

3-2023

## Charter School Funding Disparities: Los Angeles, California

Alison Heape Johnson  
*University of Arkansas, Fayetteville*

Josh B. McGee  
*University of Arkansas, Fayetteville*

Patrick J. Wolf  
*University of Arkansas, Fayetteville, pwolf@uark.edu*

Larry D. Maloney  
*Aspire Consulting*

Jay F. May  
*EduAnalytics, LLC*

Follow this and additional works at: <https://scholarworks.uark.edu/scdp>



Part of the [Education Policy Commons](#), [Public Policy Commons](#), and the [Social Policy Commons](#)

---

### Citation

Johnson, A. H., McGee, J. B., Wolf, P. J., Maloney, L. D., & May, J. F. (2023). Charter School Funding Disparities: Los Angeles, California. *School Choice Demonstration Project*. Retrieved from <https://scholarworks.uark.edu/scdp/87>

This Report is brought to you for free and open access by the Education Reform at ScholarWorks@UARK. It has been accepted for inclusion in School Choice Demonstration Project by an authorized administrator of ScholarWorks@UARK. For more information, please contact [scholar@uark.edu](mailto:scholar@uark.edu).

# Charter School Funding Disparities: Los Angeles, California

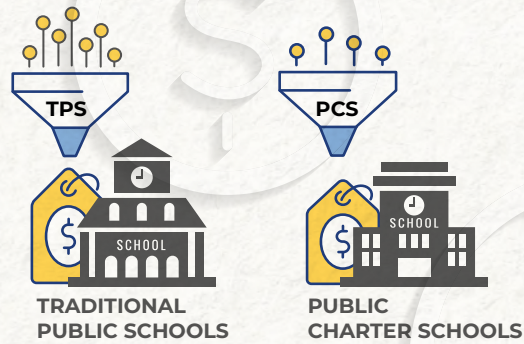
Alison Heape Johnson

Josh B. McGee

Patrick J. Wolf

Larry D. Maloney

Jay F. May



April 2023

School Choice Demonstration Project  
Department of Education Reform  
University of Arkansas  
201 Graduate Education Building  
Fayetteville, AR 72701

## Charter School Funding Disparities: Los Angeles, California

Alison H. Johnson

Josh B. McGee

Patrick J. Wolf

Larry D. Maloney

Jay F. May

March 2023

[School Choice Demonstration Project](#)

Department of Education Reform

University of Arkansas

201 Graduate Education Building

Fayetteville, AR 72701

<https://scdp.uark.edu/charter-school-funding-disparities-los-angeles>

As Arkansas' flagship institution, the **University of Arkansas** provides an internationally competitive education in more than 200 academic programs. Founded in 1871, the U of A contributes more than \$2.2 billion to Arkansas' economy through the teaching of new knowledge and skills, entrepreneurship and job development, discovery through research and creative activity while also providing training for professional disciplines. The Carnegie Foundation classifies the U of A among the top 3% of U.S. colleges and universities with the highest level of research activity. U.S. News & World



Report ranks the U of A among the top public universities in the nation. See how the U of A works to build a better world at [Arkansas Research News](#).

The **College of Education and Health Professions** established the **Department of Education Reform** in 2005. The department's mission is to advance education and economic development by focusing on the improvement of academic achievement in elementary and secondary schools. It conducts research and demonstration projects in five primary areas of reform: teacher quality, leadership, policy, accountability, and school choice.

The **School Choice Demonstration Project** (SCDP), based within the Department of Education Reform, is an education research initiative 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, Distinguished 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

Approximately 20 percent of the public school students in the City of Los Angeles attend a charter school. Los Angeles is home to the second-largest school district in the nation. The county in which Los Angeles sits has the largest share of charter school students in California, representing the United States' biggest and second-oldest charter school sector.

Our research team has documented disparities between traditional public school (TPS) and charter school funding in Los Angeles Unified School District (LAUSD) since the 2002-03 school year. Throughout these reports, TPS in LAUSD have consistently received more funding per pupil than charter schools in LAUSD—anywhere from 22 to 40 percent more.

In 2013, the California Legislature changed the way public schools had been funded for the last 40 years by establishing the Local Control Funding Formula (LCFF), a funding mechanism intended to increase funding equity. The LCFF ensures every TPS and charter school in California receives at least the minimum amount of funds per student deemed necessary for an adequate education, weighted by student needs and grade level.

Our past reports showed that from 2013-14 to 2015-16, as California began to implement the LCFF, the funding disparity between TPS and charter schools shrank by 18 percentage points from 40 percent to 22 percent. By 2017-18,

TPS in LAUSD have consistently received more funding per pupil than charter schools in LAUSD—anywhere from 22 to 40 percent more.

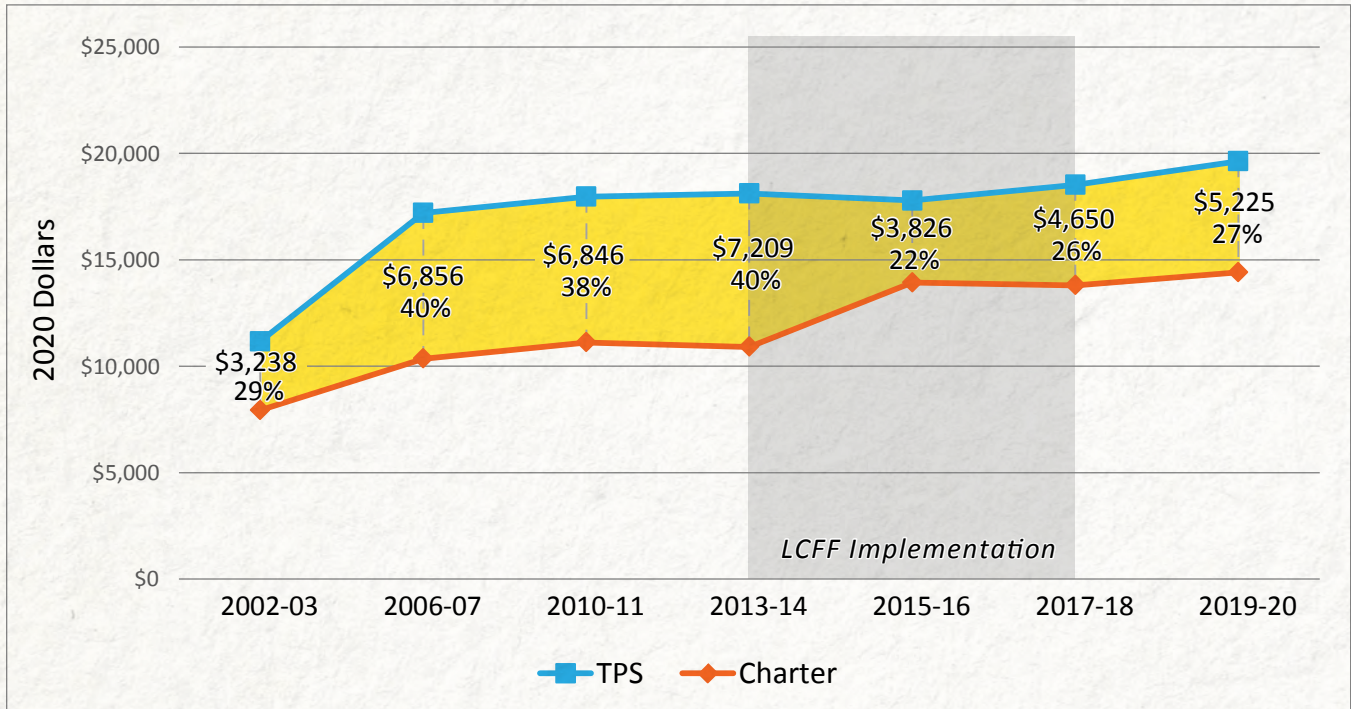
however, we found that the gap increased to 26 percent.

In this report, we investigate the status of the TPS-charter school funding gap a year after the full implementation of the LCFF. We use official financial documents from the California Department of Education and LAUSD to account for every dollar TPS and charter schools received in the 2019-20 school year, including in-kind services.

We find that between 2017-18 and 2019-20 both TPS and charter school funding per pupil increased slightly. These changes resulted in a one percentage point increase in the TPS-charter funding gap from 26 percent in 2017-18 to 27 percent in 2019-20 (see Figure ES1). The recent charter funding gap of 27 percent is down from 40 percent in 2013-14, prior to LCFF implementation.

The recent charter funding gap of 27 percent is down from 40 percent in 2013-14, prior to LCFF implementation.

**ES1: LAUSD TPS and Charter School Per-Pupil Funding—2002-20**



Differences in demographics between TPS and charter schools in LAUSD, including poverty level, English proficiency level, and special education status, do not fully explain the difference in per-pupil funding. TPS receive between 5 and 93 percent more funding than charter schools in five out of six revenue categories, including local, state, federal, unknown public, nonpublic, and unknown sources.

Finally, we disaggregate the funding by the seven LAUSD School Board districts. We find that TPS and charter schools serve approximately the same share of students in poverty across all seven School Board districts and that the funding

disparity between TPS and charter schools is relatively consistent across districts.

California has made progress decreasing the funding disparity between TPS and charter schools. Still, a sizeable gap remains. We hope that this case study will inspire California's leaders to consider ways they can equitably finance all Los Angeles students, regardless of what type of public school they attend.

California has made progress decreasing the funding disparity between TPS and charter schools. Still, a sizeable gap remains.

**Acknowledgements**

We are grateful to those who made this project possible. We appreciate the guidance of Gary Larson, Angela Montagna, and the Larson Communications team in making this complicated information accessible to the public. We are thankful for the skill of Marlo Crandall of Remedy Creative in designing and formatting the report. We are grateful for the suggestions of our Research Advisory Board Member Colin Miller. We thank the City Fund, and Walton Family Foundation for their grant support. The content of this report is entirely the responsibility of the authors and does not necessarily reflect the positions of the supporting funders, the University of Arkansas, or the University of Arkansas System.

# Charter School Funding Disparities: Los Angeles, California

## Introduction

Over the past three decades, charter schools have educated a growing share of America's schoolchildren. About 3.4 million students attended over 7,500 charter schools in 43 states and the District of Columbia in the 2019-20 school year.<sup>1</sup> In New Orleans, Washington D.C., and Detroit, charter schools serve over 40 percent of all K-12 students.

In 1992, California became the second state, after Minnesota, to enact a charter school law. Since then, California's charter sector has grown to be the largest in the United States in terms of enrollment.<sup>2</sup>

Roughly 10 percent of the state's K-12 public school students attend a charter school. Unsurprisingly, California's charter schools are concentrated in its urban areas.

Los Angeles, home to the second largest school district in the United States, is important in the charter school movement because of both the size and maturity of its charter sector. Los Angeles was home to 600,860 students attending 1,020 traditional public schools (TPS) and 240 public charter schools in 2019-20. Approximately 20 percent of Los Angeles' public school students attend a charter school.

Charter schools are public schools that are

granted more operational autonomy than TPS. In Los Angeles, charter schools may be authorized by the Los Angeles Unified School District (LAUSD) Board, the Los Angeles County Board of Education, or the California Board of Education.

About 3.4 million students attended over 7,500 charter schools in 43 states and the District of Columbia in the 2019-20 school year.

In return for operational autonomy, charter schools make a pledge to their authorizers to achieve certain academic performance goals through a contract or "charter." They must meet these goals to renew their charter on a recurring basis. In California, charter schools must be renewed at least every five years.

Unlike most TPS, most charter schools do not require students to live in a designated residential zone to attend. When asked, parents say they value the ability to choose a

Approximately 20 percent of Los Angeles' public school students attend a charter school.

---

1 <https://nces.ed.gov/programs/coe/indicator/cgb/public-charter-enrollment>

2 <https://data.publiccharters.org/digest/charter-school-data-digest/how-many-charter-schools-and-students-are-there/>

different school for their child than the one that was residentially assigned.<sup>3</sup> If they are oversubscribed, California law mandates that charter schools award seats via random lottery. Like TPS, charter schools cannot charge tuition or deny enrollment based on a student's race or ethnicity, sex, religion, or disability. Additionally, charter schools must be nonreligious both in operation and in affiliation, although that restriction may be challenged in the future.<sup>4</sup>

A local education agency (LEA) must supervise a charter school. California defines LEA broadly – it may be the school itself, the school district in which it operates, or a non-profit charter management organization (CMO).<sup>5</sup> In 2019–20, there were 52 “affiliated” charter schools in LAUSD (i.e., TPS that were converted to charter schools and remain under LAUSD’s supervision).

The remaining charter schools either are their own LEA or operate under a CMO.

Charter schools are granted additional autonomy in the hope that they will be able to innovate and better tailor the educational experience to serve their students’ unique needs and interests.<sup>6</sup> Compared to parents of TPS students, parents of charter school students generally report higher levels of satisfaction with their children’s schools.<sup>7</sup>

Relative to similar TPS students, charter school students perform slightly better on standardized tests, graduate high school at higher rates, enroll in college at higher rates, and have more positive behavioral outcomes.<sup>8</sup> Charter schools appear to be especially effective in improving outcomes for Black and Hispanic students, students in poverty, and students with special needs.<sup>9</sup> Two

## Charter schools appear to be especially effective in improving outcomes for Black and Hispanic students, students in poverty, and students with special needs.

---

3 Stewart, T., & Wolf, P. J. (2014). *The school choice journey: School vouchers and the empowerment of urban families* (New York: Palgrave MacMillan).

4 Garnett, N. S. (2023, January 12). [Supreme Court opens a path to religious charter schools](#). Education Next.

5 California banned for-profit charter schools in 2018, requiring that any existing for-profit schools switch to a non-profit status by the time of their next charter renewal.

6 Fox, R. A., & Buchanan, N. K. (2014). *Proud to be different: Ethnocentric niche charter schools in America*, Lanham, MD: Rowman & Littlefield.

7 Barrows, S., Peterson, P. E., & West, M. R. (2017). [What do parents think of their children’s schools?](#) *Education Next*, 17(2).

8 Cremata, E., Davis, D., Dickey, K., Lawyer, K., Negassi, Y., Raymond, M., & Woodworth, J. L. (2013). [National charter school study](#). Stanford, CA: Center for Research on Education Outcomes; Betts, J. R., & Tang, Y. E. (2019). [The effect of charter schools on student achievement](#). New York, NY: Routledge. Foreman, L. M. (2017). [Educational attainment effects of public and private school choice](#). *Journal of School Choice*, 11(4), 642-654; Zimmer, R., Buddin, R., Smith, S. A., & Duffy, D. (2019). [Nearly three decades into the charter school movement, what has research told us about charter schools?](#) EdWorkingPaper No. 19-156. Annenberg Institute at Brown University; Deming, D. J., Hastings, J. S., Kane, T. J., & Staiger, D. O. (2014). [School choice, school quality, and postsecondary attainment](#). *American Economic Review*, 104(3), 991-1013; Sass, T. R., Zimmer, R. W., Gill, B. P., & Booker, T. K. (2016). [Charter high schools’ effects on long-term attainment and earnings](#). *Journal of Policy Analysis and Management*, 35(3), 683-706; Dobbie, W., & Fryer Jr, R. G. (2015). [The medium-term impacts of high-achieving charter schools](#). *Journal of Political Economy*, 123(5), 985-1037.

9 Center for Research on Education Outcomes. (2015). [Urban charter school study](#). Stanford, CA: Stanford University.



studies have looked specifically at southern California, a region that includes Los Angeles and San Diego. These studies found that, after controlling for student demographics, charter schools in these areas on average produce significantly higher annual test score growth than TPS.<sup>10</sup>

The presence of charter schools likely also pushes TPS to improve. Research indicates that when TPS face additional charter school competition, their students achieve better outcomes.<sup>11</sup> This competitive effect is especially strong in urban areas with large concentrations of Black and Hispanic students and students in poverty, where there is some evidence that charter sector growth has helped narrow historic opportunity gaps.<sup>12</sup>

Despite the overall effectiveness of charter schools, particularly urban charters, our past research has demonstrated that charter schools tend to receive significantly less funding per pupil than TPS do – 33 percent less in 2017-18 in 18 major U.S. cities, on

average.<sup>13</sup> In Los Angeles, the funding disparity has ranged from 22 to 40 percent since 2002-03.<sup>14</sup> In our most recent report using

When TPS face additional charter school competition, their students achieve better outcomes.

2017-18 data, the gap between Los Angeles TPS and charter schools was \$4,757 (2020 dollars) or 26 percent.<sup>15</sup>

In 2013, the California Legislature adopted a new school funding scheme called the Local Control Funding Formula (LCFF), changing the way public schools had been funded for the last 40 years. One of the explicit goals of the new formula was to increase funding equity

Using 2017-18 data, the gap between Los Angeles TPS and charter schools was \$4,757 (2020 dollars) or 26 percent.

---

10 *ibid.* Center for Research on Education Outcomes. (2014). *Charter school performance in Los Angeles*. Stanford, CA: Stanford University.

11 Griffith, D. (2022, January 26). *Still rising: Charter school enrollment and student achievement at the metropolitan level*. Washington, DC: Fordham Institute. Chen, F., & Harris, D. N. (2022). *How do charter schools affect system-level test scores and graduation rates? A national analysis*. New Orleans, LA: National Center for Research on Education Access and Choice, January 26.

12 Griffith, D. (2022, January 26). *Still rising: Charter school enrollment and student achievement at the metropolitan level*. Washington, DC: Fordham Institute.

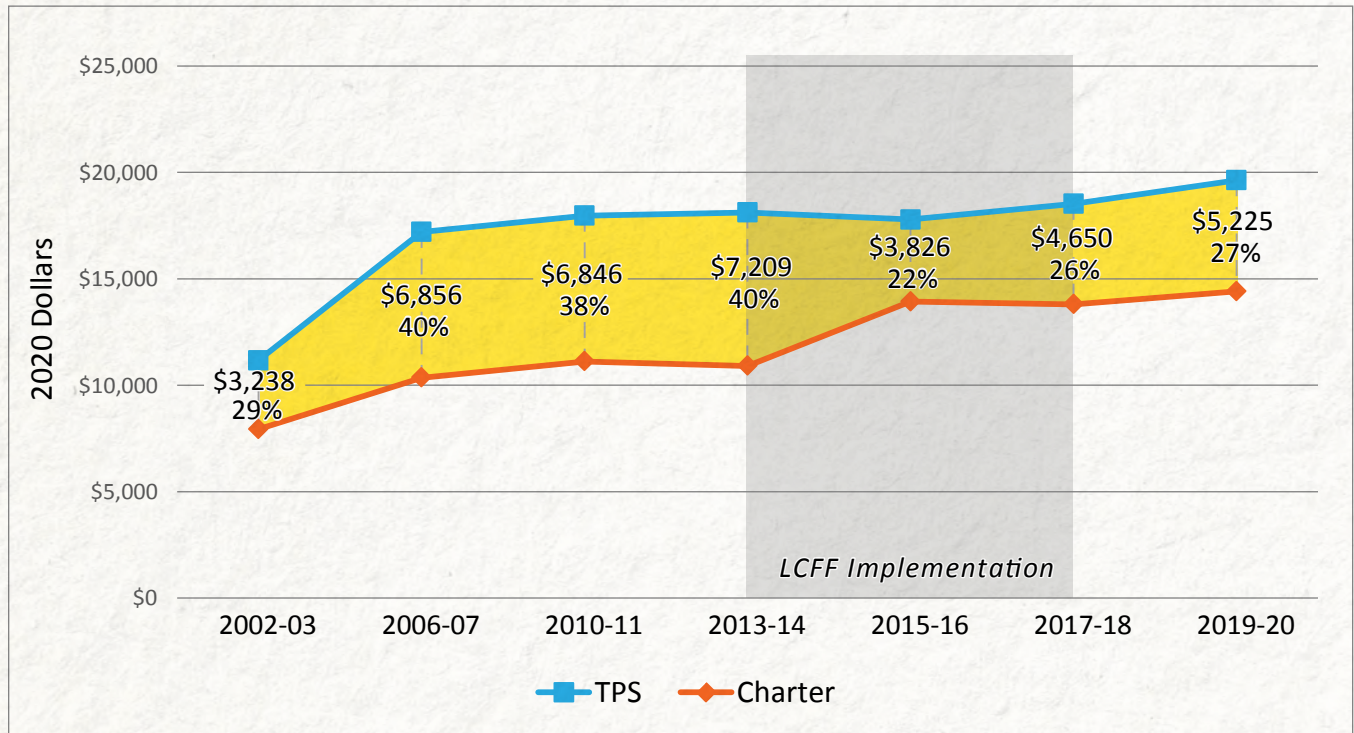
13 DeAngelis, C.A., Wolf, P.J., Maloney, L.D., May, J.F. (2020). *Charter School Funding: Inequity Surges in the Cities*. Fayetteville: University of Arkansas, Department of Education Reform.

14 <https://scdp.uark.edu/public-charter-school-funding-study/>; DeAngelis, C. A., Wolf, P. J., Maloney, L. D., & May, J.F. (2018). *Charter school funding: (More) inequity in the city*. Fayetteville: University of Arkansas, Department of Education Reform; DeAngelis, C.A., Wolf, P.J., Maloney, L.D., May, J.F. (2020). *Charter School Funding: Inequity Surges in the Cities*. Fayetteville: University of Arkansas, Department of Education Reform.

15 The American Institutes for Research likewise studied charter school funding from 2014-17 in LAUSD and, holding student and school characteristics constant, found no significant difference between TPS and charter school funding. However, this study only examines 29 charter schools managed by two CMOs and excludes some TPS revenues. Atchison, D., Levin, J., & de los Reyes, I.B. (2018). *Study of spending in public charter and traditional schools in California. Making research relevant (p. vii)*. American Institutes for Research.

between high- and low-income students.<sup>16</sup> When our research team looked at LCFF’s impact on charter funding, we found that it reduced the funding gap between charters and TPS in Los Angeles by 18 percentage points from 40 percent to 22 percent between 2014 and 2016 (see Figure 1 below). However, the gap increased slightly to 26 percent in 2018.

**Figure 1: LAUSD TPS and Charter School Per-Pupil Funding—2002-18**



In this report, we build upon our past research by examining Los Angeles TPS and charter funding for the 2019-20 school year. Specifically, we seek to answer the following questions:

1. What is the difference in per pupil revenue between TPS and charter schools?
2. Do differences in student demographics explain funding differences between TPS and charter schools?
3. Does the relationship between TPS

and charter school funding vary across categories of school revenue?

4. Does the funding gap between TPS and charter schools vary across communities within Los Angeles?

The rest of this report explains how school funding in Los Angeles works, describes our data collection and analysis methods, presents our results, and concludes with recommendations for further study and policy implications.

<sup>16</sup> Lafortune, J. (2019). [School Resources and the Local Control Funding Formula. Is Increased Spending Reaching High-Need Students?](#) Public Policy Institute of California.

## School Funding in Los Angeles

Public school revenue primarily comes from the federal, state, and local governments. Additionally, schools may receive miscellaneous revenue from nonpublic sources by selling or renting capital (i.e., buildings, equipment, etc.), earning interest on bank accounts and investments, charging fees for additional community services, holding fundraisers, and receiving philanthropic support.

In 2019-20, on average, 59 percent of the public component of California public school funding came from the state, 33 percent came from local property taxes, and 8 percent came from the federal government.<sup>17,18</sup> Forty percent of these funds are restricted, meaning they must be used for specific programs or student needs (e.g., services for English language learners or students with special needs).

The remaining 60 percent of revenue may be used at the LEA's discretion.<sup>19</sup>

Most of California's education funding is determined by the state funding formula. As noted earlier, California recently overhauled its funding formula,

replacing its complicated hybrid of program- and student-based funding to a fully student-based funding scheme that applies to both TPS and charter schools.<sup>20</sup> The new formula, called the LCFF, establishes a base amount or "base grant" per pupil, weighted by grade level band.<sup>21</sup> For the 2019-20 school year, the base grant ranged from \$7,818 for 4<sup>th</sup>-6<sup>th</sup> grade students to \$9,572 for 9<sup>th</sup>-12<sup>th</sup> grade students.<sup>22</sup>

The LCFF base amount is then weighted by student need using each school's student demographics. For every enrolled student who is eligible for free- or reduced-price lunch (FRL), in foster care, or an English language learner, the school receives an additional 20 percent of the base grant (i.e., base grant \* 120 percent). This additional amount is called the Supplemental Grant.

59 percent of the public component of California public school funding came from the state, 33 percent came from local property taxes, and 8 percent came from the federal government.

---

17 Hahnel, C., Hough, H. J., & Willis, J. (2020). [Protecting education funding in California: A summary brief](#). Policy Analysis for California Education.

18 Federal pandemic aid had yet to hit school districts books and so is not included in the 2019-20 finance figures covered in this report.

19 [https://achieve.lausd.net/cms/lib/CA01000043/Centricity/Domain/123/05\\_How%20Education%20is%20Funded%20in%20California.pdf](https://achieve.lausd.net/cms/lib/CA01000043/Centricity/Domain/123/05_How%20Education%20is%20Funded%20in%20California.pdf)

20 Because a California charter school's LEA may not be a CMO or EMO but rather might be the school district, by default, charter schools whose LEA is the public school district receive the state portion of LCFF funds as pass-through funds from the school district. However, a charter school can opt to receive state funds directly from the state instead. <https://reports.ecs.org/comparisons/view-by-state/12/CA>

21 <https://www.cde.ca.gov/fg/aa/lc/lcffoverview.asp>

22 <https://www.cde.ca.gov/fg/aa/pa/pa1920rates.asp>

Furthermore, if more than 55 percent of a school's students are in any of these three categories, then the school will receive an additional 65 percent of the base grant for each student above the 55 percent threshold – called the Concentration Grant.<sup>23</sup> For example, if an FRL eligible student moves to a school that is 60 percent FRL eligible, that student would generate 170 percent of the base grant amount for the student's grade band (base grant + 20 percent + 50 percent = 170 percent). Charter schools' concentration grant is capped at the average student need concentration percentage for the district in which they reside.<sup>24 25</sup>

After the base LCFF funding amount for a school district is calculated based on student enrollment and need, the state allocates funding to make up the difference between local property tax revenue and the LCFF funding amount. Therefore, schools in districts with higher property wealth receive less state LCFF funding than schools in districts with lower property wealth.

California has a separate system for allocating

funding for special education. Every TPS and charter school in the state must belong to a Special Education Local Planning Area (SELPA), a coalition of LEAs that pool their resources to provide special education services to their members.<sup>26</sup> Depending on the type of SELPA membership a charter school chooses, a charter school may receive in-kind special education services in lieu of state special education funding through the SELPA, receive state special education funds as pass-through from the SELPA, or opt to receive special education funds directly from the state.<sup>27</sup> In Los Angeles, all affiliated charter schools and most independent charter schools participate in the LAUSD SELPA.<sup>28</sup>

Under a program called AB 602, the state distributes funds for special education to SELPAs based on **total** student enrollment within the SELPA, not based on the number of students within the SELPA that have special needs or the type of need the students have or level of support they need.<sup>29</sup> This approach is referred to as "capitation funding" and is intended to

---

23 The additional funding amounts, called supplemental and concentration grants, are unduplicated, meaning that the same percentage of the base grant is allocated for a foster youth in poverty who is learning English as for a student who is simply in poverty.

24 Ugo, I., & Hill, L. (2017). [Charter schools and California's local control funding formula](#). Public Policy Institute of California.

25 LAUSD has a relatively high student need concentration percentage (i.e., [roughly 80 percent](#)), so this cap may not have a sizable impact on Los Angeles' charters.

26 Hall, S., Lancet, S., & Tucker, W. (n.d.). [Special education funding in charter schools - 18 city snapshots](#). School Choice Demonstration Project & The Center for Learner Equity. <https://www.cde.ca.gov/sp/se/as/caselpas.asp#:~:text=Each%20region%2C%20Special%20Education%20Local,become%20contributing%20members%20of%20society>.

27 *ibid*.

28 <https://achieve.lausd.net/cms/lib/CA01000043/Centricity/domain/361/charter/LAUSD%20COP%20Fact%20Sheet%2018-19%20Uploaded%209.17.18.pdf>

29 [https://lao.ca.gov/Publications/Report/4486#:~:text=general%20purpose%20funding,-,California%20Provides%20Most%20Special%20Education%20Funding%20Based%20on%20Overall%20Student,\(after%20its%20enacting%20legislation\);](https://lao.ca.gov/Publications/Report/4486#:~:text=general%20purpose%20funding,-,California%20Provides%20Most%20Special%20Education%20Funding%20Based%20on%20Overall%20Student,(after%20its%20enacting%20legislation);) <https://lao.ca.gov/Publications/Report/3764>

eliminate any incentive to over-identify students with disabilities.<sup>30</sup> Therefore, special education funding may be stretched thinner in some SELPAs than others because they may have higher concentrations of students with special needs, especially ones requiring significant additional resources.<sup>31</sup> In addition to AB 602, there are other smaller programs related to special education—mental health, out-of-home care, and infant and preschool care—that offer add-on funding.<sup>32</sup>

Public schools across the country also receive funds from the federal government for specific programs. The three primary programs are:

- Title I, which provides targeted funding for students in poverty,<sup>33</sup>
- the National School Lunch Program, which provides targeted funding for free- or reduced-price school meals for students in poverty,<sup>34</sup> and
- the Individuals with Disabilities Education Act (IDEA), which provides targeted funding for students with special needs.<sup>35</sup>

## Methodology

To gather the data for this report, our team systematically reviewed financial reports from the California Department of

Education (CDE) and LAUSD, including charter school audits. Our sample includes all TPS and charters within LAUSD. We exclude communities within the City of Los Angeles that maintain their own school districts. However, we include 11 communities outside of Los Angeles city proper that have chosen to be part of LAUSD. The remainder of this section provides an overview of our methodology. Appendix C describes our methods in greater detail and provides a list of our specific data sources.

Our objective is to accurately account for every dollar received by all schools within LAUSD. To do so, we must overcome two challenges. First, some state funding is allocated to the TPS district to “pass through” to charter schools. We ensure pass-through funds are correctly attributed to their final destination. Second, TPS often share non-monetary resources with charter schools such as facilities, special education services, food services, or transportation services.

We ensure pass-through funds are correctly attributed to their final destination.

---

30 Dhuey, E., & Lipscomb, S. (2011). Funding special education by capitation: Evidence from state finance reforms. *Education Finance and Policy*, 6(2): 168-201.

31 Hill, L., Warren, P., Murphy, P., Ugo, I., and Pathak, A. (2016). [Special Education Finance in California](#). Public Policy Institute of California.

32 <https://lao.ca.gov/Publications/Report/3764>

33 <https://nces.ed.gov/fastfacts/display.asp?id=158>

34 <https://www.fns.usda.gov/nslp>

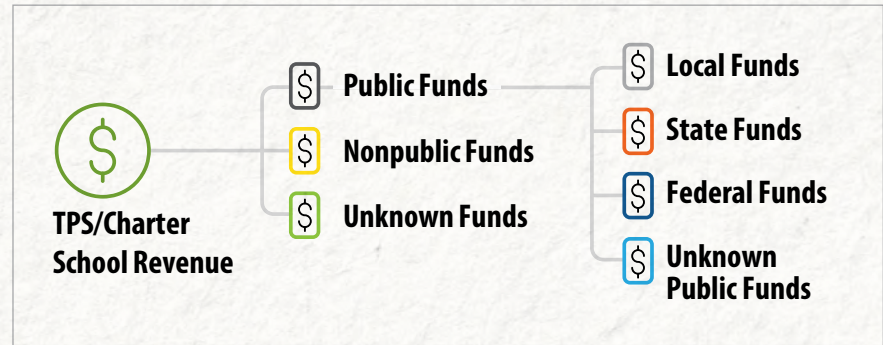
35 <https://sites.ed.gov/idea/>

We attempt to capture and include all in-kind services in our revenue totals, assigning them to the public school sector that ultimately benefits from the service.

Once we have captured all revenue, we categorize each revenue stream by origin (see Figure 2). As in our past reports, we use the following definitions for each category (see Appendix E for a detailed list of the revenue codes included in each category):

- **Local Funds**—funds whose origins are local taxes and public per capita and usage fees. The most common local source is local property taxes but local funds may also include other sources of revenue such as sales taxes, per capita taxes, and local voter-approved taxes to service bonds.
- **State Funds**—funds whose origins are state taxes 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.
- **Federal Funds**—funds whose origins are federal taxes 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”

**Figure 2: Revenue Categorizations**



grants, and any other obviously federal funding.

- **Unknown Public Funds**—funding from public taxation which, due to vagueness in the state’s accounting, cannot be determined to be from a federal, state, or local source. We also categorize in-kind services as unknown public revenues—positive revenues for charter schools and negative revenues for TPS.
- **Nonpublic Funds**—funds from non-tax, nonpublic sources. These funds include gate receipts, meal sales, philanthropy, fundraising, rental charges, interest on bank accounts and investments, and any other non-tax funding.
- **Unknown Funds**—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 unknown.

Because LAUSD is so large, we also wanted to examine funding across communities within the

district. To accomplish that aim, we summarize the data for each of the seven LAUSD Board of Education districts.<sup>36</sup> While we can easily disaggregate charter school revenue because it is reported at the school level, 55 percent of TPS revenue is only reported at the district level. Therefore, we estimate the per-pupil revenue for each LAUSD School Board district by allocating district-level funds to each school based on enrollment.

In addition to providing descriptive statistics for both the TPS and charter school populations to examine whether variation in student

characteristics could be driving any funding disparities, we conduct an ordinary least squares regression analysis to examine whether population demographics explain the gap between TPS and charter school funding.<sup>37</sup>

## Results

We start with our first two research questions regarding the relationship between TPS and charter school funding in LAUSD in 2019-20 and whether student characteristics could be driving any disparities. Table 1 shows that the proportion of students eligible for FRL, identified

**Table 1: Demographic Characteristics of LAUSD TPS and Charter School Students —2019-20 School Year**

	LAUSD	Percent of LAUSD Population	Charter	Percent of Charter Population	LA Total	Percent of Total Student Population
<b>Student Enrollment</b>	483,234		117,626		600,860	
<b>Schools</b>	1,020		239		1,259	
<b>Early Childhood (K-3)</b>	165,567	34%	27,036	23.0%	192,603	32%
<b>Middle Grades (4-8)</b>	183,048	38%	44,305	38%	227,353	38%
<b>High School (9-12)</b>	134,619	28%	46,285	39%	180,904	30%
<b>Free- or Reduced-Price Lunch (FRL)</b>	381,116	79%	90,523	77%	471,639	79%
<b>English Language Learners (ELL)</b>	95,108	20%	22,709	19%	117,817	20%
<b>Foster Care</b>	5,620	1%	1,217	1%	6,837	1%
<b>Special Education</b>	70,766	15%	12,461	11%	83,230	14%
<b>Non-White</b>	432,236	89%	106,926	91%	539,162	90%
<b>White</b>	50,998	11%	10,700	9%	61,698	10%

36 We also disaggregate the data by Los Angeles City Council district (of which there are 15, corresponding to each councilmember), including self-governing communities as a separate district; the results of the City Council analysis are available in Appendix D.

37 Formulas and results for these regressions can be found in Appendix B.

## The proportion of students eligible for FRL, identified as ELL, and in the foster care system are remarkably similar between TPS and charters.

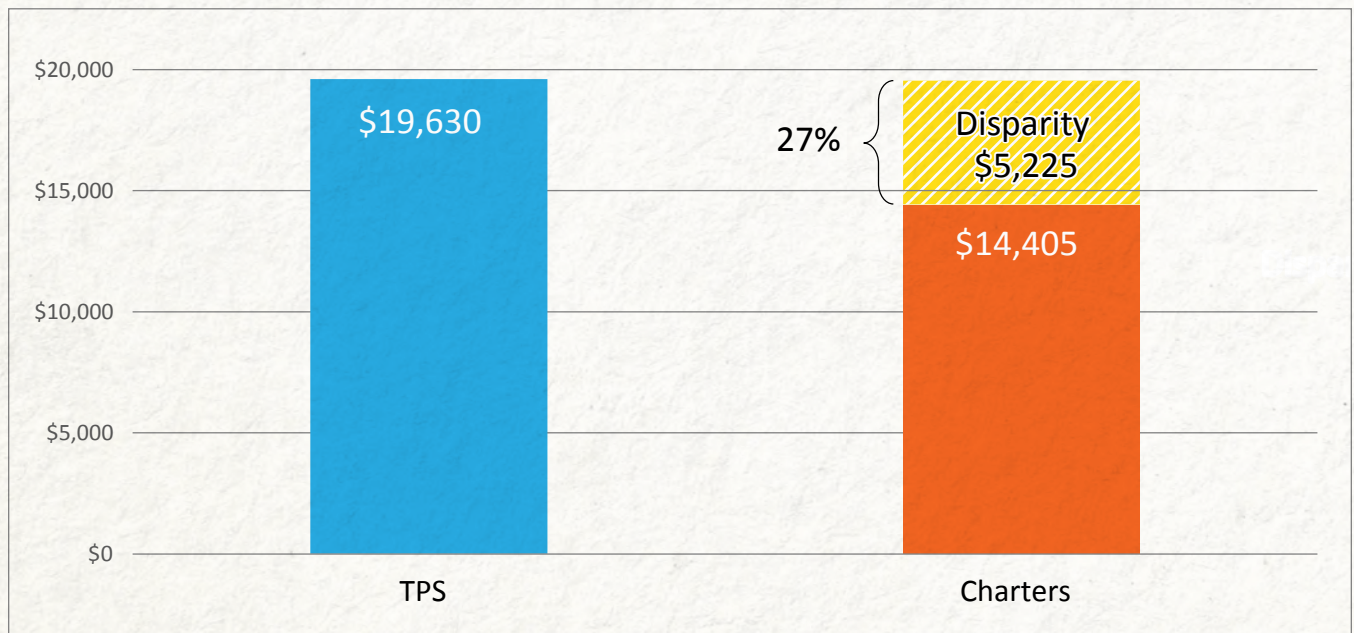
as ELL, and in the foster care system are remarkably similar between TPS and charters. The proportion of white/non-white students is also similar between the sectors. While TPS serve slightly more students with special needs, the difference is less than five percentage points. The similarity between the demographic makeup of TPS and charter schools is not surprising given that charter schools “must achieve a racial and ethnic balance reflective of the District population.”<sup>38</sup>

Next, we examine the difference between average per-pupil revenue in TPS and charter

schools, shown in Figure 3. In 2019-2020, on average, TPS received \$19,630 in revenue per pupil, whereas charter schools received \$14,405, a difference of \$5,225 or 27 percent.

In 2019-2020, on average, TPS received \$19,630 in revenue per pupil, whereas charter schools received \$14,405, a difference of \$5,225 or 27 percent.

**Figure 3: Average Per-Pupil Revenue for LAUSD TPS and Charter Schools—2019-20**



<sup>38</sup> <https://achieve.lausd.net/Page/1816>



We use ordinary least squares regression to investigate whether differences in student demographics explains the observed funding gap between TPS and charter schools. When we control for school grade level, ELL share, and FRL share, the funding gap between TPS and charters remains basically unchanged (see Appendix B for details). This result is unsurprising given the similarity of the student populations on most measures of student need. Next, we examine whether the relationship between TPS and charter school funding varies across categories of school revenue. Table 2 and Figure 4 show that charter school funding is consistently lower than TPS funding across all funding sources except for unknown public

## Charter school funding is consistently lower than TPS funding across all funding sources except for unknown public funding.

funding. In this case, the positive number of dollars that Los Angeles charter schools receive represents a small redistribution through in-kind services. TPS revenue is negative (-\$55 per pupil) to account for the value of the free use of facilities that 51 of these charter schools receive from LAUSD, which we attribute to charter schools as revenue.<sup>39</sup>

However, the in-kind fund difference is small relative

to the disparities in other categories. On average, charter schools in Los Angeles receive 40 percent less local funding than TPS (-\$1,945 per pupil), 25 percent less state funding (-\$2,903 per pupil), 53 percent less federal funding (-\$1,139 per pupil), 5 percent less nonpublic funding (-\$36 per pupil), and 93 percent less unknown funds (-\$234 per pupil). In dollars, the largest disparity is in the state funding category (-\$2,903 per pupil).

## The largest disparity is in the state funding category (-\$2,903 per pupil).

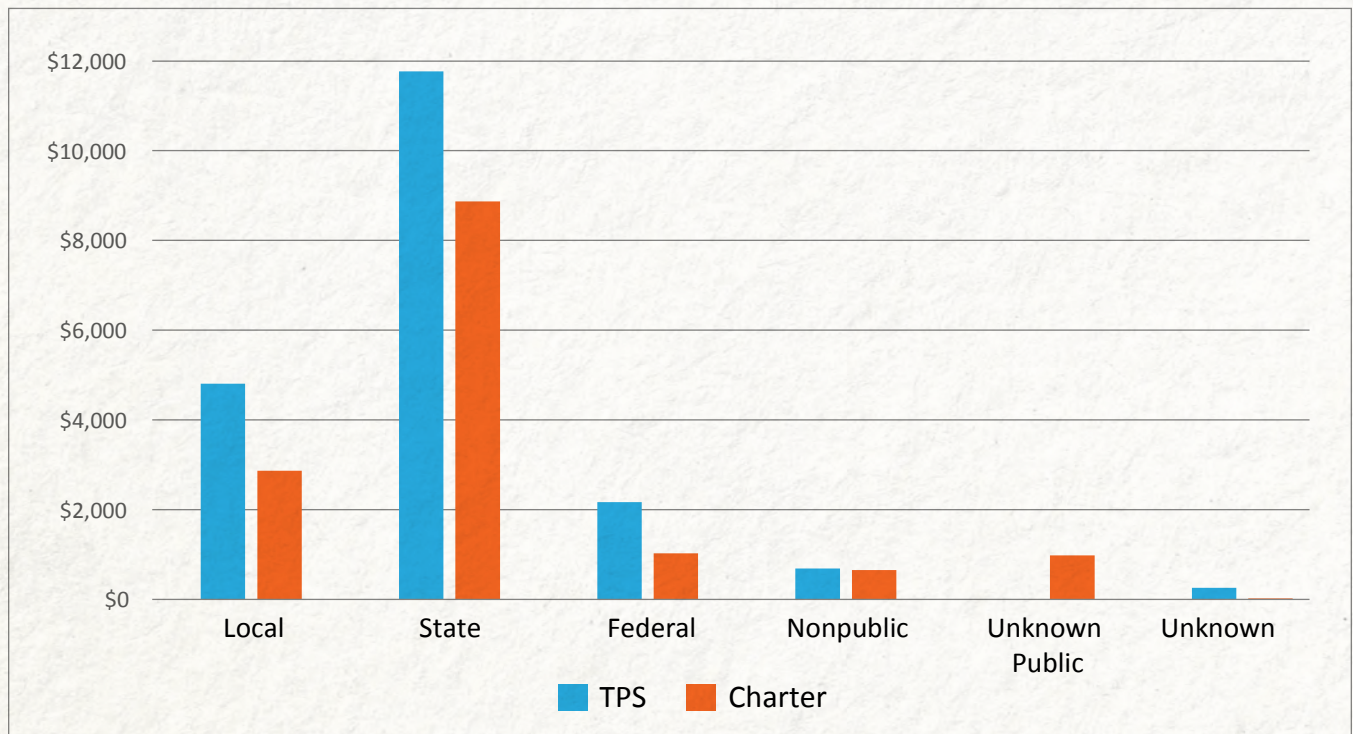
---

39 California Proposition 39 provides charter schools with access to school facilities. In Los Angeles, 51 charter schools receive Prop 39 facilities. While the district cannot charge rent for the space allotted to a charter school, they can charge fees for maintenance of the facility, based on the square footage allotted to the charter school. For this analysis, we have assigned a value for the space the charter schools received based on the per pupil average of lease costs for the remainder of the charter schools in our sample. We assign a negative value to LAUSD for the loss of access to that space. The maintenance costs of the Prop 39 facility already is included in the charter schools' financial reporting. For more information on Prop 39, visit <https://achieve.lausd.net/Page/14468> and <https://www.cde.ca.gov/sp/ch/districtfacilities.asp#reimbursement>.

**Table 2: Summary of Revenue for LAUSD TPS and Charter Schools in LAUSD—2019-20**

Revenue Type	LAUSD			Charter			Diff. Between LAUSD and Charter (\$)	% Diff. Between LAUSD and Charter
	Amount (\$)	Per Pupil (\$)	% of Total	Amount (\$)	Per Pupil (\$)	% of Total		
<b>Local</b>	\$2,323,598,073	\$4,808	24%	\$336,805,751	\$2,863	20%	<b>-\$1,945</b>	<b>-40%</b>
<b>State</b>	\$5,687,147,083	\$11,769	60%	\$1,042,891,765	\$8,866	62%	<b>-\$2,903</b>	<b>-25%</b>
<b>Federal</b>	\$1,046,631,350	\$2,166	11%	\$120,835,749	\$1,027	7%	<b>-\$1,139</b>	<b>-53%</b>
<b>Nonpublic</b>	\$333,599,004	\$690	4%	\$76,991,709	\$655	5%	<b>-\$35</b>	<b>-5%</b>
<b>Unknown Public</b>	-\$26,602,200	-\$55	0%	\$114,680,477	\$975	7%	<b>\$1,030</b>	<b>1,873%</b>
<b>Unknown</b>	\$121,653,061	\$252	1%	\$2,144,145	\$18	0%	<b>-\$234</b>	<b>-93%</b>
<b>Total</b>	\$9,486,026,371	\$19,630	100%	\$1,694,349,596	\$14,405	100%	<b>-\$5,225</b>	<b>-27%</b>

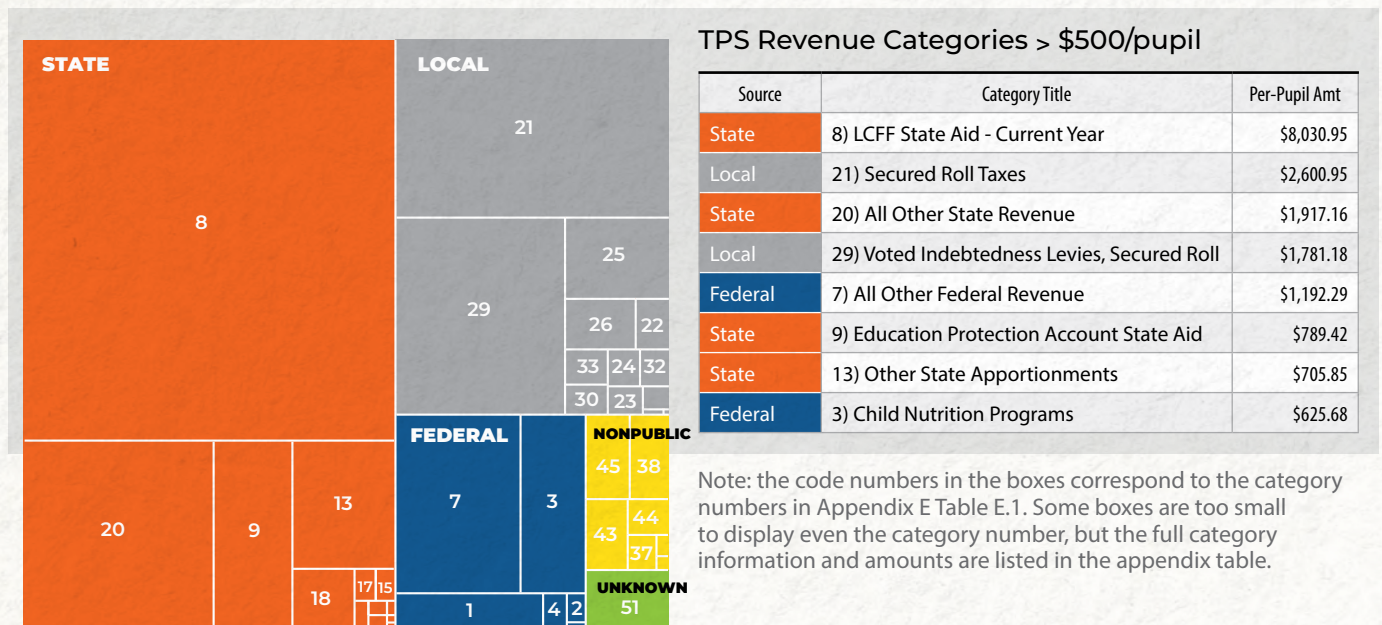
**Figure 4: Differences Between LAUSD TPS and Charter School Revenue by Revenue Type—2019-20**



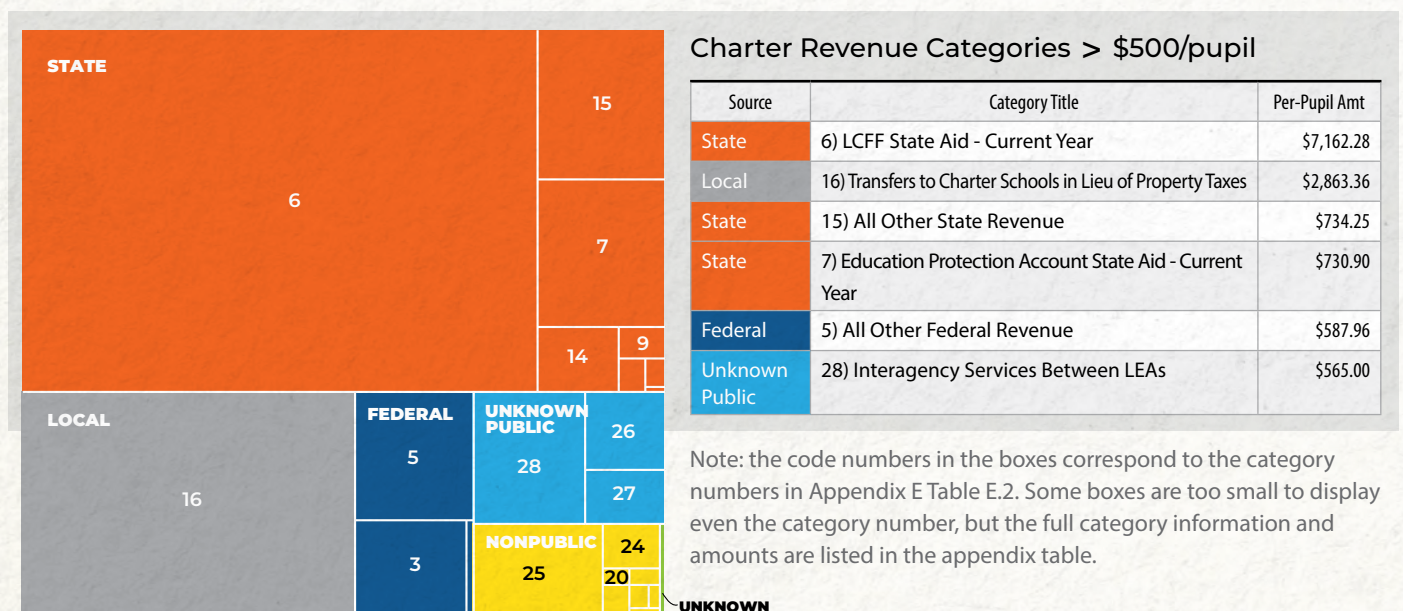
Figures 5 and 6 show the proportion of revenue that different funding streams make up for TPS and charters, respectively. Larger boxes indicate that the funding stream makes up a larger share of total revenue. These box plots help give a sense of the relative size of different funding streams. Comparing the figures, you can see that charter schools receive revenue from far fewer streams than TPS.

Charter schools receive revenue from far fewer streams than TPS.

**Figure 5: Revenue Categories for LAUSD TPS—2019-20**



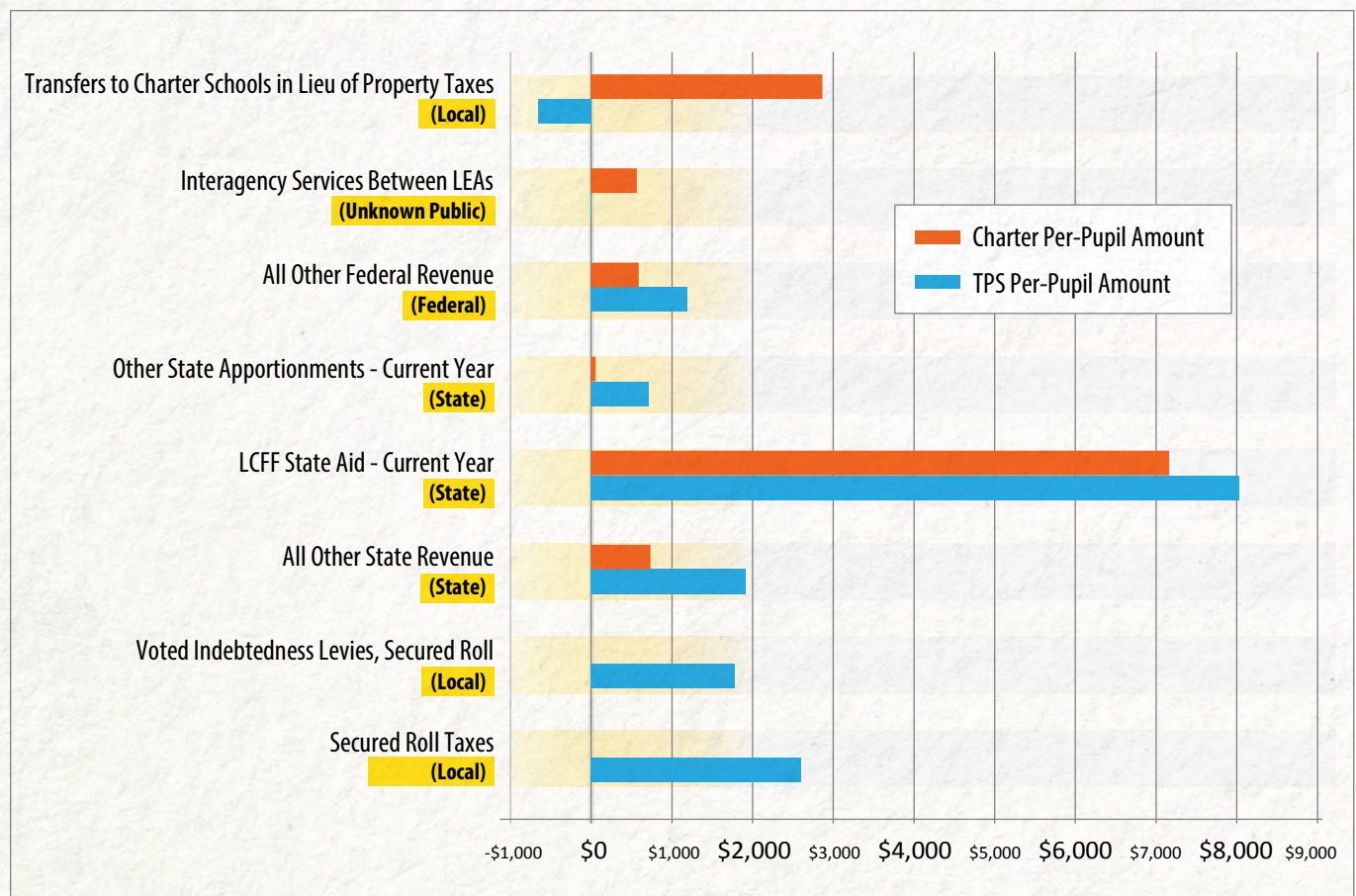
**Figure 6: Revenue Categories for LAUSD Charter Schools—2019-20**



The LCFF state aid represents the largest funding stream for both TPS and charters. For TPS, LCFF state funding<sup>40</sup> is \$8,857 per pupil, representing 45 percent of total revenue; whereas for charter schools, it is \$7,814 per pupil,<sup>41</sup> representing 54 percent of total revenue. While the LCFF is weighted according to student characteristics and charters and TPS have similar student populations, a sizeable disparity in formula funding remains largely due to provisions unrelated to the student population.

Having that said, the \$1,043 difference between TPS and charter school LCFF state aid only represents 20 percent of the \$5,225 overall disparity. Additionally, TPS receive significantly more revenue than charters in several other categories, as shown in Figure 7. Los Angeles TPS receive sizable amounts of per-pupil funding while LA charters do not receive any direct funding in two local funding categories – voted indebtedness levies and secured roll taxes.

**Figure 7: Categories in Which the TPS-Charter School Difference Exceeds \$500 Per Pupil in LAUSD—2019-20**



40 See codes 8011, 8012, 8019, 8021 and 8029 in Appendix E Table E.1.

41 See codes 8011, 8012, 8019 in Appendix E Table E.2.

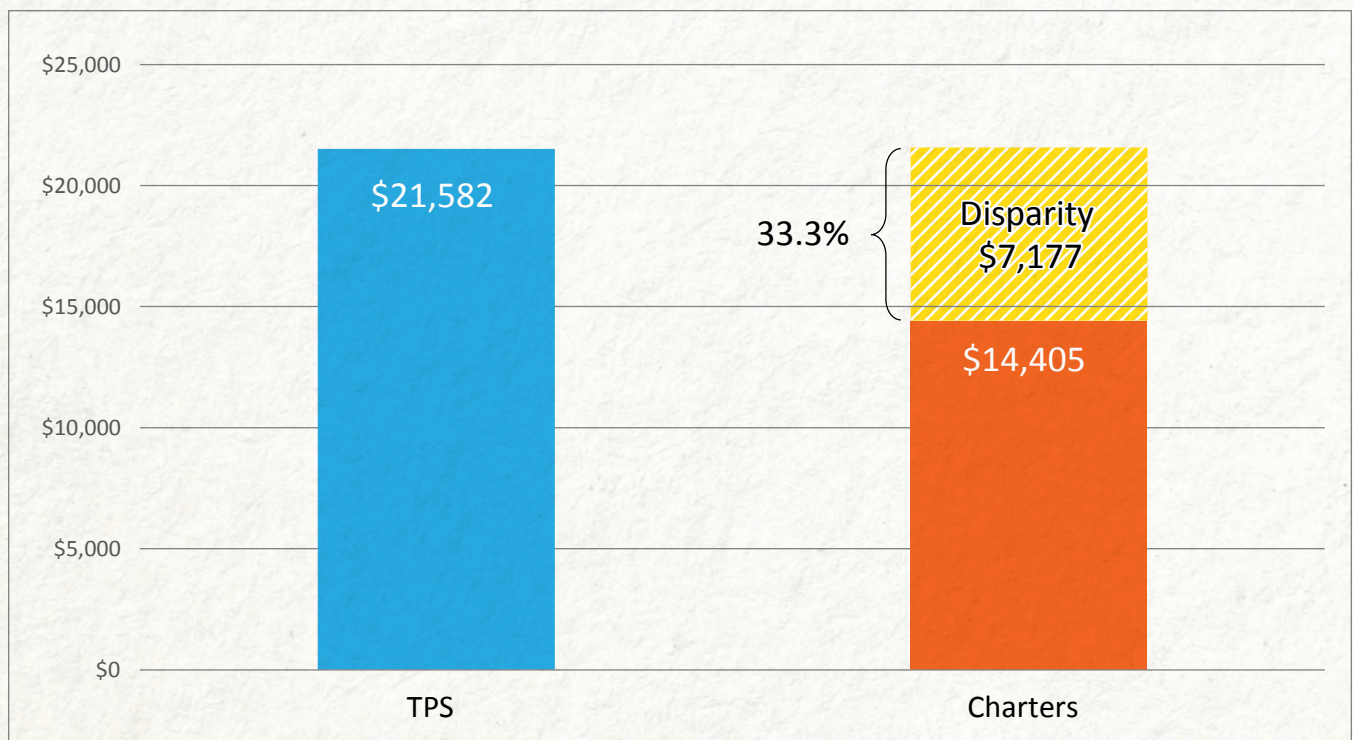
Charters, however, do receive transfers in lieu of property taxes, but that fails to fully compensate for the local funding difference.

Access to debt is an important aspect of school funding. School districts often issue bonds and use the proceeds to build new or maintain old buildings. TPS often have greater access to debt through the state bond process than do charter schools. This additional disparity can make it difficult for charter schools to make significant investments in capital projects. Figure 8 below shows the per-pupil funding disparity when bond proceeds are included. Bond proceeds increase the 2019-20 disparity by \$1,951 to \$7,177.

Charters, however, do receive transfers in lieu of property taxes, but that fails to fully compensate for the local funding difference.

Finally, we consider our last research question, regarding whether the relationship between TPS and charter school funding varies across communities within LAUSD. Our data allows us to examine TPS and charter school funding disaggregated by the seven LAUSD School Board Districts.<sup>42</sup> We first investigate whether there is significant variance in enrollment or FRL eligibility across the seven School Board districts. Figure 9 shows that overall public school

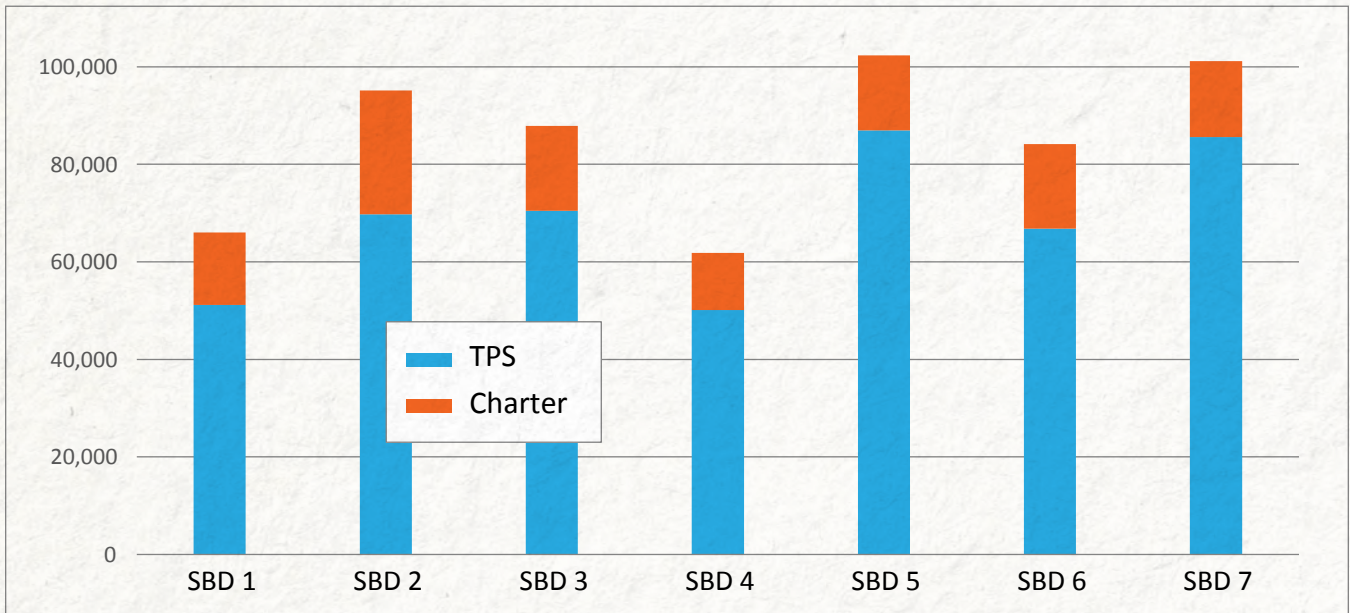
**Figure 8: Average Per-Pupil Revenue and Bond Proceeds for LAUSD TPS and Charter Schools—2019-20**



42 A list of the communities included in each School Board District is available in in Appendix C.

enrollment varies from approximately 62,000 in School Board District 4 to approximately 102,000 in District 5. Figure 10 shows that in all seven School Board districts, TPS and charter schools serve similar proportions of students who are FRL eligible.

**Figure 9: Enrollment by LAUSD School Board District—2019-20**



**Figure 10: Percentage of Students in Poverty by LAUSD School Board District—2019-20**

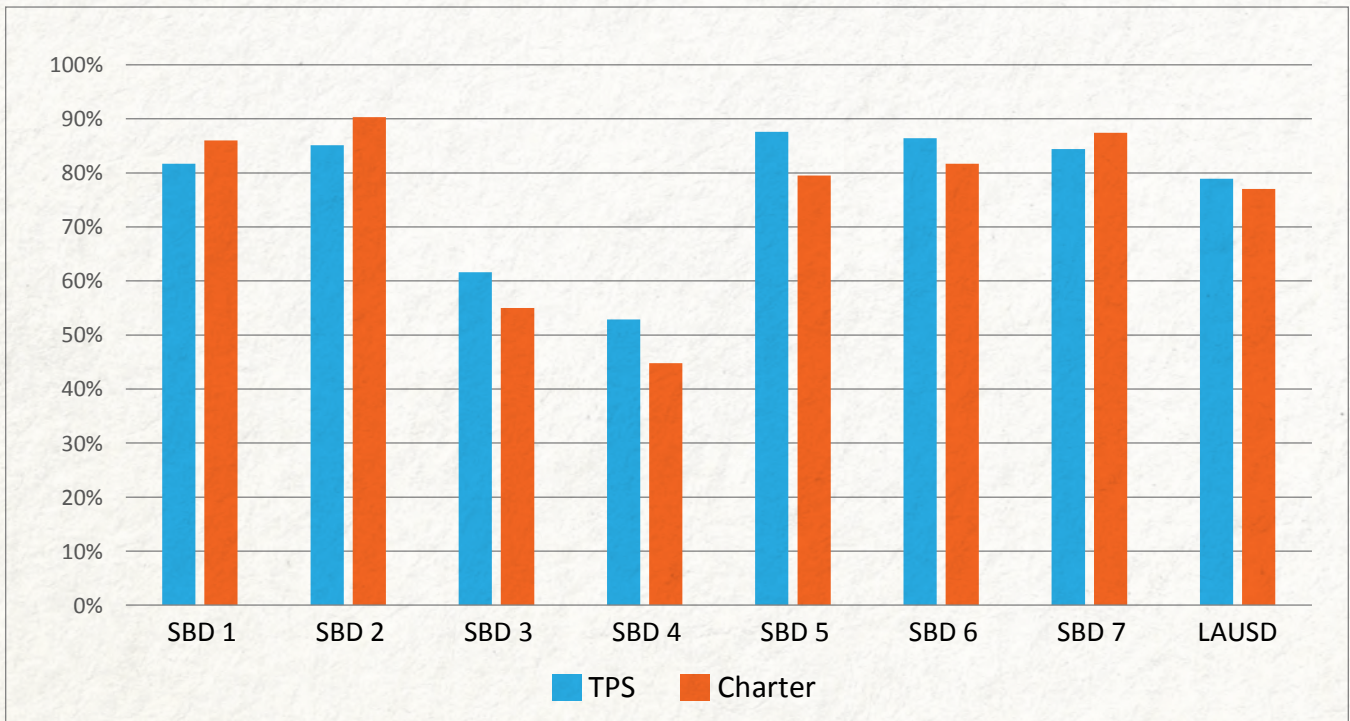
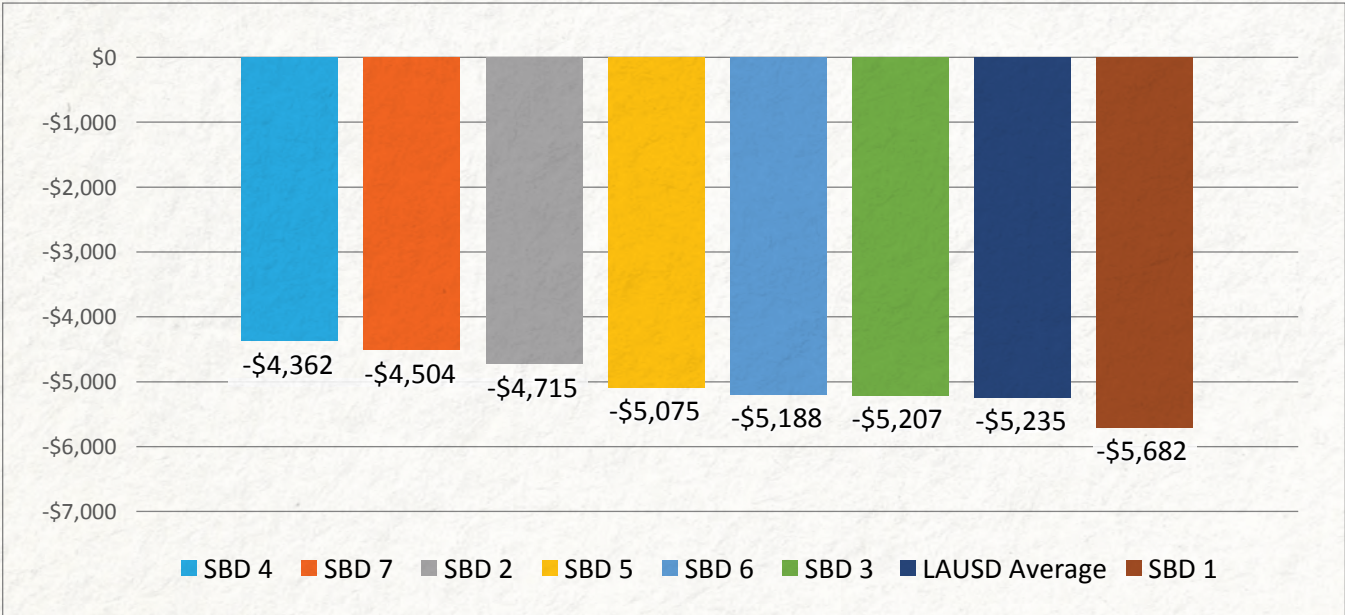


Figure 11 shows the funding disparity between TPS and charter schools across the seven School Board Districts. The gap varies with charters receiving 23.3 percent less (-\$4,362) in School Board District 4 to 28.3 percent less (-\$5,682) in District 1.

Interestingly, the proportion of students eligible for FRL is four percent greater for charters than TPS in District 1, but they receive significantly less funding.

The proportion of students eligible for FRL is four percent greater for charters than TPS in District 1, but they receive significantly less funding.

**Figure 11: Funding Gaps Between TPS and Charter Schools in LAUSD**



## Conclusion

Our study examines per-pupil revenue differences between TPS and charter schools in LAUSD. We summarize the data both for the district as a whole and for each of the seven LAUSD School Board districts. We find that, in 2019-20, charter schools received 27 percent less revenue than TPS. The disparity ranged from approximately 23 to 28 percent across LAUSD's seven School Board districts. Charters had a funding disparity in all but one funding category. While California's funding formula is designed to allocate money based on student need, we do not find meaningful differences between TPS and charter student demographics, besides grade level, and demographic differences do not explain the revenue gap. California has made some progress in closing the gap between TPS and charter school funding. The funding disparity between TPS and charter schools has fallen from 40 percent prior to the implementation of the LCFF to 27 percent in 2019-20 when the new funding formula was fully phased in. The gap, however, remains large – slightly more than \$5,000 per pupil. We hope that this case study will inspire California's leaders to examine the issue further and take action to ensure that all Los Angeles public school students receive equitable funding, regardless of which public school they attend.

In 2019-20, charter schools received 27 percent less revenue than TPS.

California has made some progress in closing the gap between TPS and charter school funding.

The gap, however, remains large – slightly more than \$5,000 per pupil.



## Appendix A: Detailed Overview of Data Sources

Our team systematically reviewed financial reports for LAUSD and Los Angeles charter schools from fiscal year 2019-2020 from the California Department of Education (CDE).<sup>43</sup> However, this data did not provide a sufficient level of granularity for our case study; therefore, we merged the CDE data with an extensive school-level LAUSD budget summary from fiscal year 2020-2021<sup>44</sup> (we assume constant revenue from FY20 to FY21, and adjust all figures from FY21 to 2020 dollars). The CDE and LAUSD use different location codes and school naming conventions, and the LAUSD data included schools within schools while the CDE did not, which made comparison between the two databases challenging. Therefore, we manually matched schools between the two databases. Due to the differences in naming conventions and location codes, there were four locations from the CDE data with a student population of 213 students to which we could not assign to a comparable location in the LAUSD data. Once the locations were aligned, we manually entered enrollment from the CDE data.<sup>45</sup> We found a small number of schools in the LAUSD budget document

that did not appear in the CDE data, usually because the school had opened in 2020-21 and therefore would not appear in 2019-20 data. When this was the case, we deferred to the CDE data and dropped the school from our analysis.

To examine funding by Los Angeles City Council district, we used the address lookup function on the Los Angeles city government website<sup>46</sup> to determine the City Council district for each school. If the address for a school did not appear in the search results, then we concluded it was not part of the LA City Council, meaning it was located in a self-governing community that chooses to be part of LAUSD. To cross-check our work, we checked the zip code of each school against a database of zip codes by City Council district.<sup>47</sup> Because our results for the two methods of determining city council district did not match for a few schools, we used a third method to confirm the location of LAUSD schools—a searchable PDF map of school locations by City Council district.<sup>48</sup> This method in comparison to our other methods also produced some discrepancies, but we defaulted to the LAUSD

---

43 <https://www.cde.ca.gov/ds/fd/fd/>

44 [https://achieve.lausd.net/cms/lib/CA01000043/Centricity/Domain/185/Central\\_rev%20-%20Final%20Budget%20Summaries%20061720.pdf](https://achieve.lausd.net/cms/lib/CA01000043/Centricity/Domain/185/Central_rev%20-%20Final%20Budget%20Summaries%20061720.pdf)

45 <https://www.cde.ca.gov/ds/ad/filesenr.asp>

46 <https://www.neighborhoodinfo.lacity.org>

47 [https://womenandinequality.senate.ca.gov/sites/womenandinequality.senate.ca.gov/files/lacity\\_-\\_part1\\_-\\_demographics.pdf](https://womenandinequality.senate.ca.gov/sites/womenandinequality.senate.ca.gov/files/lacity_-_part1_-_demographics.pdf)

48 [https://achieve.lausd.net/site/handlers/filedownload.ashx?moduleinstanceid=22580&dataid=24325&FileName=LA\\_CityCouncilDistricts\\_2022-2023.pdf](https://achieve.lausd.net/site/handlers/filedownload.ashx?moduleinstanceid=22580&dataid=24325&FileName=LA_CityCouncilDistricts_2022-2023.pdf)

map, as we assume that LAUSD would more accurately report the location of its schools than the Los Angeles City Council search engine. We used a LAUSD charter school directory,<sup>49</sup> which reports the communities in which the schools are located, to determine the City Council district of each charter school.

Primarily, the LAUSD budget document provides funding for staff positions at each school from the following funds: General, Targeted Student Populations, Title I Intervention, Title I Family Engagement, Title III, and the Cafeteria Fund. All other funds are managed at the central office level. The district directly allocated \$5,213,622,193 to its schools, leaving \$5,215,344,178 (inclusive of bond proceeds), or 50 percent, centrally controlled. To establish a comparison between LAUSD schools and Los Angeles charter schools, we estimated how much centrally-controlled funding was allocated to each school based on enrollment. To increase the usefulness of our analysis, we preserved as much detail as possible, including separate categories for debt and capital projects so we could compare operating funds between LAUSD schools and Los Angeles charter schools.

Although the documents previously mentioned included enrollments for students in poverty, English language learners, and racial and ethnic minorities, it did not include

enrollments for special education or foster care. We could not find this data at the school level, but the California Department of Education does report foster enrollment by school type for Los Angeles County.<sup>50</sup> Although the county includes other school districts besides LAUSD, we impute the percent for the county as the percent for the district, since the county-wide foster care share is only approximately one percent. For special education, we use a separate data source from LAUSD that lists the number of the TPS and charter school students that receive special education services from 2020-21.<sup>51</sup> We impute these percentages for the 2019-20 school year.

---

49 <https://achieve.lausd.net/Page/1827>

50 <https://www.cde.ca.gov/ds/ad/filesfyce.asp>

51 <https://achieve.lausd.net/cms/lib/CA01000043/Centricity/Domain/123/2021-22%20Final%20Budget%20Book%20rev.1.pdf>, p II-46

## Appendix B: Ordinary Least Squares Regression Analysis Results

### Methodology

In addition to comparing the demographic characteristics of the TPS and charter school populations in LAUSD to examine whether differences in population demographics can explain the variance in funding, we conduct an ordinary least squares regression to test whether holding these characteristics fixed at the school level closes the funding gap. First, we regress per-pupil funding on a binary indicator that takes the value of one if the school is a charter (see Equation 1). Then, we define average per-pupil funding at the school level as a function of the percent of students a school serves who are in poverty or English language learners, as well as the grade levels the school serves (see Equation 2). We also specify a model (see Equation 3) that includes the percent of students who are racial and ethnic minorities (non-white) and school size to examine concerns of equity.

#### Equation 1

$$PerPupilFunding_s = \beta_0 + \beta_1 Charter_s + \epsilon_s$$

#### Equation 2

$$PerPupilFunding_s = \beta_0 + \beta_1 Charter_s + \beta_2 Poverty_s + \beta_3 ELL_s + \beta_4 GradeLevel_s + \epsilon_s$$

#### Equation 3

$$PerPupilFunding_s = \beta_0 + \beta_1 Charter_s + \beta_2 Poverty_s + \beta_3 ELL_s + \beta_4 GradeLevel_s + \beta_5 Minority_s + \beta_6 SchoolSize_s + \epsilon_s$$

We use the school-level descriptive statistics reported by the California Department of Education for shares of students in poverty, ELLs, and non-white students. The criteria California and the federal government use as a measure of poverty for funding purposes is Free- and Reduced-Price Lunch. A school may report 100 percent of students being eligible for FRL because of the community eligibility provision,<sup>52</sup> which may mask the actual percentage of students in a school who are truly in poverty. However, this is not a large concern for our analysis, as only 10 of the 1,260 schools in our analysis report 100 percent of students being eligible for FRL.

---

52 <https://www.fns.usda.gov/cn/community-eligibility-provision>

Because California allocates funding to students based on grade band we follow the LCFF grade range definitions as described below:

- Elementary = serves students in the grade K-3 range but not students in the grade 9-12 range (may also serve some students in grades 4-6)
- Middle School = serves only students in the grades 4-6 range
- High School = serves students in the grades 9-12 range but not students in the grades K-3 range (may also serve some students in grades 4-6)
- K-12 = serves students in both the grade K-3 range and the grade 9-12 range

For our regression analysis, we include K-12 schools with elementary schools because the sample of K-12 schools is small (N = 17). We define a school as small if it has less than 100 students, large if it has more than 500 students, and of medium size if its population is between 100 and 500 students.

Although our overall sample for this case study has 1,260 schools in it, some of these schools contain multiple schools. To ensure we are capturing variation at the lowest level possible, we include each school-within-a-school as a separate school in this regression analysis, leading to a sample of 1,419 schools. We are missing school-level demographics for nine schools, including eight TPS high schools and one charter middle school. California does not require schools to report enrollments for students in foster care and special education. Since foster care students represent approximately one percent of the population, the exclusion of this category should not have a biasing effect on our results. Although the special education population is comparable between TPS and charter schools in LAUSD, it is important to control for school-level special education population to further examine variance in funding.

## Results

**Table B.1: Predictors of Per-Pupil Funding at the School Level in LAUSD—2019-20**

	(1)	(2)	(3)
<b>Charter</b>	-\$5,520.034*** (\$286.444)	-\$5,419.766*** (\$314.905)	-\$5,440.689*** (\$337.180)
<b>% Poverty (FRL)</b>		\$2,844.422*** (\$708.361)	\$2,255.201*** (\$738.118)
<b>% ESL</b>		\$19.843*** (\$1.000)	\$389.393** (\$182.482)
<b>% Minority</b>			-\$131.555** (\$64.461)
<b>Elementary</b>		\$1,131.047*** (\$192.294)	\$706.833*** (\$234.436)
<b>High School</b>		\$1,813.567*** (\$413.038)	\$1,846.877*** (\$396.366)
<b>Small School (&lt;100)</b>			\$1,217.395** (\$534.043)
<b>Large School (&gt;500)</b>			-\$1,752.555*** (\$230.904)
<b>Constant</b>	\$20,399.510*** (\$147.740)	\$16,974.440*** (\$584.178)	\$18,139.150*** (\$616.002)
<b>Observations</b>	1,419	1410	1410
<b>R-squared</b>	0.153	0.179	0.222

Note: Robust standard errors are in parentheses. \*\*\* p<.01, \*\* p<.05, \* p<.1. Unit of change for percent poverty, percent ESL, and percent minority is a 100% increase. For Elementary and High School, Middle School is the base category. For Small School and Large School, Medium School is the base category.

We find that, with nothing else held fixed, being a charter school, compared to a TPS, is associated with a \$5,520 decrease in per-pupil funding (see Table B.1). This amount decreases by \$100 when student characteristics are held constant. Holding the percent of nonwhite students fixed, as well as school size, increases the gap by about \$20.

## Appendix C:

### List of Communities Included in Each LAUSD School Board District

**Table C.1: List of Communities Included in Each LAUSD School Board District**

Board District	Communities Included
1	Fairfax, Fremont, Gardena, Hamilton, Los Angeles Mid-City, Rivera, South Mid-City, Westchester
2	Boyle Heights, Downtown, Eagle Rock, East Los Angeles, El Sereno, Glassell Park, Highland Park, Koreatown, Los Angeles Mid-City, Los Feliz, Lincoln Heights, MacArthur Park, Manual Arts, Pico-Union, South Los Angeles, South Mid-City, Vermont Square
3	Canoga Park, Chatsworth, Cleveland, Hollywood, Kennedy, Monroe, North Hollywood, Valley Villa, Reseda, Taft, Van Nuys, Valley Glen
4	Cleveland, Fairfax, Hamilton, Hollywood, Los Angeles Mid-City, Reseda, Taft, Venice, West Los Angeles, Westchester
5	Bell, Cudahy, Downtown, Eagle Rock, El Sereno, Glassell Park, Highland Park, Historic Central Avenue, Hollywood, Huntington Park, Koreatown, Lincoln Heights, Los Feliz, Manual Arts, Maywood, Pico-Union, South Gate, South Los Angeles, Vermont Square, Vernon
6	Kennedy, Monroe, North Hollywood, Panorama City, Reseda, San Fernando, Sun Valley, Sunland, Sylmar, Tujunga, Valley Glen, Valley Villa, Van Nuys
7	Carson, Fremont, Gardena, Harbor City, Historic Central Avenue, Huntington Park, Lomita, Rivera, San Pedro, South Los Angeles, Vernon, Wilmington

## Appendix D: Los Angeles City Council District Analysis

When we disaggregate the data by Los Angeles City Council District, we include the communities in LAUSD which fall outside the city limits of Los Angeles, categorizing them as “self-governed.” The communities included in each Los Angeles City Council District, as well as the communities included in the self-governing category, are listed in Table D.1 below.

**Table D.1: Los Angeles Communities by Categorization in City Council District Analysis**

Board District	Communities Included
1	Downtown, Eagle Rock, El Sereno, Glassell Park, Highland Park, Huntington Park, Koreatown, Lincoln Heights, Los Feliz, MacArthur Park, Pico-Union, Vermont Square, Vernon
2	North Hollywood, Sun Valley, Valley Glen, Valley Village, Van Nuys
3	Canoga Park, Chatsworth, Cleveland, Reseda, Taft, Valley Glen, Van Nuys
4	Cleveland, Glassell Park, Hollywood, Los Angeles Mid-City, Los Feliz, North Hollywood, Reseda, Taft, Valley Glen, Valley Village, Van Nuys
5	Fairfax, Hamilton, Los Angeles Mid-City, West Los Angeles
6	Cleveland, Monroe, Panorama City, Reseda, Sun Valley, Valley Glen, Van Nuys
7	Monroe, San Fernando, Sylmar, Sun Valley, Sunland, Tujunga
8	Fremont, Gardena, Hamilton, Los Angeles Mid-City, Vermont Square, Rivera, South Mid-City
9	Fremont, Historic Central Avenue, Huntington Park, Rivera, South Los Angeles, South Mid-City, Vermont Square, Vernon
10	Downtown, East Los Angeles, Fairfax, Hamilton, Koreatown/Pico-Union, Los Angeles Mid-City, MacArthur Park, South Mid-City, Vermont Square
11	Los Angeles Mid-City, Venice, West Los Angeles, Westchester
12	Canoga Park, Chatsworth, Cleveland, Monroe, Taft
13	Downtown, Glassell Park, Hollywood, MacArthur Park, Los Feliz, Taft
14	Boyle Heights, Downtown, Eagle Rock, East Los Angeles, El Sereno, Highland Park, Lincoln Heights, MacArthur Park, South Los Angeles, South Mid-City
15	Bell, Cudahy, Fremont, Gardena, Harbor City, Lomita, Maywood, San Pedro, Wilmington
Self-Governing	Bell, Boyle Heights, Carson, Cudahy, East Los Angeles, Firestone Park, Fremont, Gardena, Hazard, Huntington Park, Inglewood, Lomita, Maravilla, Maywood, Pico Rivera, Rancho Palos Verdes, Rolling Hills Estates, San Fernando, South Gate, Topanga, View Park-Windsor Hills, Wellington Heights, West Hollywood, Westmont, Willowbrook

We first investigate whether there is significant variance in enrollment or poverty level across the fifteen City Council Districts and self-governing category. Figure D.1 shows that overall public school enrollment varies across these regions from approximately 17,000 in City Council District 5 to 122,000 in the self-governing communities.

**Figure D.1: Enrollment by LA City Council District—2019-20**

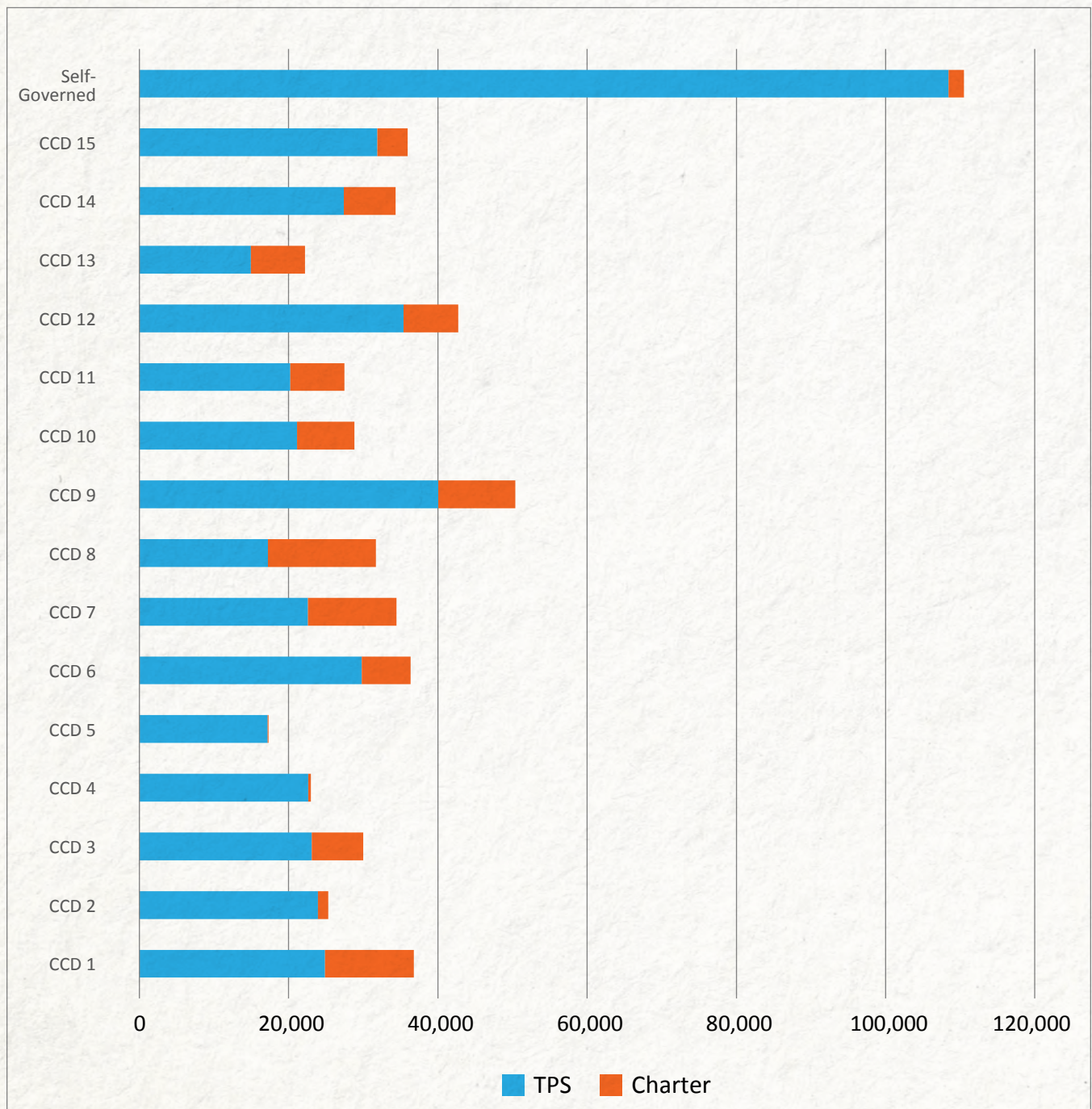
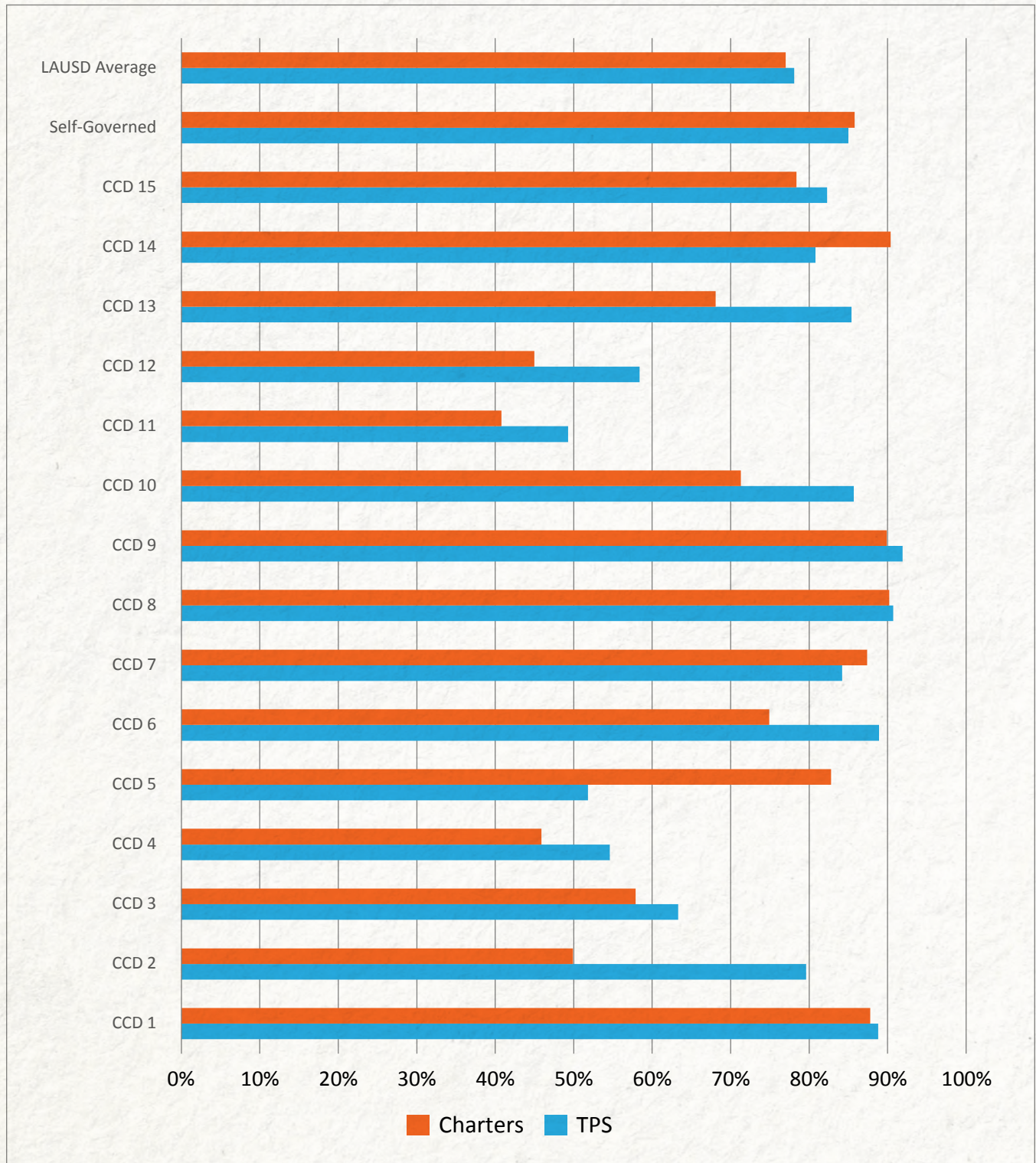


Figure D.2 shows that, although the poverty level is very similar between the two sectors in the self-governing communities and a few of the City Council districts (1, 7, 8, 9, and 15), there is significant variance in poverty between TPS and charter schools in most of the City Council districts. In District 2, TPS serve 29.7 percentage points more students in poverty than charter schools; however, in District 5, charter schools serve 31.5 percentage points more students in poverty than TPS.

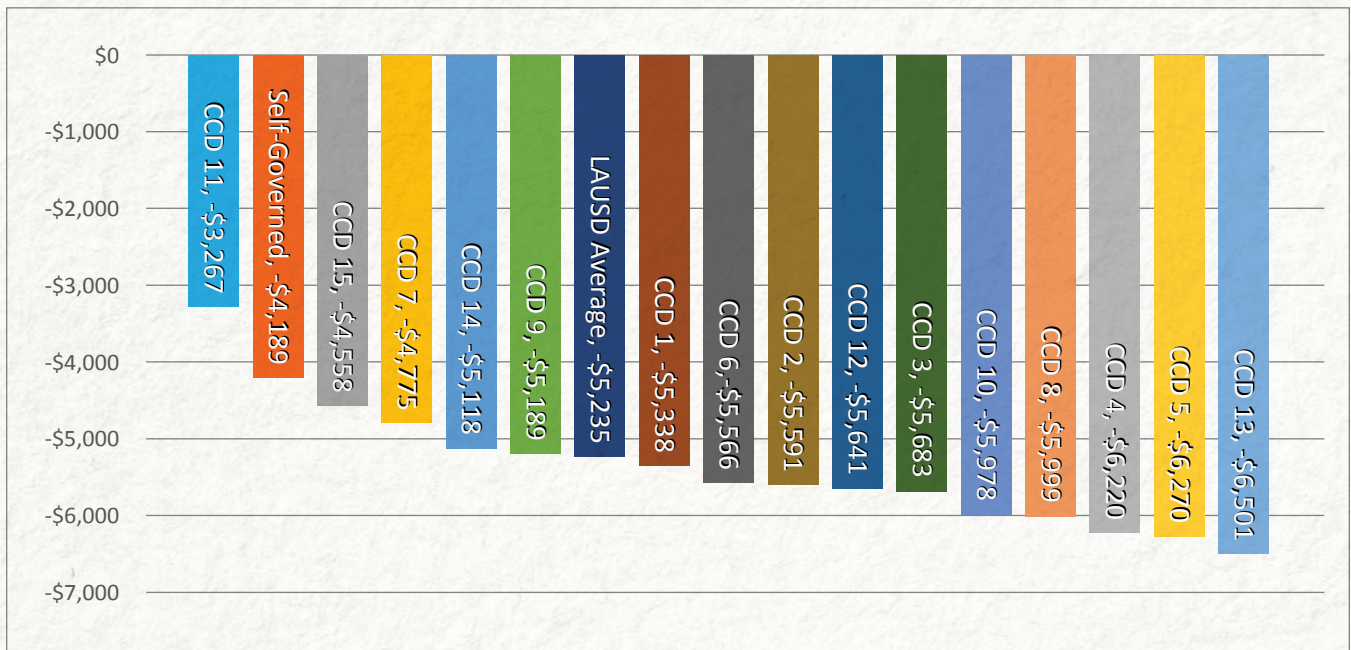


**Figure D.2: Percentage of Students in Poverty by LA City Council District—2019-20**



Next, we examine geographical variation in the disparities between TPS and charter school funding. As Figure D.3 shows, the funding disparity ranges from \$3,267 in City Council District 11, the closest to funding parity, to \$6,501 in District 13, the furthest from parity.

**Figure D.3: Funding Disparities Between TPS and Charter Schools in LAUSD by LA City Council District—2019-20**



Given the significant variation across City Council districts between the TPS and charter school populations in terms of poverty level, it is important to examine differences in funding in light of this variation. Figure D.4 contrasts the percent difference in funding (green bars) with the percentage point difference in poverty levels between TPS and charter schools. If a charter school serves more students in poverty than TPS, represented by a gray bar on the right side of zero, such as in District 5, we would expect the gap between TPS and charter school funding (represented by the green bar) to be smaller, relative to a district where TPS serve more students in poverty than charter schools, represented by a blue bar on the left side of zero, such as in District 2. Since enrollment varies significantly as well, we order the City Council districts by enrollment, with the largest population at the top of the graph and the smallest at the bottom. There does not seem to be a discernable relationship between the size of the funding gap and the size of the poverty enrollment gap.

**Figure D.4: Differences in Funding and Poverty Between TPS and Charter Schools in LAUSD, by City Council District—2019-20**



## Appendix E: Summary of Revenue by Category – 2019-20

**Table E.1 Revenue Categories for TPS in LAUSD—2019-20**

Revenue Source	Revenue Code	Category Number <i>(corresponds to Figure 5)</i>	Category Title	Total Amount	Per-Pupil Amount
Federal	8181	1	Special Education - Entitlement	\$130,352,590.00	\$269.75
Federal	8182	2	Special Education - Discretionary Grants	\$14,267,118.00	\$29.52
Federal	8220	3	Child Nutrition Programs	\$302,350,430.00	\$625.68
Federal	8221	4	Donated Food Commodities	\$20,865,807.00	\$43.18
Federal	8260	5	Forest Reserve Funds	\$48,929.00	\$0.10
Federal	8281	6	FEMA	\$2,592,012.00	\$5.36
Federal	8290	7	All Other Federal Revenue	\$576,154,464.00	\$1,192.29
State	8011	8	LCFF State Aid - Current Year	\$3,880,827,266.00	\$8,030.95
State	8012	9	Education Protection Account State Aid - Current Year	\$381,473,038.00	\$789.42
State	8019	10	LCFF/Revenue Limit State Aid - Prior Years	\$1,158,382.00	\$2.40
State	8021	11	Homeowners' Exemptions	\$6,684,087.00	\$13.83
State	8029	12	Other Subventions/In-Lieu Taxes	\$9,999,458.00	\$20.69
State	8311	13	Other State Apportionments - Current Year	\$341,089,205.00	\$705.85
State	8319	14	Other State Apportionments - Prior Years	\$1,894,521.00	\$3.92
State	8520	15	Child Nutrition	\$16,803,248.00	\$34.77
State	8545	16	School Facilities Apportionments	\$6,161,424.00	\$12.75
State	8550	17	Mandated Cost Reimbursements	\$17,565,659.00	\$36.35
State	8560	18	State Lottery Revenue	\$93,596,036.00	\$193.69
State	8571	19	Voted Indebtedness Levies, Homeowners' Exemptions	\$3,458,835.00	\$7.16
State	8590	20	All Other State Revenue	\$926,435,924.00	\$1,917.16
Local	8041	21	Secured Roll Taxes	\$1,256,867,486.00	\$2,600.95
Local	8042	22	Unsecured Roll Taxes	\$42,949,206.00	\$88.88
Local	8043	23	Prior Years' Taxes	\$25,444,691.00	\$52.66
Local	8044	24	Supplemental Taxes	\$30,601,147.00	\$63.33
Local	8045	25	Education Revenue Augmentation Fund (ERAF)	\$216,281,010.00	\$447.57
Local	8047	26	Community Redevelopment Funds	\$89,902,320.00	\$186.04
Local	8048	27	Penalties and Interest from Delinquent Taxes	\$581,992.00	\$1.20
Local	8096	28	Transfers to Charter Schools in Lieu of Property Taxes	-\$316,584,962.00	-\$655.14
Local	8611	29	Voted Indebtedness Levies, Secured Roll	\$860,726,222.00	\$1,781.18
Local	8612	30	Voted Indebtedness Levies, Unsecured Roll	\$32,493,962.00	\$67.24
Local	8613	31	Voted Indebtedness Levies, Prior Years' Taxes	\$15,530,208.00	\$32.14

Revenue Source	Revenue Code	Category Number <i>(corresponds to Figure 5)</i>	Category Title	Total Amount	Per-Pupil Amount
Local	8614	32	Voted Indebtedness Levies, Supplemental Taxes	\$27,348,092.00	\$56.59
Local	8625	33	Community Redevelopment Funds Not Subject to LCFF Deduction	\$38,757,706.00	\$80.20
Local	8629	34	Penalties and Interest from Delinquent Non-LCFF Taxes	\$2,698,994.00	\$5.59
Nonpublic	8631	35	Sale of Equipment and Supplies	\$293,676.00	\$0.61
Nonpublic	8634	36	Food Service Sales	\$6,691,578.00	\$13.85
Nonpublic	8650	37	Leases and Rentals	\$26,204,134.00	\$54.23
Nonpublic	8660	38	Interest	\$85,924,225.00	\$177.81
Nonpublic	8671	40	Adult Education Fees	\$2,239,374.00	\$4.63
Nonpublic	8672	41	Nonresident Student Fees	\$1,000.00	\$0.00
Nonpublic	8673	42	Child Development Parent Fees	\$1,587,319.00	\$3.28
Nonpublic	8681	43	Mitigation/Developer Fees	\$77,064,604.00	\$159.48
Nonpublic	8689	44	All Other Fees and Contracts	\$37,597,011.00	\$77.80
Nonpublic	8699	45	All Other Local Revenue	\$95,665,521.00	\$197.97
Nonpublic	8710	46	Tuition	\$230,563.00	\$0.48
Nonpublic	8951	47	Proceeds from Sale of Bonds	\$942,940,000.00	\$1,951.31
Unknown Public	5600	48	Rentals, Leases, Repairs, and Noncapitalized Improvements	-\$28,545,744.00	-\$59.07
Unknown Public	8285	49	Interagency Contracts Between LEAs	\$1,601,394.00	\$3.31
Unknown Public	8677	50	Interagency Services Between LEAs	\$342,150.00	\$0.71
Unknown	8979	51	All Other Financing Sources	\$121,653,061.00	\$251.75

**Table E.2 Revenue Categories for Charter Schools in LAUSD—2019-20**

Revenue Source	Revenue Code	Category Number <i>(corresponds to Figure 6)</i>	Category Title	Total Amount	Per-Pupil Amount
Federal	8181	1	Special Education - Entitlement	\$2,911,133.00	\$24.75
Federal	8182	2	Special Education - Discretionary Grants	\$13,715.00	\$0.12
Federal	8220	3	Child Nutrition Programs	\$48,293,979.00	\$410.57
Federal	8221	4	Donated Food Commodities	\$15,227.00	\$0.13
Federal	8290	5	All Other Federal Revenue	\$69,158,954.00	\$587.96
State	8011	6	LCFF State Aid - Current Year	\$842,469,954.00	\$7,162.28
State	8012	7	Education Protection Account State Aid - Current Year	\$85,972,561.00	\$730.90

Revenue Source	Revenue Code	Category Number <i>(corresponds to Figure 6)</i>	Category Title	Total Amount	Per-Pupil Amount
State	8019	8	LCFF/Revenue Limit State Aid - Prior Years	-\$9,324,612.00	-\$79.27
State	8311	9	Other State Apportionments - Current Year	\$6,722,977.00	\$57.16
State	8319	10	Other State Apportionments - Prior Years	\$422,679.00	\$3.59
State	8520	11	Child Nutrition	\$3,860,469.00	\$32.82
State	8550	12	Mandated Cost Reimbursements	\$2,615,314.00	\$22.23
State	8560	13	State Lottery Revenue	\$23,785,752.00	\$202.22
State	8590	14	All Other State Revenue	\$86,366,671.00	\$734.25
Local	8096	18	Transfers to Charter Schools in Lieu of Property Taxes	\$336,805,751.00	\$2,863.36
Nonpublic	8631	19	Sale of Equipment and Supplies	\$458,623.00	\$3.90
Nonpublic	8634	20	Food Service Sales	\$1,965,329.00	\$16.71
Nonpublic	8639	21	All Other Sales	\$302,678.00	\$2.57
Nonpublic	8650	22	Leases and Rentals	\$2,293,403.00	\$19.50
Nonpublic	8660	23	Interest	\$5,723,628.00	\$48.66
Nonpublic	8662	24	Net Increase (Decrease) in the Fair Value of Investments	\$149,855.00	\$1.27
Nonpublic	8673	25	Child Development Parent Fees	\$1,296,085.00	\$11.02
Nonpublic	8675	26	Transportation Fees from Individuals	\$119,345.00	\$1.01
Nonpublic	8689	27	All Other Fees and Contracts	\$11,658,471.00	\$99.11
Nonpublic	8699	28	All Other Local Revenue	\$53,467,036.00	\$454.55
Unknown Public	5600	29	Rentals, Leases, Repairs, and Noncapitalized Improvements	\$28,545,744.00	\$242.68
Unknown Public	8285	30	Interagency Contracts Between LEAs	\$19,676,030.00	\$167.28
Unknown Public	8677	31	Interagency Services Between LEAs	\$66,458,703.00	\$565.00
Unknown	8979	32	All Other Financing Sources	\$2,144,145.00	\$18.23

## Authors



### Alison Heape Johnson

Ms. Johnson is a Distinguished Doctoral Fellow in the University of Arkansas Department of Education Reform, working toward a PhD in education policy. She holds a bachelor's degree in music education and a master's in teaching English as a second language. She previously taught in South Carolina public schools and interned in the legislative office of the American Association of Christian Schools in Washington, D.C. Her research interests include school finance and school choice and her recent research has focused on predictors of parents' schooling choices during the COVID-19 pandemic, the participant effects of private schooling, and teacher pay in Arkansas.



### Josh B. McGee, Ph.D.

Dr. McGee is an economist who is a faculty member in the Department of Education Reform and associate director of the Office for Education Policy at the University of Arkansas. McGee also serves as the chief data officer (CDO) for the State of Arkansas. He has written extensively about school finance and retirement policy and has provided expert testimony and technical assistance in numerous jurisdictions across the country. McGee is the former chairman of the Texas State Pension Review Board.



### Patrick J. Wolf, Ph.D.

Dr. Wolf is a Distinguished Professor of Education Policy and 21st Century Endowed Chair in School Choice at the University of Arkansas in Fayetteville. He previously taught at Columbia and Georgetown. He has authored, co-authored, or co-edited five books and over 200 journal articles, book chapters, book reviews, and policy reports on school choice, civic values, public management, special education, and campaign finance. *Education Week* consistently ranks him among the top education scholars in the country. He received his Ph.D. in Political Science from Harvard University in 1995.



### Larry D. Maloney

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 revenue study in 2005, the Ball State University revenue study in 2010, and the University of Arkansas study in 2014. Recent projects include evaluations of revenues 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, D.C. 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 I expenditures and the U.S. Department of Education National Charter School Finance Study.



### Jay F. May

Mr. May is founder of, and senior consultant for, EduAnalytics, LLC, a consulting practice focused on hands-on data-based initiatives to improve student performance. Mr. May's client work includes developing technology infrastructure for various aspects of student performance management – student information systems, instructional data management systems, assessment results delivery and analysis frameworks. Mr. May, a CPA, has expertise in K-12 education finances and provides research, consulting, and analysis for various aspects of funding equity and allocation. He is a co-inventor of In\$ite® - the Finance Analysis Model for Education® - a patented software tool for school-level and district-level expenditure analysis.