

The logo for the Center for State Policy Initiatives (cspi) features the lowercase letters 'cspi' in white on a green square background. To the right of the text is a cluster of white dots of varying sizes, arranged in a pattern that suggests a starburst or a network of connections.

cspi

The logo for Financial Transparency (Fi) consists of the letters 'Fi' in a green, sans-serif font. The 'i' has a dot. Below the letters is a thin horizontal line, and the words 'FINANCIAL TRANSPARENCY' are written in a smaller, green, all-caps font underneath.

Fi

FINANCIAL TRANSPARENCY



About CSPI

Funded through grants from the Walton Family Foundation, the Bill and Melinda Gates Foundation, the Houston Endowment, and the Powell Foundation, the Charter School Policy Institute (CSPI) was formed in 2005 to advance quality public school choice. The Institute proactively provides timely high quality information, analysis, and opinion to policymakers, thought leaders, and key stakeholders in Texas and across the nation. By elevating policy discussions above the noise of day-to-day charter school operator issues, CSPI is a resource for independent information about quality public charter schools. The Institute's efforts stem from the belief that the power of credible and unbiased information in the hands of key stakeholders can influence the direction of Texas charters and increase the quality of public school choice. CSPI works to ensure that the new generation of public charter schools fulfills their potential to transform public education. The Institute convenes academic, business, school, and civic leaders in discussion forums, facilitates and promotes policy reports and research on issues critical to school improvement, and offers analysis and opinion to the media and key stakeholders.

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Executive Summary

Public charter schools continue to face a significant financial disadvantage compared to traditional public schools in Texas and across the country. A large part of this funding disparity can be attributed to charter schools' inability to receive the small district adjustment (SDA) in state funding, which is given to similarly-sized traditional public school districts in order to compensate for these small districts' higher operating costs and lack of economies of scale. In this study, CSPI attempted to determine how much additional funding each charter district in Texas would have received in 2006-07 if it had been eligible for the SDA. We found that all charter districts within the state of Texas, combined, would have received a total of nearly \$74.6 million in additional funding in 2006-07 if they had been eligible for the small district adjustment—which could possibly account for as much as 65% of the total funding gap for Texas charters. On average, charter districts would have received \$386,632.77 more had they been eligible for the adjustment, with an average additional per-pupil funding of \$1,808.46 based on refined average daily attendance (ADA). CSPI contends that enabling charter districts to receive the Small District Adjustment could go a long way toward equalizing funding between charter schools and traditional public schools in Texas.

Introduction

Public charter schools are at a significant financial disadvantage when compared to traditional public schools in Texas and throughout the country. Multiple studies have found that in Texas, public charter schools receive anywhere from 3.6% to 26.7% less revenue than their traditional school counterparts depending on the assumptions used to calculate the gap (for more information on these funding disparities, see CSPI's previous report, *The Bottom Line: Why Public Charter Schools Receive Less Funds Than Traditional Schools in Texas*). In a 2005 report from the Thomas B. Fordham Institute, *Charter School Funding: Inequity's Next Frontier*, the authors cite three major factors as sources for the charter funding gap in Texas: 1) the inability of charter districts to access local revenue; 2) their lack of facilities funding; and 3) their ineligibility to receive state aid formula adjustments to compensate for their small student populations. Together these three sources of disparity, if remedied, could result in up to \$1,600 in additional funding per pupil in average daily attendance (ADA) for charter districts each year.

In this white paper, the Charter School Policy Institute (CSPI) takes a closer look at the third factor: the potential impact of the small district adjustment (SDA). We present data, along with a detailed methodology, on exactly how much charter districts would have received in 2006-07 if they were eligible for this adjustment. While a few other studies have posed similar hypotheses about the potential impact of the SDA, none have actually calculated this impact in a systematic way. Therefore, the research presented in this paper will help determine the actual funding disadvantage that small charter schools are facing compared to traditional public schools, due to the SDA alone.

The following sections will explain how the small district adjustment works in Texas and summarize prior research on the SDA in Texas. We then present the methodology used to estimate the difference between actual estimated funding for 2006-07 and the potential funding that charter school districts could receive through the small district adjustment. Finally, we estimated the difference between actual funding and the projected amount of additional funding due to the SDA at the state, district, and student levels.

What is the Small District Adjustment?

The small- and midsize-district adjustments were designed to help smaller schools overcome their higher cost of operations due to lack of economies of scale. For example, while small districts have fewer staff members than do large districts, they are typically still required to manage the same number of programs (e.g., special education, free-and-reduced price lunch) as do much larger districts that have teams of staff members with specialized expertise (Osberg, 2006). It is also more expensive for small districts to purchase many goods and services, because fixed costs are spread over fewer numbers of students (Levin & McEwan, 2000). The need for increased efficiencies and economies of scale in public schooling has been recognized by policymakers for many years, as evidenced in the trend toward school district consolidation across the country (Chubb, 2006).

More commonly, policymakers have chosen to grant small- and midsize-district adjustments to traditional public schools in rural districts, where student populations are small and come from a large geographic area. According to CSPI's survey of state department of education officials in all 50 states and the District of Columbia, all but 21 states have some type of small district adjustment

in their school funding formulas.¹ However, CSPI found that none of these states, including Texas, allow public charter schools to receive such adjustments, despite their small size.

How the Small District Adjustment Works in Texas

In Texas, the definitions and formulas for calculating these adjustments are included in Section 42.103 of the Texas Education Code. Schools with fewer than 1,600 students in average daily attendance (ADA) qualify for the small district adjustment. School districts that cover over 300 square miles receive a slightly higher weight than those covering fewer than 300 square miles. Districts that have between 1,601 and 5,000 students in ADA qualify for the mid-sized district adjustment, which is determined by a similar formula. According to a report issued by Texas' House Research Organization (2004), the state spends \$330 million per year on the small district adjustment and \$91 million on the mid-size district adjustment, for a total of \$421 million annually. A more recent study conducted by the Texas Association of Mid-Size Schools (TAMS) found that 262 traditional public school districts received nearly \$178 million in additional revenue in the 2005-06 school year, due to the midsize district adjustment alone.

Despite the fact that Texas charters are set up as their own local education agency (LEA) (i.e., school districts), the state does not always recognize charters as districts for funding purposes. Therefore, charters are not eligible to receive the small district adjustment, even though most charters serve far fewer than 1,600 students. In addition, nearly 80 percent of charters operate in large urban areas, where these small schools still “typically confront higher costs for labor, materials, and facilities” (Texas Center for Educational Research, 2006, p. 19). In fact, the Progressive Policy Institute’s analysis of Texas charter funding for 2001-02 found that “Texas charters spend nearly twice as much on operations (e.g. transportation, food services, etc.) as do similarly sized traditional schools” (Smith, 2005, p. 21). This disparity may be exacerbated by the fact that charter schools are also not allowed to receive local property taxes or issue revenue bonds to help cover the cost of facilities or general operations.

In 2001, the Texas Legislature voted to phase-in a more equitable funding formula for charters that would base their per-pupil funding on the statewide average by 2011². This transition will alleviate many (but not all) of the funding inequities that charter schools currently face—though, CSPI would argue, not soon enough. In the meantime, CSPI contends that the Small District Adjustment could go a long way toward equalizing funding between charter schools and traditional public schools in the state of Texas.

Previous Research on the Small District Adjustment

In 2003, Haas Policy Consulting prepared a report on Texas charter school funding for the Association of Charter Educators (ACE), which briefly touched on the potential impact of the small district adjustment. According to this report, “per pupil funding for the average charter school would be approximately \$6,800 [compared to \$5,209] if the Small District Adjustment were applied” (p. 5). The authors concluded that per-pupil funding would have been comparable to the average per-

¹ According to CSPI’s survey results as of May 3, 2007, the 21 states that do not have small district adjustments for traditional public schools or charter schools are: Alabama, Connecticut, Delaware, Illinois, Indiana, Iowa, Kentucky, Maryland, Massachusetts, Michigan, Mississippi, Missouri, Montana, New Hampshire, New Jersey, New York, Ohio, Rhode Island, South Carolina, Tennessee, and Wisconsin.

² See Colbert (2007) for more information.

pupil funding statewide for traditional public schools, had charters received the SDA adjustment in 2000-01. Using a 750-student charter school district and a 200-student charter district (both located in a Dallas), the authors estimated a funding increase of about \$750,000 for the former, and \$320,000 for the latter.

However, the methodology used by Haas Policy Consulting for determining these numbers was not stated explicitly, and it is important to remember that these estimates were based on data from six years ago. During the 2000-01 school year, there were 159 charter districts were in operation, which oversaw a total of 201 campuses and enrolled roughly 38,000 students. There are now 196 charter districts in operation in the state of Texas that oversee 323 campuses and roughly 90,000 students. Therefore, much more funding for charters and their students is now at stake.

In 2006, the Texas Center for Educational Research (TCER) released a supplemental report on charter school finance in Texas. This study, based on 2002-03 and 2003-04 data from the Public Education Information Management System (PEIMS), briefly addressed the potential impact of the small district adjustment for charter schools. TCER compared the differences in revenue between public charter districts and traditional public school districts per ADA in specific size categories. In 2003-04, for districts/charters with enrollments under 500, charter districts received \$2,857 per pupil in ADA less than traditional districts. For districts/charters with enrollments between 500 to 999, the difference was \$1,754 per pupil in ADA. The urban location of most charters exacerbates this funding disparity. The TCER study was careful to note, however, that the revenue difference in size categories between charter districts and traditional districts could also have been a function of higher district property wealth found in some of the small traditional school districts. Therefore, the proportion of the difference between traditional school districts and public charter districts strictly due to SDA eligibility can not be determined from TCER's results. The report stated that correcting the funding difference (resulting from *all* funding inequities, not just SDA) would have cost the state over \$114 million in 2003-04.

In a new study commissioned by the Resource Center for Charter Schools, Colbert (2007) analyzed school audits from 2003-04 and found that the average adjustment produced when applying the small district formula to charter schools is 33.5%, though no total cost estimate for the SDA alone is provided.

The current report adds to the research regarding the funding gap between traditional and charter public districts by assessing how much of the gap is due to the SDA alone, based on the most recent data available from the Texas Education Agency (TEA). We also detail the methods used to calculate this difference so that other researchers may attempt to conduct similar analyses.

Methodology

In order to determine the statewide total, charter-specific total, and average per-pupil funding that charter school districts would have received in 2006-07 if they were eligible for the small district adjustment (SDA), we used a process recommended by Omar Garcia, Director of Statewide School Finance for the Region XIII Education Service Center in Austin, Texas. Using his methodology, we relied on data from all state-authorized charter schools' 2006-07 Estimated State Aid Entitlement Reports, available on the Texas Education Agency's (TEA) website at <http://www.tea.state.tx.us/school.finance/funding/sofweb7.html>. These figures are based on estimates as of September 2006, which could have changed over time. Charters that have since closed (and thus reported zero revenues and expenditures) were eliminated from our dataset.

First, we determined the total state funding that all charter districts were estimated to have *actually* received for 2006-07 (without the SDA), based on their Allotment Total and House Bill 1 Aid as listed in each charter's state entitlement report³:

$$\text{Allotment Total} + \text{HB 1 Aid} = \text{Actual Total Estimated State Aid}$$

Secondly, we isolated the potential impact of the small district adjustment by using a school finance template for all public schools in Texas, which is available online at http://www5.esc13.net/finance/docs/sof_FY07_r8_HB1.xls. The spreadsheet was created to help schools determine their estimated state funding, taking into account funding changes made by HB 1 in the 78th legislative session. We used this template to create spreadsheets for all 196 state-authorized charter schools operating in 2006-07. We then plugged in all of the following data for each charter district, as listed in their state entitlement reports:

- Refined ADA (Pre-K12)
- Refined ADA (Grades 9 thru 12 only)
- Special Education Instructional Arrangement Full-Time Equivalents (FTEs), including Homebound, Hospital Class, Speech Therapy, Resource Room, S/C Mild/Mod/Severe, Off Home Campus, VAC, State Schools, Nonpublic Contracts, Res Care & Treatment, & Full-time Early Childhood
- Mainstream ADA
- Career & Technology FTEs
- Compensatory Education Enrollment
- FTEs of Pregnant Students
- Bilingual ADA
- Gifted and Talented Enrollment
- Highest Grade Taught
- Estimated Statewide Average Cost of Education Index: 1.08
- Number of Teachers, Librarians, Nurses, and Counselor FTEs
- Number of Full-time Employees (excluding administrators & teachers)
- Number of Part-time Employees (excluding administrators & teachers)

For each charter district, we then combined Tier I State Aid, Total Tier II State Aid, and HB 1 Additional Aid, based on figures generated by their template, to arrive at the Projected State Aid *with* SDA amount:

$$\text{Tier I State Aid} + \text{Tier II State Aid} + \text{HB 1 Aid} = \text{Projected State Aid With SDA}$$

³ The actual total estimated state aid does not include the following state allotments, which have no bearing on the small district adjustment figures: high school, staff, teacher salary, technology, and transportation. The first four allotments are computed using a set dollar amount, and the transportation allotment is based primarily on the number of students using district transportation, which the SDA does not impact.

Finally, we compared this figure (Projected State Aid *With SDA*) to the figure for *Actual Total Estimated State Aid* to estimate how much each charter district would have received for the small district adjustment (SDA) in 2006-07, if it were eligible:

Projected State Aid *With SDA* - *Actual Total State Aid* = **Estimated SDA Funding**

In calculating the potential impact of the SDA, we made various assumptions to simplify our analysis. One assumption was that the size of all state-authorized districts was less than 300 square miles. If a charter district serves students in an area greater than 300 square miles, it is possible that the school could receive a larger adjustment amount. In addition, we assumed that all charter schools were participating in the state retirement system. Again, this assumption, if incorrect, would result in an underestimation of the possible funding difference between traditional public school districts and charter districts. Thirdly, we used the state average Cost of Education Index (1.08), rather than the average index where the majority of charter schools are located. Since the majority of charter schools are located in urban and suburban areas which have a much higher index, using the state average produces results that are on the conservative side. For example, the average index for Houston, Dallas, San Antonio, and Austin is 1.14. If we had used this average, we would have found significantly greater funding disparities for charters due to the lack of a small district adjustment. Therefore, our estimates should be considered conservative.

Results

We found that all charter districts within the state of Texas, combined, would have received a total of approximately \$74.6 million in additional funding in 2006-07 if they had been eligible for the small district adjustment (see Table 1). According to our analysis, the total estimated funding for the small district adjustment statewide could represent as much as 65% of the total funding gap for public charter schools in Texas, based on the latest available estimate of the total funding gap (\$114 million in 2003-04) from the Texas Center for Educational Research (2006). The average amount of additional SDA funding for each charter would have been \$386,632.77, with an average per-pupil funding of \$1,808.46 and \$1,093.90 based on refined and weighted ADA, respectively. Appendix A⁴ lists the estimated additional funding that individual charter schools could have received, if eligible for the SDA.

⁴ We urge caution in interpreting the results for individual districts. As in most school funding analyses, there can be reporting errors either on the part of the charter district or the state department of education. This problem has occurred in previous charter finance studies due to errors in PEIMS reporting (TCER, 2006). As the Fordham Institute's 2005 report notes, there are bound to be some irregularities when undertaking a complex, multi-step process for hundreds of charter districts.

Table 1: Estimated Additional Funding That Charters Could Have Received in 2006-07, If Eligible for the Small District Adjustment

	Total (193 Charters)
Total Additional Funding with SDA (All Charter Districts)	\$74,620,125.00
Average Additional Funding with SDA	\$386,632.77
Average Additional Funding Per Pupil with SDA (Based on Refined ADA)	\$1,808.46
Average Additional Funding Per Pupil with SDA (Based on Weighted ADA)	\$1,093.90

We should note that according to our calculations, 14 charters would have received no additional funding through the small district adjustment. Because all 14 of these charters were formed prior to September 1, 2001, they still receive funding from students' home district instead of the state, as a result of the new state funding formula passed in HB 6. The majority of these schools' students are coming from wealthy resident districts, so these charter schools are getting the same revenue per ADA as that wealthy districts have access to, and applying the small district adjustment does not offset this advantage. We also conducted some descriptive analyses comparing some key characteristics between these charter districts and the other charter districts (see Appendix B).

Conclusions & Recommendations

Our estimates of the potential impact of the small district adjustment for charter districts for 2006-07 appear to be consistent with the findings from prior research: that the small district adjustment would, in fact, make a significant difference in closing the charter funding gap—perhaps by as much as a two thirds. Our overall estimate for the state of Texas is larger than the overall figures found in previous research, primarily due to the increase in both the number of charters in the state as well as the number of students being served by those charter districts. We recommend that the TEA and the state board of education commission a study to reanalyze this data and help determine the best course of action for providing equitable funding for all charter districts in the state as soon as possible. Like the rest of Texas' public school students, all charter school students deserve equal protection—and equal funding—under the law.

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Appendix A: Estimated SDA Funding for All State-Authorized Charter Districts⁵

District #	District Name	Difference	Difference per Pupil Based on Refined ADA	Difference per Pupil Based on Weighted ADA
057-829	A+ ACADEMY	\$427,145.00	\$487.30	\$327.70
101-810	ACADEMY OF ACCELERATED LEARNING INC	\$542,643.00	\$1,116.23	\$796.76
123-801	ACADEMY OF BEAUMONT	\$419,273.00	\$1,647.98	\$1,048.51
015-816	ACADEMY OF CAREERS AND TECHNOLOGIES CHARTER SCHOOL	\$4,160,351.00	\$17,248.55	\$10,338.51
057-810	ACADEMY OF DALLAS	\$461,920.00	\$1,263.95	\$844.37
101-849	ACCELERATED INTERMEDIATE ACADEMY	\$671,362.00	\$932.45	\$626.56
101-815	ALIEF MONTESSORI COMMUNITY SCHOOL	\$263,447.00	\$1,753.26	\$1,186.38
057-832	ALPHA CHARTER SCHOOL	\$341,179.00	\$1,698.17	\$1,172.01
101-817	ALPHONSO CRUTCH'S-LIFE SUPPORT CENTER	\$240,529.00	\$1,255.38	\$988.63
101-818	AMERICAN ACADEMY OF EXCELLENCE CHARTER SCHOOL-HOU	\$416,819.00	\$2,280.82	\$1,385.64
227-801	AMERICAN YOUTHWORKS CHARTER SCHOOL	\$423,638.00	\$1,293.59	\$911.02
101-819	AMIGOS POR VIDA-FRIENDS FOR LIFE CHARTER SCHOOL	\$455,981.00	\$1,444.21	\$975.58
220-802	ARLINGTON CLASSICS ACADEMY	\$435,811.00	\$1,146.87	\$987.63
161-802	AUDRE AND BERNARD RAPOPORT ACADEMY	\$318,197.00	\$1,797.27	\$1,290.10
227-818	AUSTIN CAN ACADEMY CHARTER SCHOOL	\$271,403.00	\$1,153.80	\$656.48
227-821	AUSTIN DISCOVERY SCHOOL	\$183,924.00	\$864.30	\$655.03
057-816	AW BROWN-FELLOWSHIP CHARTER SCHOOL	\$494,806.00	\$582.66	\$380.93
212-803	AZLEWAY CHARTER SCHOOL	\$1,050,381.00	\$10,939.53	\$2,897.47
101-809	BAY AREA CHARTER SCHOOL	\$344,626.00	\$1,188.12	\$887.42
101-847	BEATRICE MAYES INSTITUTE CHARTER SCHOOL	\$420,044.00	\$1,271.09	\$934.07
101-820	BENJI'S SPECIAL EDUCATIONAL ACADEMY CHARTER SCHOOL	\$492,860.00	\$876.34	\$653.31
015-809	BEXAR COUNTY ACADEMY	\$568,317.00	\$1,559.77	\$1,021.56
193-801	BIG SPRINGS CHARTER SCHOOL	\$580,101.00	\$6,565.94	\$1,566.32

⁵ Some charter districts have multiple campuses with different district numbers assigned by the TEA (e.g., Harmony Science Academy, KIPP); others don't (e.g., Eagle Academies).

District #	District Name	Difference	Difference per Pupil Based on Refined ADA	Difference per Pupil Based on Weighted ADA
213-801	BRAZOS RIVER CHARTER SCHOOL	\$453,687.00	\$3,656.76	\$2,188.70
021-803	BRAZOS SCHOOL FOR INQUIRY & CREATIVITY	\$430,534.00	\$1,510.65	\$1,043.71
243-801	BRIGHT IDEAS CHARTER	\$256,420.00	\$1,626.24	\$1,312.99
015-830	BROOKS ACADEMY OF SCIENCE AND ENGINEERING	\$259,302.00	\$682.37	\$487.23
071-801	BURNHAM WOOD CHARTER SCHOOL	\$638,840.00	\$1,251.23	\$863.08
101-837	CALVIN NELMS CHARTER SCHOOLS	\$368,365.00	\$2,127.94	\$1,337.34
014-804	CEDAR CREST SCHOOL	\$512,863.00	\$7,721.28	\$2,170.14
227-817	CEDARS INTERNATIONAL ACADEMY	\$306,121.00	\$2,035.28	\$1,483.57
057-811	CHILDREN FIRST ACADEMY OF DALLAS	\$359,348.00	\$1,380.48	\$935.86
101-823	CHILDREN FIRST ACADEMY OF HOUSTON	\$539,051.00	\$1,540.75	\$965.54
101-842	COMQUEST ACADEMY	\$474,387.00	\$6,039.45	\$4,162.17
178-807	CORPUS CHRISTI MONTESSORI SCHOOL	\$90,296.00	\$1,110.04	\$783.34
161-806	CROSSTIMBERS ACADEMY	\$263,638.00	\$3,739.55	\$2,023.07
212-801	CUMBERLAND ACADEMY	\$354,608.00	\$1,787.42	\$1,743.95
057-804	DALLAS CAN ACADEMY CHARTER	\$0.00	\$0.00	\$0.00
057-805	DALLAS COMMUNITY CHARTER SCHOOL	\$195,270.00	\$1,605.77	\$1,104.37
057-814	DALLAS COUNTY JUVENILE JUSTICE	\$672,724.00	\$1,066.69	\$609.25
178-801	DR M L GARZA-GONZALEZ CHARTER SCHOOL	\$315,735.00	\$1,972.39	\$1,301.95
101-856	DRAW ACADEMY	\$270,792.00	\$1,325.04	\$745.87
221-801	EAGLE ACADEMIES OF TEXAS	\$0.00	\$0.00	\$0.00
057-806	EAGLE ADVANTAGE SCHOOLS	\$0.00	\$0.00	\$0.00
220-811	EAST FORT WORTH MONTESSORI ACADEMY	\$178,242.00	\$1,159.80	\$711.06
092-801	EAST TEXAS CHARTER SCHOOLS	\$514,174.00	\$3,896.14	\$2,575.02
227-803	EDEN PARK ACADEMY	\$178,440.00	\$1,278.59	\$945.85
061-802	EDUCATION CENTER	\$379,808.00	\$1,342.83	\$954.36
057-833	EDUCATION CENTER INTERNATIONAL ACADEMY	\$369,958.00	\$3,486.72	\$2,582.32
123-805	EHRHART SCHOOL	\$215,311.00	\$1,102.95	\$678.31
071-804	EL PASO ACADEMY	\$599,415.00	\$1,542.77	\$1,052.95
071-805	EL PASO SCHOOL OF EXCELLENCE	\$619,199.00	\$1,452.52	\$993.81
024-801	ENCINO SCHOOL	\$77,497.00	\$1,056.97	\$826.08
072-802	ERATH EXCELS ACADEMY	\$667,073.00	\$6,619.76	\$3,649.75

District #	District Name	Difference	Difference per Pupil Based on Refined ADA	Difference per Pupil Based on Weighted ADA
057-834	EVOLUTION ACADEMY CHARTER SCHOOL	\$261,521.00	\$1,065.74	\$668.77
057-815	FAITH FAMILY ACADEMY OF OAK CLIFF	\$346,279.00	\$365.63	\$246.19
057-817	FOCUS LEARNING ACADEMY	\$533,440.00	\$1,329.87	\$831.35
220-809	FORT WORTH ACADEMY OF FINE ARTS	\$439,534.00	\$1,278.24	\$1,026.60
220-804	FORT WORTH CAN ACADEMY	\$726,610.00	\$1,217.12	\$817.32
227-812	FRUIT OF EXCELLENCE	\$85,161.00	\$2,495.34	\$1,283.76
232-801	GABRIEL TAFOLLA CHARTER SCHOOL	\$287,007.00	\$2,123.81	\$1,368.62
240-801	GATEWAY (STUDENT ALTERNATIVE PROGRAM INC)	\$589,509.00	\$1,978.07	\$1,248.58
057-831	GATEWAY CHARTER ACADEMY	\$426,197.00	\$721.88	\$520.33
015-829	GEN ALFRED A VALENZUELA INTERMED LEADERSHIP ACAD	\$37,336.00	\$1,283.02	\$833.88
015-802	GEORGE GERVIN ACADEMY	\$550,423.00	\$1,483.41	\$1,024.41
101-804	GEORGE I SANCHEZ CHARTER	\$673,339.00	\$1,298.20	\$817.98
015-812	GEORGE I SANCHEZ CHARTER HS SAN ANTONIO BRANCH	\$398,532.00	\$2,851.79	\$1,553.91
101-805	GIRLS & BOYS PREP ACADEMY	\$495,431.00	\$598.57	\$424.12
057-835	GOLDEN RULE CHARTER SCHOOL	\$299,366.00	\$683.86	\$434.03
015-813	GUARDIAN ANGEL PERFORMANCE ARTS ACADEMY	\$28,777.00	\$1,877.54	\$1,374.98
101-843	GULF SHORES ACADEMY	\$577,901.00	\$1,160.45	\$779.29
101-857	HARMONY ELEMENTARY	\$267,635.00	\$689.78	\$480.43
227-822	HARMONY ELEMENTARY (AUSTIN)	\$247,144.00	\$849.29	\$577.32
101-858	HARMONY SCHOOL OF EXCELLENCE	\$244,670.00	\$762.21	\$547.20
071-806	HARMONY SCIENCE ACAD (EL PASO)	\$260,152.00	\$766.28	\$520.90
220-813	HARMONY SCIENCE ACAD (FORT WORTH)	\$277,003.00	\$721.36	\$483.17
015-828	HARMONY SCIENCE ACAD (SAN ANTONIO)	\$283,902.00	\$728.40	\$477.71
101-846	HARMONY SCIENCE ACADEMY	\$0.00	\$0.00	\$0.00
227-816	HARMONY SCIENCE ACADEMY (AUSTIN)	\$255,750.00	\$870.16	\$587.17
101-811	HARRIS COUNTY JUVENILE JUSTICE CHARTER SCHOOL	\$700,151.00	\$1,081.69	\$613.65

District #	District Name	Difference	Difference per Pupil Based on Refined ADA	Difference per Pupil Based on Weighted ADA
015-803	HIGGS CARTER KING GIFTED & TALENTED CHARTER ACAD	\$414,643.00	\$1,631.86	\$1,148.92
057-825	HONORS ACADEMY	\$721,927.00	\$840.81	\$535.56
101-851	HOUSTON ALTERNATIVE PREPARATORY CHARTER SCHOOL	\$256,421.00	\$1,340.41	\$680.95
101-812	HOUSTON CAN ACADEMY CHARTER SCHOOL	\$552,323.00	\$666.35	\$451.07
101-828	HOUSTON GATEWAY ACADEMY INC	\$587,721.00	\$916.52	\$638.76
101-821	HOUSTON HEIGHTS HIGH SCHOOL	\$339,398.00	\$1,786.31	\$1,118.75
101-829	HOUSTON HEIGHTS LEARNING ACADEMY INC	\$162,885.00	\$1,801.96	\$1,216.88
057-818	I AM THAT I AM ACADEMY	\$161,255.00	\$2,236.24	\$1,295.47
108-807	IDEA ACADEMY	\$0.00	\$0.00	\$0.00
057-830	INSPIRED VISION ACADEMY	\$505,978.00	\$1,097.76	\$743.11
101-822	JAMIE'S HOUSE CHARTER SCHOOL	\$401,469.00	\$7,813.87	\$3,551.31
057-819	JEAN MASSIEU ACADEMY	\$553,922.00	\$4,708.66	\$2,591.80
101-831	JESSE JACKSON ACADEMY	\$499,672.00	\$1,771.89	\$1,073.88
015-808	JOHN H WOOD JR CHARTER SCHOOL	\$1,421,706.00	\$5,569.94	\$1,561.58
101-852	JUAN B GALAVIZ CHARTER SCHOOL	\$127,853.00	\$1,600.16	\$947.50
015-822	JUBILEE ACADEMIC CENTER	\$534,330.00	\$1,159.70	\$956.59
105-801	KATHERINE ANNE PORTER SCHOOL	\$474,549.00	\$5,115.00	\$3,421.33
015-826	KIPP ASPIRE ACADEMY	\$270,715.00	\$858.73	\$554.12
227-820	KIPP AUSTIN COLLEGE PREP SCH INC	\$283,627.00	\$908.13	\$554.13
101-813	KIPP INC CHARTER	\$0.00	\$0.00	\$0.00
101-860	KIPP SOUTHEAST HOUSTON	\$200,817.00	\$1,034.93	\$678.23
057-837	KIPP TRUTH ACADEMY	\$203,057.00	\$1,169.48	\$691.90
057-839	LA ACADEMIA DE ESTRELLAS	\$158,955.00	\$1,103.85	\$721.96
101-833	LA AMISTAD LOVE & LEARNING ACADEMY	\$409,258.00	\$1,392.03	\$994.49
015-811	LA ESCUELA DE LAS AMERICAS	\$220,160.00	\$1,815.54	\$1,298.99
057-807	LIFE SCHOOL	\$0.00	\$0.00	\$0.00
015-825	LIGHTHOUSE CHARTER SCHOOL	\$184,928.00	\$1,306.78	\$777.28
084-801	MAINLAND PREPARATORY ACADEMY	\$376,678.00	\$718.55	\$536.59
227-811	MCCULLOUGH ACADEMY OF EXCELLENCE	\$186,484.00	\$1,628.81	\$1,136.75

District #	District Name	Difference	Difference per Pupil Based on Refined ADA	Difference per Pupil Based on Weighted ADA
101-801	MEDICAL CENTER CHARTER SCHOOL	\$275,295.00	\$1,698.92	\$1,140.41
220-808	METRO CHARTER ACADEMY	\$407,671.00	\$1,383.65	\$1,086.85
101-855	MEYERPARK ELEMENTARY	\$114,916.00	\$1,130.18	\$762.93
165-802	MIDLAND ACADEMY CHARTER SCHOOL	\$535,770.00	\$1,146.28	\$814.38
108-804	MID-VALLEY ACADEMY	\$325,638.00	\$1,622.87	\$1,324.26
015-805	NEW FRONTIERS CHARTER SCHOOL	\$698,510.00	\$1,206.09	\$829.45
057-803	NORTH HILLS SCHOOL	\$0.00	\$0.00	\$0.00
101-834	NORTH HOUSTON H S FOR BUSINESS	\$1,396,518.00	\$6,208.37	\$5,272.21
101-848	NORTHWEST PREPARATORY	\$476,079.00	\$1,672.65	\$1,034.13
057-809	NOVA CHARTER SCHOOL	\$202,515.00	\$1,307.81	\$956.61
057-827	NOVA CHARTER SCHOOL (SOUTHEAST)	\$327,270.00	\$1,432.53	\$982.20
227-804	NYOS CHARTER SCHOOL	\$346,941.00	\$769.86	\$598.31
084-802	ODYSSEY ACADEMY INC	\$290,582.00	\$936.76	\$675.65
108-801	ONE STOP MULTISERVICE CHARTER SCHOOL	\$760,816.00	\$1,365.04	\$840.70
235-801	OUTREACH WORD ACADEMY	\$134,027.00	\$1,147.00	\$749.16
183-801	PANOLA CHARTER SCHOOL	\$400,150.00	\$2,807.77	\$1,531.02
072-801	PARADIGM ACCELERATED SCHOOL	\$249,471.00	\$3,959.42	\$2,387.40
071-803	PASO DEL NORTE	\$336,427.00	\$1,795.84	\$1,254.54
057-838	PEAK ACADEMY	\$217,796.00	\$683.39	\$547.31
057-802	PEGASUS SCHOOL OF LIBERAL ARTS AND SCIENCES	\$350,209.00	\$1,441.11	\$969.79
116-801	PHOENIX CHARTER SCHOOL	\$318,953.00	\$812.93	\$517.26
003-801	PINEYWOODS COMMUNITY ACADEMY	\$356,096.00	\$1,746.45	\$1,289.34
015-801	POR VIDA ACADEMY	\$511,000.00	\$1,800.90	\$1,173.65
015-814	POSITIVE SOLUTIONS CHARTER SCHOOL	\$332,135.00	\$2,028.29	\$1,246.80
015-815	RADIANCE ACADEMY OF LEARNING	\$0.00	\$0.00	\$0.00
234-801	RANCH ACADEMY	\$195,012.00	\$4,057.85	\$1,976.97
161-805	RAPOPORT ACADEMY PREP SCH	\$22,183.00	\$1,203.64	\$844.78
101-806	RAUL YZAGUIRRE SCHOOL FOR SUCCESS	\$0.00	\$0.00	\$0.00
236-801	RAVEN SCHOOL	\$1,143,548.00	\$7,147.18	\$3,440.53
188-801	RICHARD MILBURN ACADEMY (AMARILLO)	\$403,650.00	\$3,368.44	\$2,263.88
123-804	RICHARD MILBURN ACADEMY (BEAUMONT)	\$290,167.00	\$1,810.57	\$1,112.88

District #	District Name	Difference	Difference per Pupil Based on Refined ADA	Difference per Pupil Based on Weighted ADA
068-801	RICHARD MILBURN ACADEMY (ECTOR COUNTY)	\$234,957.00	\$1,795.83	\$1,118.61
220-812	RICHARD MILBURN ACADEMY (FORT WORTH)	\$310,145.00	\$2,711.70	\$1,783.51
165-801	RICHARD MILBURN ACADEMY (MIDLAND)	\$251,816.00	\$1,631.04	\$1,175.28
101-854	RICHARD MILBURN ACADEMY (SUBURBAN HOUSTON)	\$186,228.00	\$1,284.37	\$739.23
178-804	RICHARD MILBURN ALTER HIGH SCHOOL (CORPUS CHRISTI)	\$296,182.00	\$1,879.15	\$1,257.88
014-801	RICHARD MILBURN ALTER HIGH SCHOOL (KILLEEN)	\$294,214.00	\$1,937.28	\$1,394.17
152-801	RICHARD MILBURN ALTER HIGH SCHOOL (LUBBOCK)	\$409,486.00	\$3,590.16	\$2,234.01
057-840	RICHLAND COLLEGIATE HS OF MATH SCIENCE ENGINEERING	\$160,275.00	\$843.55	\$675.58
101-853	RIPLEY HOUSE CHARTER SCHOOL	\$206,653.00	\$419.00	\$249.69
152-802	RISE ACADEMY	\$321,766.00	\$1,718.74	\$1,232.48
015-817	SAN ANTONIO CAN HIGH SCHOOL	\$312,545.00	\$972.64	\$570.51
015-824	SAN ANTONIO PREPARATORY ACADEMY	\$220,070.00	\$1,017.38	\$652.33
015-820	SAN ANTONIO SCHOOL FOR INQUIRY & CREATIVITY	\$412,311.00	\$1,665.70	\$1,152.32
015-823	SAN ANTONIO TECHNOLOGY ACADEMY	\$395,948.00	\$3,934.89	\$2,276.06
015-806	SCHOOL OF EXCELLENCE IN EDUCATION	\$0.00	\$0.00	\$0.00
057-821	SCHOOL OF LIBERAL ARTS AND SCIENCE	\$433,065.00	\$930.85	\$668.81
015-827	SCHOOL OF SCIENCE AND TECHNOLOGY	\$262,809.00	\$782.17	\$536.38
178-802	SEASHORE LEARNING CTR CHARTER	\$245,136.00	\$1,217.95	\$1,017.64
101-802	SER-NINOS CHARTER SCHOOL	\$0.00	\$0.00	\$0.00
015-819	SHEKINAH RADIANCE ACADEMY	\$347,266.00	\$365.54	\$264.70
152-803	SOUTH PLAINS	\$346,714.00	\$2,719.26	\$1,594.84
015-807	SOUTHWEST PREPARATORY SCHOOL	\$547,374.00	\$588.46	\$422.03
101-838	SOUTHWEST SCHOOL	\$530,296.00	\$552.33	\$382.54
057-836	ST ANTHONY SCHOOL	\$200,226.00	\$855.34	\$632.02
013-801	ST MARY'S ACADEMY CHARTER SCHOOL	\$233,251.00	\$1,083.08	\$660.58
227-814	STAR CHARTER SCHOOL	\$197,451.00	\$731.30	\$650.50

District #	District Name	Difference	Difference per Pupil Based on Refined ADA	Difference per Pupil Based on Weighted ADA
101-859	STEPPING STONES CHARTER EL	\$106,023.00	\$1,116.03	\$769.75
108-802	TECHNOLOGY EDUCATION CHARTER HIGH SCHOOL	\$556,921.00	\$1,262.69	\$935.57
123-803	TEKOA ACADEMY OF ACCELERATED STUDIES	\$434,929.00	\$1,575.83	\$1,101.39
014-803	TEMPLE EDUCATION CENTER	\$475,814.00	\$4,939.98	\$3,116.43
227-805	TEXAS EMPOWERMENT ACADEMY	\$617,232.00	\$5,532.64	\$3,629.05
105-802	TEXAS PREPARATORY SCHOOL	\$103,788.00	\$1,209.54	\$777.95
170-801	TEXAS SERENITY ACADEMY	\$337,777.00	\$1,268.99	\$987.66
220-806	THERESA B LEE ACADEMY	\$491,305.00	\$1,796.36	\$1,176.44
014-802	TRANSFORMATIVE CHARTER ACADEMY	\$206,051.00	\$2,950.58	\$2,001.35
220-801	TREETOPS SCHOOL INTERNATIONAL	\$276,326.00	\$1,287.56	\$1,016.36
057-813	TRINITY BASIN PREPARATORY	\$484,479.00	\$1,085.35	\$743.31
046-802	TRINITY CHARTER SCHOOL	\$1,250,523.00	\$6,306.35	\$1,408.51
101-840	TWO DIMENSIONS PREPARATORY ACADEMY	\$593,817.00	\$1,222.65	\$863.58
057-808	UNIVERSAL ACADEMY	\$0.00	\$0.00	\$0.00
227-806	UNIVERSITY CHARTER SCHOOL	\$2,924,923.00	\$3,044.63	\$884.90
101-807	UNIVERSITY OF HOUSTON CHARTER SCHOOL	\$147,146.00	\$1,148.36	\$890.14
227-819	UNIVERSITY OF TEXAS ELEMENTARY CHARTER SCHOOL	\$202,852.00	\$1,006.21	\$660.35
108-808	VANGUARD ACADEMY	\$502,709.00	\$1,313.62	\$944.73
101-814	VARNETT CHARTER SCHOOL	\$344,131.00	\$349.66	\$242.54
161-801	WACO CHARTER SCHOOL	\$301,446.00	\$2,149.95	\$1,381.99
070-801	WAXAHACHIE FAITH FAMILY ACADEMY	\$245,595.00	\$1,159.29	\$946.57
101-803	WEST HOUSTON CHARTER SCHOOL	\$184,815.00	\$1,401.43	\$1,019.31
220-810	WESTLAKE ACADEMY CHARTER SCHOOL	\$241,360.00	\$719.15	\$550.02
oi 9p0	WHISPERING OAKS CHARTER SCHOOL--Closed	\$76,907.00	\$2,949.00	\$883.10
057-828	WINFREE ACADEMY	\$160,516.00	\$118.56	\$78.49
101-845	YES COLLEGE PREPARATORY SCHOOL	\$0.00	\$0.00	\$0.00
101-850	ZOE LEARNING ACADEMY	\$527,855.00	\$1,437.81	\$964.20
	SUM	\$74,620,125.00		
	AVERAGE	\$386,632.77	\$1,808.46	\$1,093.90

Appendix B: Descriptive Analyses of the 14 Charter Districts that Would Have Received Zero Additional Funds from SDA, if Eligible

Some readers might be interested in knowing how the 14 charter districts that would not have benefited from the SDA were different from the charter districts that would have. Therefore, we ran a series of One-Way Analyses of Variances (ANOVAs) to investigate this question. ANOVAs test whether two groups (in this cases, charters that would receive no additional funds and charters that would receive additional funds) have statistically different mean (i.e., average) values on particular characteristics. The charter school characteristics measured here included: total number of students enrolled in the charter district, number of campuses overseen by the charter holders, lowest grade level taught within the district, highest grade level taught within the district, average number of days in the district’s academic year, and average number of hours in the district’s school day. The table below presents the means and standard deviations (rounded to the nearest whole integer) for both charter groups, followed by the F-value (statistical figure for the difference between groups).

District Characteristics	Districts Receiving No SDA, if Eligible Mean (SD)	Districts Receiving SDA, if Eligible Mean (SD)	F-value
Total # Students	1,574 (727)	5 (318)	234.84***
# of Campuses	5 (19)	3 (5)	1.861
Lowest Grade	4 (4)	3 (4)	1.704
Highest Grade	11 (2)	7(12)	1.098
Ave. # of Days/year	180 (4)	185 (11)	3.103*
Ave. # of Hours/day	6.3 (1.4)	6.9 (1.5)	2.513

Note. Significance Levels: *p <.05, ***p <.001. All figures except for those for the average number of hours per day are rounded to the nearest whole number. Although some schools do have half days, each day was counted as a full day.

Our analyses revealed that the 14 charter districts that would not have benefited from the small- or mid-sized adjustments had higher enrollments (1,574 vs. 385) and shorter school years (180 days vs. 185), on average. They also had a tendency to have shorter school days (6.3 hours vs. 6.9 hours), but this finding just missed statistical significance.

About the Authors

Virginia H. Blankenship, Ed.D.

Dr. Virginia H. Blankenship joined CSPI as director of research and policy in June 2006. Ginny previously served as a research associate for the Office for Education Policy at the University of Arkansas, where she was instrumental in the development of papers, policy briefs, and research for the state legislature and other policymakers. Ginny has been both a principal investigator and a team researcher in the area of educational accountability, in particular, examining the school choice and supplemental services provisions of the federal No Child Left Behind Act. Prior to her work in education policy, Ginny was press secretary for U.S. Congressman John Linder from Atlanta, GA. She began her career as a writer and editor for trade publications and an educational software company. She received a Bachelor of Arts from the University of Arkansas, a Master of Arts from the University of Virginia, and a doctorate in education policy from The George Washington University.

Tara Rohde

Tara Rohde joined CSPI as a Research Fellow in August 2006. This spring, she will receive her master's degree from the LBJ School of Public Affairs at the University of Texas at Austin, where she has also conducted research as part of a group project for the World Congress on Information Technology. Tara has interned at the U.S. Department of Treasury's Office of Terrorism and Financial Intelligence and the American Enterprise Institute, both in Washington, DC. Tara graduated summa cum laude from Trinity University in 2005, with a B.A. in political science and economics.

Jody L. Ernst, Ph.D.

Dr. Jody L. Ernst joined CSPI as a research fellow in March 2006. Jody received her doctorate in differential psychology from the University of Texas at Austin in 2006. She has worked as a graduate research assistant for the Texas Adoption Project, studying the effects of genetic and environmental factors on the development of intelligence, personality, and problem behaviors. She was also an assistant instructor at UT, teaching courses in introductory psychology and research methods and statistics. Her own research focuses on the emotional, behavioral, and academic development of high-risk adolescents.

CSPI provides analysis of existing research on critical public school choice issues as well as conducts original research on the essential elements of quality public charter schools. The essential elements are defined as crucial aspects of successful public charter schools, and represent the major areas of focus for the Institute.

Financial Transparency



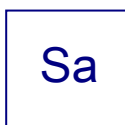
Charter schools are primarily funded by tax dollars. Policymakers and taxpayers should be knowledgeable about the way public charter schools operate fiscally. CSPI studies a range of financial issues from the transparency of charter school business operations to the impact statewide funding formulas have on charters.

Enrollment Practices



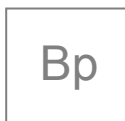
Public charter schools are open to all students in a given community, regardless of previous academic performance or other criteria. Enrollment caps and the size of charter schools make them unique public schools. CSPI focuses on the capacity of charters to serve community needs and the role selection plays in the academic and financial performance of schools.

Student Achievement



The obligation of all public schools is to provide students with an education that will lead to success in work and life. The academic benchmarks charter schools and their authorizers use to determine success are critical. Charters often educate students who, for a variety of reasons, do not perform well in traditional academic settings. CSPI investigates strategies that dramatically improve student achievement year after year.

Best Practices



In order to create and replicate quality public charter schools, it is necessary to study and promote models that work. To the extent public policy enables good charter schools, CSPI identifies model legislative and regulatory actions. At the campus level, through case studies, interviews, and analysis, CSPI highlights the most successful school policies.