$ 4,965
Brooklyn	27,346	\$ 21,318	\$ 5,580
Harlem	14,410	\$ 22,168	\$ 5,533
Manhattan	4,585	\$ 23,574	\$ 6,551
Queens	4,916	\$ 19,757	\$ 3,544
Staten Island	990	\$ 21,414	\$ 2,696

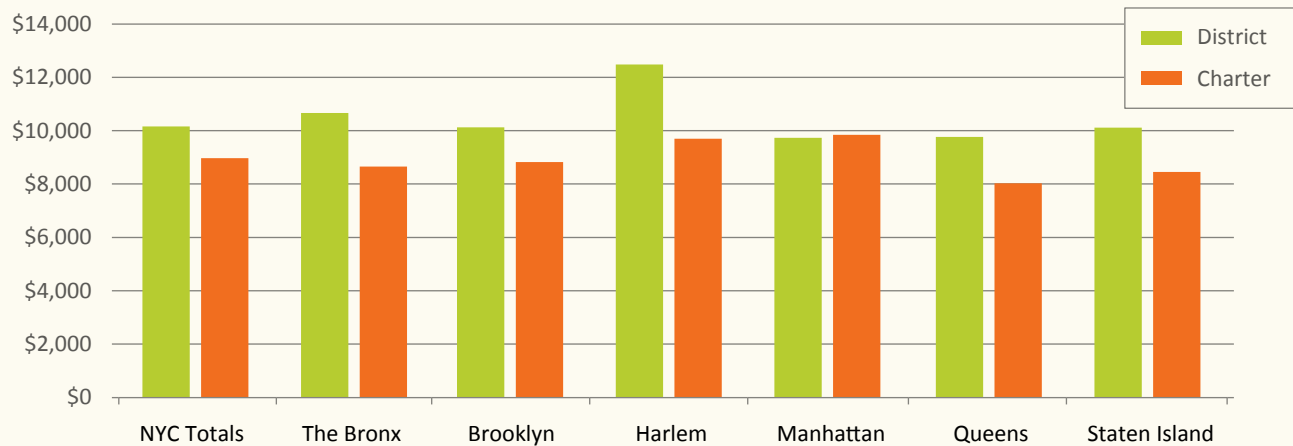
The pattern of charter school per-pupil spending by location also tended to be progressive but with two notable exceptions: Manhattan and Staten Island. Manhattan charter schools had the highest average per-pupil spending in spite of enrolling just the fifth-largest proportion of economically disadvantaged students. Charters in Staten Island spent the fifth-most per-pupil but enrolled the second-highest proportion of economically disadvantaged students. Charter school spending followed a progressive pattern for the remaining locations, with The Bronx second in spending and highest in proportion of economically disadvantaged students, Harlem third in both spending and student need, Brooklyn fourth in both categories, and Queens lowest in spending and also lowest in the proportion of economically disadvantaged students enrolled.

The pattern of charter school per-pupil spending by location also tended to be progressive but with two notable exceptions: Manhattan and Staten Island.

Instruction Spending

In terms of total dollars, district schools averaged higher spending on instruction than charter schools in five of the six locations we studied (Figure 13). The largest gap was in Harlem, where district schools spent \$12,488 per-pupil on instruction while charter schools spent \$9,699 per-pupil on those expenses. The district schools in The Bronx, Brooklyn, and Staten Island averaged more than \$10,000 per-pupil in spending on instruction while the charter schools in each of those boroughs averaged less than \$9,000 in instructional spending per-pupil. Queens schools averaged less per-pupil spending on instruction in both public school sectors – \$9,776 in district schools and \$8,034 in charters. In only one location did charter schools spend more per-pupil on instruction than district schools – Manhattan, where charters spent \$9,852 versus \$9,735 per-pupil for district schools.

Figure 13: New York City Instruction Spending With In-Kind Services Included, FY2014



District	Instruction	Total	% Instruction
The Bronx	\$ 10,671	\$ 27,377	39.0%
Brooklyn	\$ 10,129	\$ 25,660	39.5%
Harlem	\$ 12,488	\$ 31,976	39.1%
Manhattan	\$ 9,735	\$ 24,443	39.8%
Queens	\$ 9,776	\$ 24,422	40.0%
Staten Island	\$ 10,123	\$ 26,828	37.7%

Charter	Instruction	Total	% Instruction	Difference in % Instruction
The Bronx	\$ 8,659	\$ 22,338	38.8%	-0.2%
Brooklyn	\$ 8,832	\$ 21,318	41.4%	1.9%
Harlem	\$ 9,699	\$ 22,168	43.8%	4.7%
Manhattan	\$ 9,852	\$ 23,574	41.8%	2.0%
Queens	\$ 8,034	\$ 19,757	40.7%	0.7%
Staten Island	\$ 8,454	\$ 21,414	39.5%	1.8%

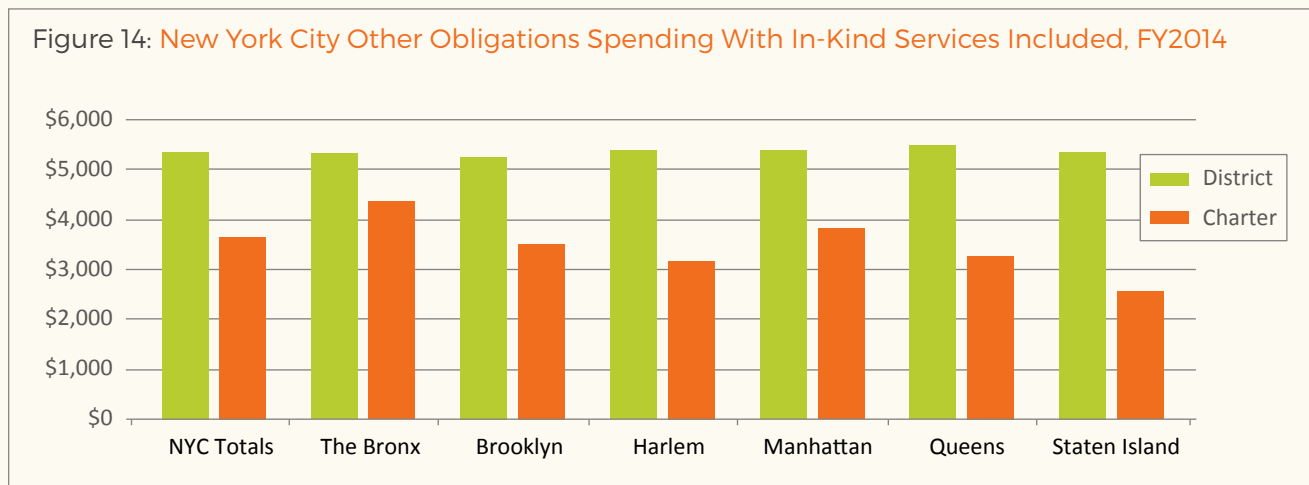
While district schools spent more total dollars on instruction than charter schools, charters spent a greater share of their budgets on instruction. Charter schools in New York City spent a higher percentage of their funding on instruction than their district peers in every location we studied except The Bronx. Harlem had the largest difference, as charter schools there spent 4.7 percentage points more of their total spending on instruction than did district schools, 43.8 percent versus 39.1 percent. Brooklyn had the second-largest charter school advantage over district schools in the proportion of spending focused on instruction, a difference of 1.9 percentage points. Manhattan was third with 2.0 percentage points, close to Staten Island with 1.8 percentage points. Queens charter schools

Charter schools in New York City spent a higher percentage of their funding on instruction than their district peers in every location we studied except The Bronx.

spent a similar proportion of their funds on instruction as their district schools, with an advantage of only 0.7 percentage points. In The Bronx, charter schools dedicated just 0.2 percentage points less of their total spending to instruction compared to district schools in that borough.

Other Obligations Spending

Among the locations in our study, district schools in Queens spent the highest amount on other obligations, at \$5,479 per-pupil, compared to that borough’s charter school spending of \$3,276 per-pupil on those items (Figure 14). Harlem district schools recorded the second-highest per-pupil spending for other obligations at \$5,379 per-pupil while the charters in that location spent \$3,159. The highest average spending in this category among charter schools across the locations occurred in The Bronx where the borough’s charter schools spent \$4,374 per-pupil while its district schools recorded the second-lowest spending on other obligations among the locations at \$5,330 per-pupil.



District	Other Obligations	Total	% Other Obligations
The Bronx	\$ 5,330	\$ 27,377	19.4%
Brooklyn	\$ 5,259	\$ 25,660	20.5%
Harlem	\$ 5,379	\$ 31,976	16.8%
Manhattan	\$ 5,388	\$ 24,443	22.0%
Queens	\$ 5,479	\$ 24,422	22.4%
Staten Island	\$ 5,349	\$ 26,828	19.9%

Charter	Other Obligations	Total	% Other Obligations	Difference in % Other Obligations
The Bronx	\$ 4,374	\$ 22,338	19.6%	-0.2%
Brooklyn	\$ 3,516	\$ 21,318	16.5%	-4.0%
Harlem	\$ 3,159	\$ 22,168	14.3%	-2.5%
Manhattan	\$ 3,819	\$ 23,574	16.2%	-5.8%
Queens	\$ 3,276	\$ 19,757	16.6%	-5.8%
Staten Island	\$ 2,541	\$ 21,414	11.9%	-8.0%

Charter schools spent proportionately less of their funds on other obligations than district schools in all six locations of our study. For five of the locations, the difference was substantial. Staten Island charters spent just 11.9 percent of their funds on other obligations compared to 19.9 percent for district schools in that borough, a difference of 8 percentage points. Manhattan charters spent 16.2 percent of

their budget on other obligations while Manhattan district schools spent 22.0 percent of their funds on that category of spending, a difference of 5.8 percentage points. For Queens charter schools, the difference in proportion of spending on other obligations compared to district schools was 5.8 percentage points. It was 4.0 percentage points in Brooklyn and 1.8 percentage points in Harlem.

The difference was a trivial 0.2 percentage points in The Bronx, where charters spent 19.6 percent of their funds on other obligations while district schools in that borough spent 19.4 percent.

Capital Spending

District in-kind funding of charter schools in the form of co-location in existing public school facilities is a major part of the story regarding capital spending on schools in New York City. Without this in-kind access to existing school facilities, the co-located charter schools would have to use some of their operating funds to lease a facility or find the capital to construct their own building. We also include building leases in our capital projects analysis. Figure 15 describes the average capital spending amounts for district and charter schools in the six locations in our study when in-kind facility support to charters is and is not included.

If we were to ignore the district's in-kind support to charter schools, we would conclude that, overall, the district schools spent almost twice as much on capital projects as the charter schools, \$2,959 versus \$1,558 per-pupil. Harlem's charters recorded the lowest expenditure for capital projects before including in-kind co-locations, with schools in that sector spending \$759 per-pupil versus \$3,462 per-pupil for the district schools. Manhattan's charters had the second lowest capital spending at \$1,093, compared to \$3,091 for the district schools in that area. Prior to including in-kind capital costs, The Bronx charters recorded the highest capital projects spending of \$2,396 per-pupil, compared to \$2,922 per-pupil for the district schools in that borough.

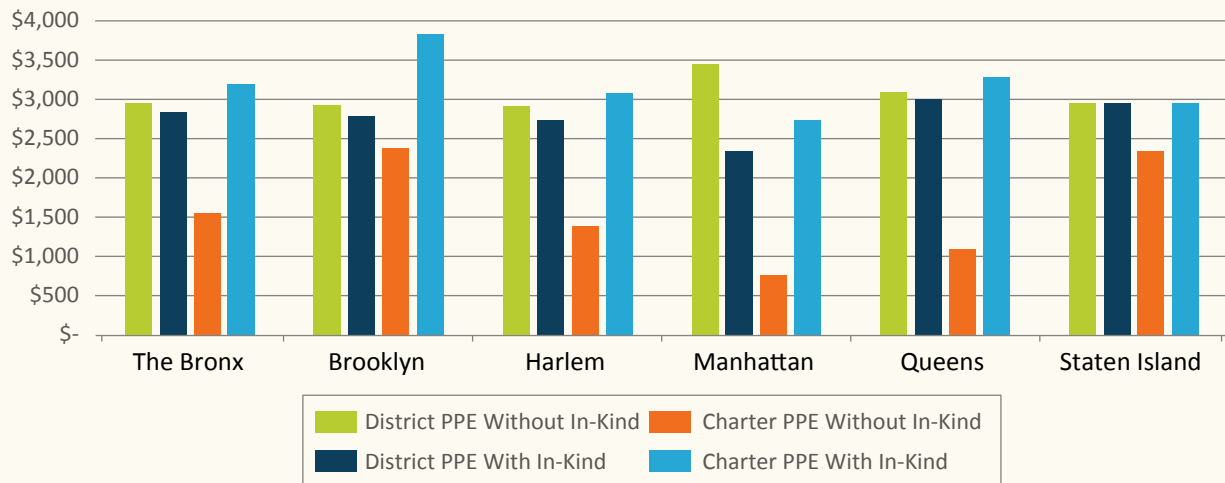
When in-kind use of public school facilities was added to the analysis of capital, NYC charter schools recorded higher spending on that item than district schools. Overall, district schools spent \$2,839 per-pupil in FY2014 for capital projects while the city's charter schools recorded \$3,183 per-pupil in capital spending. While district capital spending was relatively consistent across locations, varying from \$3,005 per-pupil for Manhattan to \$2,348 for Harlem, capital spending varied more by area for the city's charter schools. The charter schools in The Bronx

Charter schools spent proportionately less of their funds on other obligations than district schools in all six locations of our study.

When in-kind use of public school facilities was added to the analysis of capital, NYC charter schools recorded higher spending on that item than district schools.

recorded the highest cash and in-kind per-pupil spending for capital projects at \$3,836 per-pupil, followed by Manhattan’s charter schools at \$3,279 per-pupil. The lowest capital projects spending was in Staten Island’s charter schools, which spent \$1,802 per-pupil on that expense.

Figure 15: New York City Capital Projects Spending With or Without In-Kind Services Included, FY2014



NYC District Expenditure Totals	Enrollment	Per-Pupil Expenditure Without In-Kind	Per-Pupil Expenditure With In-Kind	Difference Between Without In-Kind and In-Kind
All District*	936,009	\$ 2,959	\$ 2,839	\$ (120)
The Bronx	195,399	\$ 2,922	\$ 2,798	\$ (124)
Brooklyn	274,941	\$ 2,907	\$ 2,739	\$ (168)
Harlem	25,788	\$ 3,462	\$ 2,348	\$ (1,114)
Manhattan	116,916	\$ 3,091	\$ 3,005	\$ (86)
Queens	264,918	\$ 2,960	\$ 2,948	\$ (11)
Staten Island	58,047	\$ 2,839	\$ 2,839	\$ (0)

NYC Charter Expenditure Totals	Enrollment	Per-Pupil Expenditure Without In-Kind	Per-Pupil Expenditure With In-Kind	Difference Between Without In-Kind and In-Kind
All Charters	69,093	\$ 1,558	\$ 3,183	\$ 1,624
The Bronx	16,846	\$ 2,396	\$ 3,836	\$ 1,440
Brooklyn	27,346	\$ 1,393	\$ 3,082	\$ 1,689
Harlem	14,410	\$ 759	\$ 2,753	\$ 1,993
Manhattan	4,585	\$ 1,093	\$ 3,279	\$ 2,187
Queens	4,916	\$ 2,339	\$ 2,956	\$ 617
Staten Island	990	\$ 1,802	\$ 1,802	\$ (0)

District	Capital	Total	% Capital
The Bronx	\$ 2,798	\$ 27,377	10.2%
Brooklyn	\$ 2,739	\$ 25,660	10.6%
Harlem	\$ 2,348	\$ 31,976	7.3%
Manhattan	\$ 3,005	\$ 24,443	12.3%
Queens	\$ 2,948	\$ 24,422	12.1%
Staten Island	\$ 2,839	\$ 26,828	10.6%

Charter	Capital	Total	% Capital	Difference in % Capital
The Bronx	\$ 3,836	\$ 22,338	17.2%	7.0%
Brooklyn	\$ 3,082	\$ 21,318	14.5%	3.9%
Harlem	\$ 2,753	\$ 22,168	12.4%	5.1%
Manhattan	\$ 3,279	\$ 23,574	13.9%	1.6%
Queens	\$ 2,956	\$ 19,757	15.0%	2.9%
Staten Island	\$ 1,802	\$ 21,414	8.4%	-2.2%

For five of the six locations, charter schools spent a higher proportion of their budget on capital than did district schools. The gap was greatest in The Bronx, where charters spent 17.2 percent of their funds on capital compared to just 10.2 percent for district schools, a difference of 7 percentage points.

In Harlem, charters spent 12.4 percent of their funds on capital while their district counterparts only spent 7.3 percent of their budget on that item, a gap of 5.1 percentage

points. For Brooklyn the gap was 3.9 percentage points. It was 2.9 percentage points in Queens. Staten Island was the only location where charters spent a smaller portion of their budget on capital than did district schools, 8.4 percent versus 10.6 percent, a district advantage of 2.2 percentage points.

For five of the six locations, charter schools spent a higher proportion of their budget on capital than did district schools.

8. Do Any Spending Differences Vary by Whether Charter Schools Have Their Own Facility or Are Co-located with a District School?

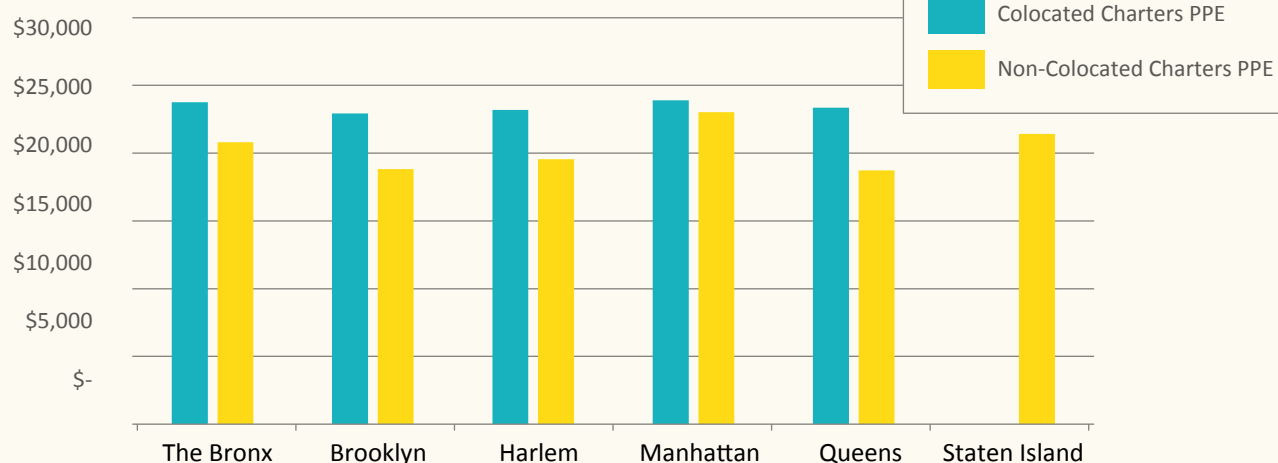
Due to the value of co-location, charter schools in shared space reported greater direct and in-kind spending than non-co-located charter schools (Figure 16). Overall, co-located charter schools totaled spending of \$23,269

per-pupil, while non-co-located charter schools recorded lower spending at \$19,709, a difference of \$3,560 per-pupil across the city. Co-located charters in Manhattan recorded the highest spending at

\$23,890 per-pupil, while non-co-located charters in Queens recorded the lowest spending at \$18,728.

Overall, co-located charter schools totaled spending of \$23,269 per-pupil, while non-co-located charter schools recorded lower spending at \$19,709, a difference of \$3,560 per-pupil across the city.

Figure 16: New York City Spending Comparisons Between Co-located and Non-co-located Charters With In-Kind Services Included, FY2014



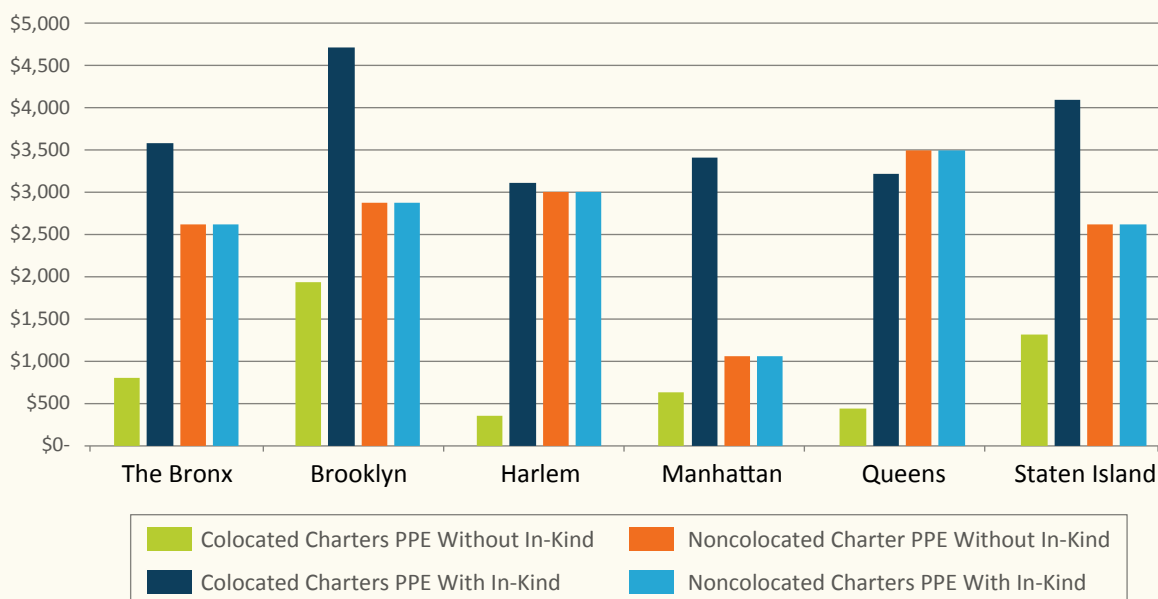
Co-located Charters Expenditure Totals	Enrollment	Per-Pupil Expenditure
All Charters	40,443	\$ 23,269
The Bronx	8,741	\$ 23,753
Brooklyn	16,646	\$ 22,924
Harlem	10,350	\$ 23,190
Manhattan	3,613	\$ 23,890
Queens	1,093	\$ 23,357
Staten Island	0	\$ -

Non-Co-located Charters Expenditure Totals	Enrollment	Per-Pupil Expenditure	Difference Between Co-located and Non-Co-located
All Charters	28,650	\$ 19,709	\$ 3,560
The Bronx	8,105	\$ 20,814	\$ 2,939
Brooklyn	10,700	\$ 18,820	\$ 4,104
Harlem	4,060	\$ 19,565	\$ 3,625
Manhattan	972	\$ 23,015	\$ 875
Queens	3,823	\$ 18,728	\$ 4,629
Staten Island	990	\$ 21,414	\$ -

The greatest differences in spending within a borough based on co-location status occurred in Queens, where only 22 percent of charters share facilities with district schools. Co-located charters in Queens recorded \$4,629 more in spending than their non-co-located peers. Brooklyn, where 61 percent of charter schools co-located with district schools, had the second highest difference in funding, as the co-located charter schools recorded \$4,105 more in spending than their non-co-located peers. Of the areas with co-located charter schools, Manhattan, where nearly 80 percent of charter schools share facilities with district schools, recorded the lowest difference in funding based on co-located status, with non-co-located charter schools spending just \$875 per-pupil less than co-located ones.

Co-location demonstrated its strongest effect on charter school capital spending. The capital spending of charter schools that were not co-located in district buildings was unaffected by whether or not we accounted for in-kind services, as seen by the identical heights of the orange and light blue bars in Figure 17. Capital per-pupil spending averages differed dramatically for the co-located charters, however, depending on whether we ignored in-kind services (green bars) or accounted for them (dark blue bars).

Figure 17: New York City Capital Projects Spending Between Co-located and Non-co-located Charters with and without In-Kind Services Included, FY2014



Co-located Charters Expenditure Totals	Enrollment	Per-Pupil Expenditure Without In-Kind	Per-Pupil Expenditure With In-Kind	Difference Between Without In-Kind and In-Kind
All Charters	40,443	\$ 803	\$ 3,578	\$ 2,775
The Bronx	8,741	\$ 1,947	\$ 4,722	\$ 2,775
Brooklyn	16,646	\$ 347	\$ 3,122	\$ 2,775
Harlem	10,350	\$ 640	\$ 3,415	\$ 2,775
Manhattan	3,613	\$ 443	\$ 3,218	\$ 2,775
Queens	1,093	\$ 1,326	\$ 4,101	\$ 2,775
Staten Island	0	\$ -	\$ -	\$ -

Non-co-located Charters Expenditure Totals	Enrollment	Per-Pupil Expenditure Without In-Kind	Per-Pupil Expenditure With In-Kind	Difference Between Without In-Kind and In-Kind
All Charters	28,650	\$ 2,625	\$ 2,625	\$ -
The Bronx	8,105	\$ 2,879	\$ 2,879	\$ -
Brooklyn	10,700	\$ 3,019	\$ 3,019	\$ -
Harlem	4,060	\$ 1,063	\$ 1,063	\$ -
Manhattan	972	\$ 3,509	\$ 3,509	\$ -
Queens	3,823	\$ 2,629	\$ 2,629	\$ -
Staten Island	990	\$ 1,802	\$ 1,802	\$ -

In summary, when the in-kind benefit of co-location was accounted for properly, capital projects spending for co-located charter schools far exceeded the capital spending for non-co-located charter schools. Co-located charter schools have greater flexibility with their funding as less of that funding must go to the lease or purchase of facilities. Capital costs for co-located charter schools exceed the same costs for non-co-located charters, however, as charters co-located with district schools tend to invest in improvements in their facilities.

Conclusion

Our analysis of district and charter school funding and spending in New York City in FY2014 yielded both good and bad news, from a public policy perspective. The good news included that a substantial amount of funding was provided to students in New York City public schools, an average of \$26,169 if they were in a district school and \$21,281 if they were in a charter school. The remaining charter school funding gap of 18.7 percent was smaller than the gaps we have uncovered in previous research. A full 25 percent of charter school funding took the form of in-kind services provided by the NYCDoe, an unprecedented level of district support of students in charter schools, from our experience. Variation in district and charter school per-pupil funding and spending levels across the major areas of New York City tended to be based on progressive principles of targeting higher funding to populations of more disadvantaged students. Finally, the opportunity for charter schools to co-locate in district school buildings was of clear financial benefit to the students attending such schools.

Not all the news from our study was good, however. Students in New York City received less funding in FY2014 simply because they chose to attend a charter school instead of a district-run public school. This charter school funding gap cannot be explained by traditional measures of student disadvantage, as the charter sector in New York City enrolled a higher proportion of economically disadvantaged students than the district sector, and district schools only served a modest number of additional students with disabilities compared to charters. Non-public funding, such as philanthropy, actually increased the charter school funding gap, as district schools received more of it on average than charter schools. Some of the differences in student funding levels across locations in the city appeared to benefit more advantaged populations of students. The financial benefit of co-location, while substantial, was available to few charter schools in Queens and none in Staten Island.

Efforts by New York education policy-makers and practitioners to provide support to students in charter schools through the provision of in-kind services, including co-location, are laudable. The state's Fair Student Funding program appears to have yielded a more progressive geographic pattern of education funding to New York City than we have seen in the past or in most other states. Still, even these measures have not fully leveled the playing field for charter schools. In our opinion, the best option for ensuring that every student receives her or his fair share of educational resources is a weighted student funding system where all funds are portable and follow each child to their school of choice (Furtick & Snell, 2013). Until New York adopts such a system, the best that we can conclude is that, when it comes to charter school funding, thankfully, there is less inequity in New York City.

Appendix: Methodology

Fiscal Year

We gathered publicly available funding data for the 2013-14 *fiscal year* (FY2014), which stretched from July 1, 2013, through June 30, 2014. All data analyzed for New York City district schools (TPS) and charter schools are for the same FY2014 reporting period. We refer to that year throughout this report as “FY 2014.”

Data Gathering and Sources

We used the most reliable, most detailed, official records available. The same data and analysis standards for the past four funding studies were applied to this study. Source records were acquired directly from the New York City Education Department due to the great level of detail available. They were supplemented by records from the New York State Department of Education. Data on capital funding came from the School Construction Authority Enrollment Capacity and Utilization Reports, specifically the October 31, 2013 Audited Registers. Finally, we reviewed Audited Annual Financial Reports from charter schools.

After the FY2014 school year concluded, the team waited 18 months to begin researching this project to allow the state departments of education and charter schools time to produce and submit all of their official financial records, Annual Financial Reports, independent audits, enrollment statistics, and other data.

The analytic team did not rely upon finance data or demographic data collected by federal agencies. Data sourced from Federal agencies have gone through extensive aggregation and reporting processes that tend to be aggregated to the point where there is insufficient specificity to be useful for our analysis.

Data from Various Unique State Sources, Analyzed into Comparative Datasets

We used New York State’s ST-3 data collection tool to collect *revenues*, which we refer to as “funding” in this report, for the district schools. We used New York City Education Department sources for information on *spending*, given its greater detail. We secured audits for all charter schools located within the boundaries of the New York City Education Department for both revenue and expenditure data in the charter sector.

We gathered student enrollment data from the New

York State Department of Education web site. We also obtained funding formula guidelines for both districts and charters for FY2014. Finally, we used revenues and expenditure data from the School Construction Authority for capital analysis.

Analysis of Funding, Spending, Inclusions and Exclusions, Demographic Context

We studied school funding and spending for this report. Our mission was to examine how charter schools are treated in the New York State public finance systems, so we focused on how much money schools received and, secondarily, how those funds were spent to provide services to teachers and students. We looked for the following data and supporting detail:

- **Funding:** We included all revenues received by district and charter schools. Our goal was to determine the total amount of money received to run all facets of a school system, regardless of source. For charter schools, we included one-time revenues associated with starting the school, such as the federal Public Charter School Program and, in some cases, state and private grants. Fund transfers are not considered revenue items and were not included in the analysis.

Arguably, one-time revenues could have been excluded since they are not part of a charter school’s recurring revenues. However, they are a notable part of the funding story for the charter sector; when considering how much money is provided to run charter schools, these revenues cannot be and were not ignored. Furthermore, we also included onetime grants of various kinds to district schools.

Funds initially received by district schools that were passed along to charters usually were flagged as pass-through funds in the documentation we used to determine charter school revenue. In some cases we were able to identify additional instances of district schools providing services to charter students, usually involving special education, through examining expenditure data. In all cases where we were able to determine that district school funds either passed through to charters or were spent on charter school students we counted that as

charter school revenue and not TPS revenue. For example, the New York City school district made \$186 million in in-kind expenditures supporting the charter schools in the city in FY2014. We reduced the district's revenue by \$186 million and increased the charter sector total by the same amount, as that revenue supported charter students. We also applied this standard to the city's stock of school space, reducing the district's capital value by the same rate as the increased value applied to the co-located charter schools.

- **Enrollment:** School enrollment was drawn from the city's Basic Educational Data System "Count Day" total, which recorded student attendance on Wednesday, October 2, 2013 (the first Wednesday in October).
- **Exclusion of Revenue:** The only revenue item we excluded from our analysis was funds resulting from the restructuring of debt, as those are not "new revenues" but merely a re-packaging of existing assets and obligations.
- **Selection of Schools:** All charter schools in New York City were included in this study with the exception of 6 schools for which we could not obtain valid revenue and enrollment data. If we could not obtain revenue data, the enrollments for those schools were excluded from the analysis. If we could not obtain enrollment data, the revenues for that school were excluded from the analysis.

Funding Source Classifications

The analysis classified funding by source. The six source classifications – which apply to both districts and charter schools -- included the following:

- **Federal** – Funding whose origins are federal taxation and public usage fees. These funds may include federal impact aid, Title I, mineral rights and access payments, federal charter school startup funding, ARRA funds, and federal "State Fiscal Stabilization Fund" grants, and any other obviously federal funding.
- **State** – Funding whose origins are state taxation and public licensing and usage fees. These funds may originate from sales taxes, property taxes, licensing fees, auto registrations, lotteries, or any other state origins.
- **Local** – Funding whose origins are local taxation and public per capita and usage fees. The most common local source is local property taxes and

may also include piggy-back sales taxes, per capital taxes, local capital bonds, and any other allowed local funding sources.

- **Other** – Funding from non-tax, nonpublic sources. These funds include gate receipts, meal sales, philanthropy, fundraising, interest on bank accounts and investments, and any other non-tax funding.
- **Public-Indeterminate** – A funding item is classified as Public-Indeterminate if it can be determined that the item is from public taxation but due to lack of the state's accounting record specificity it cannot be determined if it is from a federal, state, or local source.
- **Indeterminate** – If the state's financial detail lacks sufficient specificity to classify a funding item into any of the other five source classifications, then that funding item is classified as "Indeterminate."

Funding calculations for the city's charter schools were based primarily on audit information with the value of in-kind added to all calculations and was distributed based on charter school enrollments by borough. The New York City Department of Education's (NYCDoE) pass-through of state aid, which is a combination of local and state funding, was distributed to our local and state categories based on the NYCDoE financial reporting indicating the percentage of total funding comprised of Local and State funding. The Indeterminate Public category for the district represented the deduction of these funds from the district's analysis.

Funding numbers for New York City districts for FY2014 are lower than in previous published reports (Batdorff et al., 2005; Batdorff et al., 2010; Batdorff et al., 2014). Review of expenditures allowed us to back out pass-through expenditures to the city's charter schools that were not reported through the state's ST-3 data collection. As a result of this level of review, we lowered funding for the New York City district schools by \$186.3 million and increased funding and expenditures for the city's charter schools by the same amount.

Negative Funding Amounts

Negative funding amounts occur naturally in most financial systems for a variety of reasons. They had a small net effect on the categorical totals for federal, state, local, and other funding used in this study. Negative funding amounts occurred when one side of an accounting entry was classified into one source category and the other side of the accounting entry was classified into a different source category. If an analyst

backed out funding amounts for items that were exclusions based on the funding study methodology, the actual line item amounts were removed, flagged to be excluded in totals, or a negative funding item was added to the file. The method used depended upon the specificity of the data record available to the analyst and the nature of the adjustment and data structure. Adjustment amounts were added to the most appropriate source category specific to districts versus charter schools.

Spending

For the purpose of this study, we included all expenditures made by a district or a charter school with the exceptions below:

- ***Intra-agency Transfers:*** Transfer payments between accounts could lead to double counting of expenditures and therefore were excluded from the analysis.
- ***Pass-throughs to Public Charter Schools:*** State aid categorized as public charter school funding was excluded from the district school analysis and counted as charter school funding.

School Construction Authority financial statements did not include costs of capital projects by borough. The NYCDoe did include debt service costs by borough. As debt service and capital projects are closely linked, we used the percentage of debt service to determine the distribution of capital projects expenditures to district schools by borough.

For capital expenditures related to co-located charter schools, we relied on recent analysis from the New York State Legislature that set the value of co-location at \$2,775 per-pupil. With analysis from the School Construction Authority Enrollment Capacity and Utilization Report, we multiplied this per-pupil amount by the number of approved seats for each co-located charter school. The final numbers for co-location for charter schools in each borough were applied as funding and expenditures.

Rounding

Dollar values were rounded to the nearest dollar, so some totals may be off by \$1 compared to the sum of the visible values on a chart. Similarly, some values may differ by \$1 for the same metric depending on the analysis source for that metric. Some percentages also were rounded to the nearest whole number, which may cause apparent differences by a percentage.

Tables and Charts

If no citation accompanied a table or chart, the information therein was compiled by the research team according to the process outlined above. When we relied on the data or publications of other organizations, we provided the relevant citation.

Weighted Average Calculations

The totals presented in each table are weighted averages based on enrollments. We generated them by taking the funding totals for each row item in the table, adding them up, then dividing that aggregate by the total combined student enrollment for those items. We did this separately for the district and charter sectors. The average funding gap, then, is the total charter average minus the total district average. This straightforward method automatically generates per-pupil averages that are “true” means for the aggregated set of items, such as boroughs, given their different enrollments.

Analysis by Location

The NYCDoe expenditure file of 1.4 million records contained designations by borough for each expenditure. We used the website, <http://schools.nyc.gov/community/charters/information/directory.htm> to identify the borough location for all the city's charter schools. Given the wealth disparities between lower Manhattan and Harlem, we elected to separate the borough of Manhattan into two groups, using the website, <http://schools.nyc.gov/schoolsearch/> to identify the location of both the district schools and the charter schools located within the borough. We determined the boundaries of Harlem by using the following map, <https://tinyurl.com/yd3wtqlj>

The file also contained expenditures categorized at the level of borough for two non-borough categories, Adult Education and Non-Public School Pass-throughs. We did not have any information available that would allow us to assign these expenditures by borough. Therefore, we maintained the expenditures for the districtwide analysis included in our report, “Charter School Funding: Inequity in the City” (Wolf et al., 2017), but did not include those costs in the borough-level analysis presented in this report. Consequently, totals for the district presented in these two reports will differ.

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Research Team



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Mr. Maloney is president of Aspire Consulting and has investigated expenditure patterns of the nation's public schools on behalf of states and individual school districts since 1992. Mr. Maloney participated in the research team for the Fordham Institute funding study in 2005, the Ball State University funding study in 2010, and the University of Arkansas study in 2014. Recent projects include evaluations of funding and expenditure patterns of eleven major metropolitan school districts and the charter schools located within their boundaries. Mr. Maloney co-authored a series of reports for the Fordham Institute on future retirement costs for three school districts, as well as conducting a school-by-school expenditure analysis for the Washington, DC region. He served as the evaluator for a U.S. Department of Education program designed to enhance the level of products and services provided by state charter associations. Additionally, he provided the financial analysis for the U.S. Government Accountability Office study of Title 1 expenditures and the U.S. Department of Education National Charter School Finance Study.



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