

## UNITED TEACHERS LOS ANGELES



### REVIEW: Fiscal Impact of Charter Schools on LAUSD

FINAL REPORT

May 2016



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United Teachers Los Angeles  
Final Report  
Fiscal Impact of Charter Schools on LAUSD

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# UNITED TEACHERS LOS ANGELES

## FISCAL IMPACT OF CHARTER SCHOOLS ON LAUSD MAY 2016

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## Section I: Introduction

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MGT of America (MGT), a national consulting company, under contract with United Teachers Los Angeles (UTLA) conducted a review of the fiscal impact of independent charter schools on the Los Angeles Unified School District (LAUSD).

The review gathered information from the district and other sources to determine the fiscal impact of independent charter schools. The analysis was conducted by MGT staff using data provided by the district from publicly-available information and through specific data requests submitted to the departments in the district. The study was conducted during December 2015 and January 2016.

This report is not intended as a review or critique of independent charter or public schools in Los Angeles, LAUSD's policies and procedures, operations, or oversight practices. The report is based on a set of research questions identified by the client relative to independent charter schools. Some of those research questions identify specific student subgroups – special education, English language learners, and Title I. Readers are cautioned that this report is not intended to identify or describe any one group of students as any more or less important or worthy of review. These three subgroups were identified as part of their request for the study, based on their interest in understanding whether the students in these groups or the supports for such students were impacted by independent charter schools as part of this fiscal impact review.

This report accepts and does not judge the district's existing practices as a basis for review of the financial impact of independent charter schools on the district. The report does, however, identify various state laws or regulations as well as district practices that impact the district either financially or procedurally. Wherever possible, MGT has identified the state and district issues separately.

This report is limited in its scope. The focus is specifically on the fiscal impact of independent charter schools on LAUSD, as related to the research questions defined.

### A. SUMMARY OF FINDINGS

MGT has identified the following findings relative to the financial impact of independent charter schools on LAUSD. Some of the findings identified below are relatively small – e.g., the annual cost of housing the CSD in the Beaudry Building. Other costs are much larger – e.g., the impact on special education and the 1-3% oversight fees paid by charter schools.

MGT provides the following summary of findings relative to the financial impact of independent charter schools. As described in **Section III**, some of the issues are state-wide and would require state-wide, legislative changes. However, some are district-level process decisions that could be addressed by LAUSD board decisions and one is part of the LAUSD-UTLA contract.

The first set of findings deal with issues related to **oversight of charter schools**, including funds collected for oversight and LAUSD activities to meet their oversight responsibilities.

#### FINDING 1:

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The annual oversight revenue collected from charter schools does not cover the annual budget of the Charter Schools Division (CSD).

#### FINDING 2:

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The cost to the district for the space occupied by the Charter Schools Division, estimated at \$92,006/year, represents a direct cost to the district that is not covered by charter school oversight funds.

#### FINDING 3:

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There are direct costs to the district for oversight that are beyond those allocated to the CSD and not currently funded by the oversight revenues. The additional oversight activities occur in the Special Education Division (SPED) and the Office of the Inspector General (OIG). The total cost is estimated at \$1,416,259. Allocating any portion of the charter school oversight revenue to divisions other than CSD is a district decision.

#### FINDING 4:

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There are significant and quantifiable indirect costs to LAUSD for the independent charter schools operating in the district. Indirect costs include time/opportunity losses when district staff spend time managing or dealing with charter schools, rather than district schools. Many district functions have these time/opportunity costs in support of charter schools, but they have not been identified, gathered, or quantified. The indirect administrative cost is estimated at \$13,845,203. These costs are not supported through the 1% oversight fee that is collected and used to fund the CSD. The allocation of the revenues from the 1% oversight fee is a district decision.

#### FINDING 5:

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There are 56 charter schools in LAUSD that are operating in district facilities. The law allows the district to collect a 3% oversight fee for charter schools located in district facilities that are not paying rent. None of the 56 schools is paying the 3% fee. The estimated oversight revenue lost is \$2,062,517. This is a district decision.

#### FINDING 6:

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The district is required to provide LCFF funding to charter schools starting in August, although the district does not receive the tax revenue from the county until January of each year. The estimated “cost of money” is \$86,132. This is a state-wide issue.

MGT has identified several areas of impact relative to **specific groups of students**. This group of findings describe issues with special education and English language learner programs.

#### FINDING 7:

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Special education revenue in LAUSD is impacted by state regulation. The state funding formula (*AB602*) that provides equal financial support regardless of disability has the effect of penalizing LAUSD due to its higher percentages of identified students who have higher needs than students in the charter schools. No cost estimate. This is a state-wide issue.

#### FINDING 8:

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LAUSD has a significantly higher proportion of high-need and high-cost special education students, compared to the independent charter schools in the district. No cost estimate. This is a state-wide issue.

#### FINDING 9:

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The state regulation allowing independent charters to join SELPAs other than LAUSD takes additional funding away from LAUSD that could otherwise be used to provide district program support. The estimated cost is \$10,356,338. This is a state-wide issue.

#### FINDING 10:

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The state funding formula (LCFF) that provides equal financial support regardless of EL level has the effect of penalizing schools/districts that have higher percentages of identified students who have higher needs compared to other schools/districts. (Note: There is no estimated cost attached to this finding. MGT was not able to identify the relative EL levels at district and charter schools.)

MGT has also identified a finding regarding the impact of declining enrollment.

#### FINDING 11:

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The declining enrollment in LAUSD is having a financial impact on the district. The declining enrollment is not solely based on the increase in number of charter schools. The impact should be softened by the state's use of the previous year's ADA that allows districts to recognize revenue loss for one year in arrears and reduce costs as enrollment declines. However, the "soft landing" only applies to students who move to another district and **not** to students who leave for charter schools. The estimated cost is \$55,619,684. This is a state-wide issue.

MGT has identified a final issue that is based on the UTLA contract.

#### FINDING 12:

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The LAUSD – UTLA contract allows teachers to take a Leave of Absence (LOA) and work in a charter school and return to LAUSD/UTLA status. There may be an impact on LAUSD due to the legacy benefit costs. The estimated cost is \$250,000 per employee. This is a contract issue.

#### CONCLUSIONS

The data described in this report make clear that there is a financial impact on LAUSD that is caused by independent charter schools. The impact is not **the fault** of the charter schools. Several of the identified findings document the legislated, state-wide decisions that have impacted school districts and some are based on decisions made by the district.

This review defines the issues and the fiscal impacts and invites the district and the state to review and consider ways to address them.

From this review it is clear that the financial future of the Los Angeles educational system is threatened and charter schools contribute to that threat.

## B. METHODOLOGY

In order to conduct this review of the fiscal impact of independent charter schools, MGT project staff requested and reviewed district and state documents available online and from other publications. Project staff conducted on-site and telephone interviews with district staff who also provided print documents and recommendations for further online resources or other personnel for interviews. Data were gathered during December and January, including on-site and telephone interviews, with requests for clarification or further details and follow-up phone calls conducted in February.

**LAUSD Offices:** Chief of Staff, Secretary to the Board, School Board, Chief Financial Officer, Chief Academic Officer, Special Education Division, Charter School Division, Human Resources Division, Federal Programs, English Language Learners, Office of Data and Accountability, Operations, Facilities, Food Services, and Office of Inspector General.

**California Department of Education:** Charter School Department

This report includes data from a variety of sources collected to answer one or more of the research questions identified by UTLA during Project Initiation. The research questions are shown below:

1. What are the administrative costs associated with the establishment of charter schools, including LAUSD central services provided to independent charter schools?
2. What is the impact of the independent charter schools on student demographics, especially student sub groups:
  - a. Special education – broken out by sub-populations, as available
  - b. English language learners
  - c. Title I eligible students
3. What is the impact on operating existing facilities, including maintenance and utilities?
4. What is the impact on teacher and support personnel staffing?
5. What is the impact on support services including transportation and food service?
6. What is the impact on technology resources and infrastructure?
7. What is the impact on pension, insurance, and other obligations?

All exhibits include source information. Some exhibits include data from a source that were then compiled by MGT. Interview notes have been compiled by MGT for use in developing this report. They are not part of any appendices and no quotes are attributed to individual LAUSD staff members or others as individuals.

MGT has made every effort to ensure the accuracy and completeness of data and resulting analyses and findings provided in this report. Any errors or omissions of fact are unintentional.

## Section II: California Charter Schools - Background

This section is intended to provide background information on the financial effect of independent charter schools on California public school districts in general.

### A. AUTHORIZATION

California public charter schools must petition and be approved by an existing Local Education Agency (LEA), which is usually a public school district, in order to begin operation. Once approved, they may elect to receive the state aid portion of their Local Control Funding Formula (LCFF) allocation directly from the state or indirectly through their sponsoring LEA. Those charter schools that elect to receive their funding directly from the state tend to have a much more significant financial impact on the sponsoring school district, as will be described in later sections.

The financial impacts to public school districts can occur in many areas, including direct impact on attendance-based funding, oversight fees, and special education, and indirect impact on other district offices, including all administrative areas from the school board and superintendent’s office to public relations. Having charter schools within an LEA means that district staff and officials are often dealing with not just two systems – district and charter – but are actually dealing with each individual charter school as a separate entity. In LAUSD, this is not a small number nor a small impact.

There are currently 274 charter schools in LAUSD. Of those, 53 are identified as “Affiliated” with the district and are essentially treated as schools of the district. The other 221 are identified as “Independent.” This distinction has differences, as shown below in **Exhibit 2.1**, and is important for this study which focuses on the fiscal impact of the independent charter schools.

EXHIBIT 2.1  
COMPARISON OF AFFILIATED AND INDEPENDENT CHARTER SCHOOLS

Criteria/component	Affiliated Schools	Independent Schools
Have an independent board	X	X
Must respect previous school boundary and take all interested students within the boundary up to capacity	X	X*
Must follow LAUSD hiring practices/UTLA membership	X	
Get funding directly from LAUSD	X	
Have autonomy over curriculum	X	X
Have autonomy over staffing decisions		X
Have autonomy over principal decisions		X
Have annual review by CS Division and 5-year renewal approval by Board	X	X

\*Conversion schools only.

Source: Compiled by MGT, 2016.

The differences are also important for this report because they impact funding and costs to the district. Affiliated schools are essentially “schools of the district” and are treated that way for auditing and budgeting purposes. Independent charter schools are essentially their own districts that are located within LAUSD. This relationship carries fiscal impacts for LAUSD, as described in **Section III**.

## B. ENROLLMENT

Public school districts in California are funded on the basis of Average Daily Attendance (ADA). This means that the school district receives a certain dollar amount under the Local Control Funding Formula (LCFF) for the number of students who attend school, not the number of students enrolled in a school. If every enrolled student attended school every day, enrollment and ADA would be equal. That is rarely true, so the ADA count is determined by taking the total number of student attendance days in the annual reporting period and dividing by the number of school days in the annual reporting period. The ratio of attendance to enrollment, known as the attendance percentage, is determined by dividing the total number of student attendance days by the total student enrollment days.

The state pays a school district for every ADA earned, thus the state’s funding to a district is variable. As ADA goes up, the funding goes up proportionately, and likewise when ADA goes down, the funding goes down proportionately. However, a school district’s costs do not behave the same way. School district costs are both fixed and variable.

An example of a **fixed cost** is the cost of the electricity bill for a classroom. It does not matter whether all of the students are in school on a particular day or not, the lights will still be on. However, the state will only pay for the students attending on that day. Another example of a fixed cost is the salary of the custodian who will clean the classroom that day. These types of fixed costs extend from the electrical service at a classroom or school to the superintendent’s and School Board members’ offices.

**Variable costs** are those that increase and decrease directly proportionate to the number of students. The best example of variable costs are the instructional materials and supplies associated with each student. However, if the district is expecting 10,000 students at grade 9 and buys a new Algebra 1 book for each student, this is now a fixed, rather than a variable cost, because even if only 9,500 students arrive, they have purchased books for 10,000.

Somewhere in the middle is the cost of teacher salaries and benefits, as this has elements of both fixed and variable costs. The loss of one student will not result in a reduction of teacher cost. This represents the fixed cost element. However, as the loss of students approaches a full class load, teacher cost is reduced. This represents the variable cost component. From a practical standpoint, as the numbers of students lost or gained increases, the cost of teacher salaries and benefits begins to look like a variable cost. For purposes of this report, we will consider this as a variable cost.

Students attending charter schools within the boundaries of a school district that otherwise would have attended that district’s schools mean a loss in district enrollment and therefore revenue, the same financial effect as any other loss of students, and their associated funding, for that school district. As more fully described later, declining enrollment is a very harmful condition to a district’s financial well-being.

On the other hand, students that would not have otherwise attended a school within that district but are attending a charter school sponsored by a school district may have a small, but positive, financial effect on that school district. This is based on the oversight fee that a charter school must pay to its sponsoring district that is directly related to its student enrollment and attendance. Thus, the district receives a minor amount of revenue for these students that it would otherwise not realize and, so long

as the marginal cost of providing oversight for those additional charter school students does not exceed that revenue, there is the potential for a small positive or a neutral effect.

### C. OVERSIGHT FEES

As set forth in California's *Education Code*<sup>1</sup>, *E.C. 47613*, a chartering authority (e.g. school district) may charge the charter school for the actual costs of supervisory oversight, not to exceed 1% of the revenue of the charter school. If the district provides "substantially rent-free" facilities to the charter under Proposition 39, it may charge an oversight fee up to 3%. Thus, if the actual cost of oversight is in excess of these levels, a financial impact to the district occurs. This is a state-wide issue since the administrative costs to charter schools are limited to 1-3% by state code.

### D. SPECIAL EDUCATION

Special Education is an area that is multi-faceted with regard to the financial impacts of charters on school districts. Laws and regulations in special education come from both federal and state sources, but the impacts described here are based on state regulations.

Federal law, under the Individuals with Disabilities Education Act<sup>2</sup> (IDEA), requires that all students, including students with disabilities, receive a Free and Appropriate Public Education (FAPE). Students with disabilities have Individualized Education Programs (IEP's) established that are planned, implemented, and monitored under the special education program. Typically, the cost of providing FAPE to students with IEPs exceeds the amount of funding received for these students which creates a need to subsidize this shortfall from other funding received by the district. This subsidy is commonly known in California as "encroachment" and represents an average of 53.9%<sup>3</sup> of the total cost of educating special education students in the State of California. Thought of another way, a school district will need to access and transfer a portion of the LCFF base funding it receives for every student in the district to fund the cost of encroachment for students who qualify for special education services. Students lost to charter schools that otherwise would attend the school district take with them their LCFF revenue, a portion of which would go to help fund the special education program encroachment described above. This represents an additional loss of revenue and is a component of the effect of declining enrollment on a school district.

In California, special education funding is provided to school districts through structures called Special Education Local Plan Areas (SELPA's). Most SELPA's are comprised of several member school districts (LEAs), typically organized by geographic region, that join together in a consortium to most efficiently deliver services and distribute funding among themselves. There are 122 SELPA's in the state and 19 in Los Angeles County. Some large school districts, such as LAUSD, are large enough to justify a "single district" SELPA (defined by the state as, "A single district must have kindergarten through 12 grades and 30,000 or more pupils."<sup>4</sup>). Thus, the terms "district" and "SELPA" may be used interchangeably for purposes of this report when discussing LAUSD.

The funding received for special education is largely comprised of *Assembly Bill (AB) 602*<sup>5</sup> funding. *AB 602*, passed in 1997, changed the manner in which special education funding is distributed. Rather than the former method which allocated funds on the basis of disability category, *AB 602* operates on the law

<sup>1</sup> See <https://govt.westlaw.com/calregs/Search/Index?Template=Toc> for link to EC for California.

<sup>2</sup> See <http://www2.ed.gov/policy/speced/guid/idea/idea2004.html>

<sup>3</sup> Communication with School Services of California. 2015.

<sup>4</sup> <http://www.cde.ca.gov/sp/se/lr/szscpselpa.asp>

<sup>5</sup> See: <http://www.cde.ca.gov/fg/aa/se/ab602apptdat.asp>

of averages by providing a per-Average Daily Attendance (ADA) amount for all students in the SELPA on the theory that the ratio of special education students to the overall enrollment of a SELPA is roughly equivalent throughout the state.

Per *Education Code 47641*, for Special Education, a charter school must elect to be either:

1. A “school of the district” and receive its funding through its sponsoring district (LEA) who in turn receives its funding through the SELPA to which it belongs, or
2. An LEA as a member of a SELPA and receive its funding directly from the SELPA.

This distinction is important because it determines how funding works relative to students who receive special education.

If a charter school elects to become a “school of the district,” per *Education Code 47646*, such a charter school “...receives an equitable share of special education funding and services....” Further, it “...also contributes an equitable share of its charter school...funding to support districtwide special education....”

These provisions may be implemented in a number of ways. The most conventional is for the district to retain the *AB602* funding for all students, including the charter school, and incur all costs for providing the special education services, again including the charter school. This then leaves the question of how the “encroachment,” described earlier, is funded. If the phrase “contributes an equitable share” (per *EC 47646*) is determined to be a pro rata share of the charter school’s per ADA LCFF funding paid back to the district towards encroachment, the district will be made whole for the loss of students to charter schools with regard to special education. If not, a financial impact occurs.

For charters that elect to become their own LEA, the charter takes with it all special education funding and all special education cost. If the overall special education profile of the group of students removed mirrors that of the district, the financial equation is theoretically balanced for the direct cost of serving the special education students. There is an impact on the indirect cost contribution, as described in the next section. However, if the group of special education students removed represents a lower percentage of the student population than average, or if it represents a lower cost special education group, the proportionate cost of providing services to the remaining special education population in the district goes up by definition.

This means that unless all of its charters have elected to be “schools of the district” and therefore pay a full, pro rata share of all enrolled students’ LCFF funding toward “encroachment,” there is a special education financial impact stemming from charter schools. This is a state-wide issue. If all charter schools had to be “schools of the district” for purposes of special education funding, there would be significantly reduced financial impact on the local school districts.

## E. LCFF FUNDING FORMULA FOR SUPPLEMENTARY AND CONCENTRATION GRANTS

The Local Control Funding Formula (LCFF) has three components – base funding for each school district, supplementary funding to support school districts with a high number of students identified and qualified for support as either low income (based on Free/Reduced (F/R) priced meals), English learners (EL) (based on an assessment of English language skills), or in the foster child program. Additionally, LCFF provides concentration grants to any school district that has more than 50% of its population (unduplicated count) qualified in these programs.

For each of these programs, there is no level or degree of qualification – If students qualify, they are counted toward this additional state funding. Similar to *AB 602* which provides equal funding for each student identified as needing special education, regardless of the cost or the level of severity, the LCFF formula provides an equal number of dollars to each school based on the **number of students** who qualify for EL services.

Theoretically, and in large schools/districts or across all the schools and districts in California, likely there is an average and a level of need that can be appropriately addressed using the LCFF approach of payments based on the number of students. However, it is unlikely that a grade 1 student whose family speaks and reads both English and Spanish carries the same needs and costs as a grade 10 student who just arrived in the state and whose family neither reads/writes in their native language, much less English. Both students might be qualified for EL services – and therefore qualify the district to receive equal LCFF supplemental funding – but the costs of their support are significantly different.

This is a state-wide funding issue.

#### F. “IN-LIEU” OF PROPERTY TAXES

Most public school districts in California, including LAUSD, receive the per-pupil funding (otherwise known as ADA or LCFF funding) from two sources: local property taxes and state aid. Local property taxes are paid to school districts through the county in which they are situated in the months of December and April when those taxes are collected. The state pays the difference between the amount received from local property taxes and each district’s LCFF amount on a separate apportionment schedule.

Charter schools are funded similarly to school districts (based on their ADA), but their property tax funding is received through the sponsoring district, rather than directly from the county. This structure creates another financial impact to school districts.

This impact occurs because, pursuant to *EC 47635*, a sponsoring district must make a monthly transfer to each of its charter schools, paying “in-lieu” of property taxes beginning in August of each year. Because the sponsoring district does not receive its first property tax funding payment from the county until December, the district must access other funds at its disposal, if any, or borrow the funds necessary to make the transfer beginning in August before it has received property tax funding from the county in December. The district is required to pay each charter school 6% in August, 12% in September, 8% in October, and 8% in November of the schools’ total “in-lieu” property tax funds, for a total of 34%, despite the fact that they have yet to receive any of the local property tax funds. Thus, a district incurs a “cost of money” for these required transfers during the period of August through November. These monies can come through borrowing from a commercial lender – at some cost – or deferring other district expenditures in order to provide this “up-front” funding to charter schools. Regardless of source, the “in lieu” funding to charter schools carries a cost to the district. This is a state-wide issue.

#### G. CHARTER SCHOOL ADA SHIFT FOR DECLINING ENROLLMENT DISTRICTS

A school district whose enrollment in any year is less than it was in the prior year is commonly known as a “declining enrollment” district. Being in this condition is financially detrimental to a district because as enrollment and ADA decline, so does revenue since the district is paid for fewer students attending school. If a district’s costs were to decline proportionately, there could be a net neutral effect on the district’s finances – as there are fewer students, there would need to be fewer teachers/staff and

eventually fewer school buildings. However, there is rarely alignment between the decrease in revenue and the decrease in costs.

As student enrollment goes down, a district loses 100% of each lost student’s revenue, but it does not lose an equal amount of cost. This is because the direct or variable cost of educating each student represents less than 45% of the amount of revenue received for each student. The direct cost is comprised of the teacher(s) and books, supplies, etc. necessary for each student. The remainder of the funding is used by the district to fund the “fixed” costs of the district, such as school administration and support staffing, transportation, technology infrastructure, utilities and insurance, central office staffing, special education encroachment (as described earlier), and other district-wide programs.

The State of California recognizes the harmful effects of declining enrollment by providing funding to school districts based on the higher of the current or the prior year ADA.<sup>6</sup> This is known as providing “a soft landing.” For a declining enrollment district, this will, by definition, be the prior year ADA. However, there is a required adjustment involving charter schools in establishing the prior year ADA count. The prior year ADA count must exclude any students that attended a district school in the prior year but have elected to attend a charter school in the current year. The reverse is also true. For students that attended a charter school in the prior year but elected to attend a district school in the current year, those students may be “added back” to the prior year count.<sup>7</sup>

Thus, if a student moves from one to another California district, the first district still receives ADA for that student and so does the new district. The state is providing a “soft landing” for the district. However, if that student moves to one of the independent charter schools, there is no “soft landing.” The district loses the ADA and the charter school gets it. This is a state-wide issue.

#### H. SUMMARY

As described in this section, California has enacted charter school funding laws that are currently affecting school districts to a greater or a lesser degree, depending on their number of independent charter schools, their other student enrollment factors, the number and severity of special needs and EL students, and their capacity and cost to provide “in lieu” funds to charter schools. This information was gathered and provided as background to understand the specific impact of independent charter schools on Los Angeles Unified School District.

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<sup>6</sup> Education Code 42238.5

<sup>7</sup> Education Code 42238.051

## Section III: Impact of Charter Schools on LAUSD

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This section of the report uses the general information provided in **Section II** to identify the impact of those issues on LAUSD. Wherever possible, MGT has provided specific, current LAUSD budget information as evidence of the impact. In some cases the costs have been identified as a “per-student” cost. In other areas, the costs shown are “system-wide.” However, we have provided a summary based on “per-student” costs at the end of this discussion.

This section of the report is based on the area of impact identified. We have included the Research Questions listed in **Section I** for reference and included comparisons to the general California information provided in **Section II**.

### IMPACTS RELATED TO OVERSIGHT

1. What are the administrative costs associated with the establishment of charter schools, including LAUSD central services provided to charter schools?

This section reviews the various administrative costs associated with charter schools, including initial authorizing by the district and the oversight functions, as required by California law/regulations, as well as district charter school policies and procedures.

Discussion in this section deals with three areas: oversight revenue and costs, “in-lieu” costs for providing funding to charter schools before the district itself receives the funds from the state/county, and an analysis of the issues surrounding charter school ADA shift.

### OVERSIGHT REVENUE AND COSTS

The Charter Schools Act of 1992<sup>8</sup> mandates that chartering authorities conduct certain oversight activities, defined in LAUSD policy<sup>9</sup> as including the following required actions:

- (a) Identify at least one staff member as a contact person for the charter school.
- (b) Visit each charter school at least annually.
- (c) Ensure that each charter school under its authority complies with all reports required of charter schools by law.
- (d) Monitor the fiscal condition of each charter school under its authority.
- (e) Provide timely notification to the California Department of Education if any of the following circumstances occur or will occur with regard to a charter school for which it is the chartering authority:
  - (1) A renewal of the charter is granted or denied.
  - (2) The charter is revoked.

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<sup>8</sup> EC 47600 – 47604.5

<sup>9</sup><http://achieve.lausd.net/cms/lib08/CA01000043/Centricity/Domain/106/Policy%20on%20Charter%20School%20Authorizing%20LAUSD-Revised-02-07-12.pdf>

(3) The charter school will cease operation for any reason.

(f) The cost of performing the duties required by this section shall be funded with supervisory oversight fees collected pursuant to Section 47613. (*Education Code 47604.32*)

Oversight also includes monitoring of charter schools' progress and attainment of measurable pupil outcomes, as well as compliance with all applicable laws and regulations, court orders, including the Chanda Smith Modified Consent Decree ("MCD") and the terms of the charter, and financial reporting requirements. Further, the District views ongoing oversight as an important part of a clear, fair, rigorous, transparent, and objective renewal process both as a means to gather information and observe patterns over time, and as a means of maintaining communication as to the progress of the charter school toward satisfying the conditions for renewal.

To conduct the above-described oversight requirements, the CSD in LAUSD has a total of forty-six (46) employees in various roles, as shown in **Exhibit 3.1**.

EXHIBIT 3.1  
CHARTER SCHOOL DIVISION STAFFING

POSITION	NUMBER OF STAFF
Administrators	3
Senior Coordinator	3
Coordinator	1
Operations Coordinators	1
Proposition 39 Team	4
Specialists	12
Advisors	3
Fiscal Oversight Administrators	2
Fiscal Services Managers	6
Fiscal Services Support	4
Administrative Support	7

Source: LAUSD compiled by MGT, 2016.

As previously described, LAUSD collects the state-approved amount from the charter schools: a 1 - 3% fee in exchange for this legal obligation to provide oversight. In LAUSD, all charter schools pay the 1% oversight fee. Even schools housed in district facilities that are provided facilities "rent-free" are charged 1%. According to the district, there are fifty-six (56) charter schools that are co-located in district-provided facilities and do not pay rent. The issue regarding facilities and connected with this oversight fee is further explored under Research Question #3: **"What is the impact on operating existing facilities, including maintenance and utilities."**

The CSD is not the only LAUSD division that provides "oversight." Other LAUSD divisions also provide various types of direct monitoring or review, including special education (SPED) and the Office of the Inspector General (OIG). Some special education staff are assigned full time to support charter schools and the students with IEPs who attend them. The OIG conducts "due diligence" reviews of executive- and board-level charter school staff included in both initial and renewal applications and conducts any

requested investigations of charter schools. The costs of oversight from the CSD, special education, and the OIG are described here as direct costs. In addition, there are indirect costs to the district from other departments whose work is impacted by independent charter schools.

## DIRECT OVERSIGHT COSTS

### Charter School Division

This analysis of the CSD direct costs has two components – operating budget for the division, including staffing, benefits, supplies, etc. - and facility/space. The division’s operating budget appears to be charged against the charter oversight revenue, but the cost of operating the space occupied by the CSD does not.

The projected revenue from charter schools shown in the 2015-16 district budget<sup>10</sup> includes the 1% oversight fee as well as “fee for service” elements that are provided to charter schools in addition to the oversight fees. The amount shown is \$25,430,000. The expected revenue from the 1% oversight fees is approximately \$8.8 million. The expenditure budget for 2015-16 for the CSD is \$11,704,423 and includes both 2015-16 revenue and some carryover from the prior year. According to the district<sup>11</sup>, the CSD budget is fully funded by the 1% oversight fees. However, the annual revenue amount from 1% oversight fees does not match the district’s current expenditure budget for the Charter Schools Division.

#### FINDING 1:

**The annual oversight revenue collected from charter schools does not cover the annual budget of the Charter Schools Division (CSD).**

A second area of review was the physical space occupied by the CSD in the Beaudry Building. These costs are beyond the daily operational costs for staff and materials. The office space occupied by the CSD is not charged to the 1% oversight fee revenues and instead falls on the district’s General Fund. The division is located in the Beaudry Building which is owned by the district. The district incurs costs for utilities, custodial, maintenance, and insurance for this space that would not be needed if there were no charter schools or the forty-six staff members currently housed at Beaudry, parking in district-provided facilities, and working in this division for charter school oversight.

Based on data from the district, the CSD occupies approximately 6,150 SF in the Beaudry Building. **Exhibit 3.2** on the following page shows the cost of space in that building based on various components, including utilities, custodial time, and maintenance, but not insurance or parking. The costs for insurance and parking were not available at the time of this report. It should also be noted that the original cost of the purchase of the space has not been included in these calculations, since the amount of space used by the CSD has expanded as charter school numbers have expanded.

<sup>10</sup> <http://achieve.lausd.net/cms/lib08/CA01000043/Centricity/Domain/123/Final%20Budget%20Book%202015-07-01.pdf>

<sup>11</sup> Communication with CFO.2016.

EXHIBIT 3.2  
CHARTER SCHOOLS DIVISION SPACE – BEAUDRY BUILDING

<b>Charter occupied</b>	6,150		
<b>Total Square foot for Beaudry</b>	964,350		
	<b>Total Expense</b>	<b>Cost per</b>	<b>Cost for</b>
	<b>for FY 14-15</b>	<b>square foot</b>	<b>Charter</b>
			<b>Division</b>
<b>Utilities</b>	\$ 3,940,850	\$ 4.09	\$ 25,132
<b>Custodial</b>	\$ 1,596,472	\$ 1.66	\$ 10,181
<b>Maintenance</b>	\$ 8,889,733	\$ 9.22	\$ 56,693

Source: LAUSD CFO Office, 2016.

District staff estimated that the cost per square foot in the Beaudry Building for this space is \$14.97/year<sup>12</sup>. Given that the Charter Schools Division occupies 6,150 square feet, the annual cost estimate is: \$92,006. If this cost is allocated on a per charter school student basis, the cost would be \$0.90/student.

**FINDING 2:**

**The cost to the district for the space occupied by the Charter Schools Division, estimated at \$92,006/year, represents a direct cost to the district that is not covered by charter school oversight funds.**

**Special Education Division**

In addition to the CSD, the special education division (SPED) also has staff who are assigned to support students in independent charter schools. There are staff in the SPED division whose regular job is to connect with, support, and ensure compliance with federal and state laws regarding special education programs for students who are attending charter schools. If no charter schools existed, these people might not be needed, or, if all those students chose to attend LAUSD schools, there might need to be an increase in SPED staff. However, it is clear that these staff constitute a direct impact in terms of cost because if there were no charter schools it would mean there would be no need for SPED charter school liaison staff.

The special education staff directly involved with supporting students in charter schools are shown in **Exhibit 3.3** on the following page. As shown, there are a total of 14 full time staff (FTE) allocated to support charter schools. Described by SPED, the funding for their positions comes from three different sources, as shown in the chart and described below:

- ♦ **SELPA Option 3** - funds paid by charter schools as part of their participation in LAUSD’s SELPA. This is approximately \$79 per student. (Note: LAUSD created a Memorandum of Understanding (MOU) for charter schools participating within their SELPA. See page 27 for a more complete description of the three SELPA funding options available to charter schools.)

<sup>12</sup> Correspondence with Office of Chief Financial Officer. January 2016.

- ◆ **Special Education** – funds provided from federal, state, and district sources to support special education services.
- ◆ **ERICs** – grant funds to support mental health.

As shown in **Exhibit 3.3**, 7.7 FTE of the total FTE are funded by revenue from the charter schools through the SELPA. However, the balance is funded by the district or other grant funds and therefore represents a fiscal impact on the district.

**EXHIBIT 3.3**  
**SPECIAL EDUCATION DIVISION SUPPORT FOR CHARTER SCHOOLS**

	FUNDING SOURCE			TOTAL FTE
	SELPA OPTION 3	SPED	ERICs	
	FTE	FTE	FTE	
<b>Dir, LAUSD Charter Operated Programs</b>	0.70	0.30		1.00
<b>Crd, Charter Schools</b>	1.00			1.00
<b>Crd, Private/Charter Schools</b>		1.00		1.00
<b>Specialist, Transition (Charter)</b>	1.00			1.00
<b>Specialist, Transition Serv (Charter)</b>	1.00			1.00
<b>Spst, Division of Special Ed (Charter)</b>	0.50	0.50		1.00
<b>Spst, Division of Special Ed (Charter)</b>	0.50	0.50		1.00
<b>Spst,Bhavior Interv,DivOfSpEd(Charter)</b>	1.00			1.00
<b>ADVSR, TEMP,SPECIAL SERVICES</b>		1.00		1.00
<b>TCHR,RESRCE,TMP</b>	0.50	0.50		1.00
<b>TCHR,RESRCE,TMP</b>	0.50	0.50		1.00
<b>TCHR,RESRCE,TMP</b>	0.50	0.50		1.00
<b>OFFICE TECHNICIAN</b>	0.50	0.50		1.00
<b>FACILITIES ORG STDNT HTH &amp; HMN SVCS</b>			1.00	1.00
<b>TOTAL FTE by Funding Source</b>	<b>7.70</b>	<b>5.30</b>	<b>1.00</b>	<b>14.00</b>
<b>Total COST of support staff</b>				\$1,880,070
<b>Portion of Total not paid by SELPA</b>	<b>(\$1,880,070 / 14 FTE = \$134,290 * 6.3 FTE)</b>			<b>\$846,031</b>

Source: LAUSD Special Education Division. Compiled by MGT, 2016.

The staffing allocated through SPED dollars come from a combination of federal and state funds, augmented by local LAUSD funds, previously described as “encroachment.” The total encroachment of special education into the general fund for 2014-15 was \$776,360,942. The positions described here represent a portion of that encroachment in support of students attending independent charter schools.

The district's charter school policy<sup>13</sup> makes clear the commitment to LAUSD **children**:

The district seeks to ensure every child has equitable access to attend a charter school should their parents exercise that choice. The law requires charter schools to admit all pupils who wish to attend the charter school.<sup>14</sup>

The SPED has created structures that support charter schools with an emphasis on supporting charter school **students**. However, the administrative costs of supporting charter schools are not funded with the 1% oversight fees collected by the district.

### Office of Inspector General

The OIG's office provides due diligence review and oversight, as requested, regarding charter schools. Every new application for a charter school involves this department: due diligence reviews of the individuals listed as board or executive staff to ensure that none have criminal background issues. Every 5-year renewal review of a charter school involves this department, again to review staff and board members through a due diligence review. Data received from the OIG suggest that the average charter school audit is completed in 3-6 months at a cost to the OIG in the range of \$69,811 for a three-month basic audit to \$149,985 for a complex six-month audit.<sup>15</sup> In addition to the reviews for new or renewing charter schools, the OIG's office is tasked with conducting forensic audits used when financial or other data indicate a need for a more in-depth review of a charter school. Forensic audits, when required, are significantly more expensive. Recent forensic audits ranged from \$125,282 to \$175,500, with varying proportions of the costs borne by the CSD and the OIG.

Charter school reviews are estimated by staff in the OIG to represent 20% of the workload of the OIG review team. The OIG recently requested an additional budget allocation to support charter school review/oversight, due diligence investigations, and reporting. This request was made to the LAUSD board in November 2015 in the amount of \$570,228 for additional staff to support charter school oversight.

### FINDING 3:

**There are direct costs to the district for oversight that are beyond those allocated to the CSD and not currently funded by the oversight revenues. The additional oversight activities occur in the Special Education Division (SPED) and the Office of the Inspector General (OIG). Estimated costs: SPED - \$846,031 + OIG - \$570,228 = \$1,416,259. Allocating any portion of the charter school oversight revenue to divisions other than CSD is a district decision.**

### INDIRECT COSTS

Indirect costs represent the cost of doing business for general administrative functions that cannot be easily separately identified and allocated to user schools/departments. These costs are typically associated with general overhead activities of an organization, such as finance and human resources, which benefit the entire organization. In many governmental entities, certain indirect costs are included in internal service funds which are established as an internal business within the entity and accounted

<sup>13</sup> LAUSD Charter School Policy and Procedures:

<http://achieve.lausd.net/cms/lib08/CA01000043/Centricity/Domain/106/Policy%20on%20Charter%20School%20Authorizing%20LAUSD-Revised-02-07-12.pdf>

<sup>14</sup> E.C. Section 47605(d)(2)(A)

<sup>15</sup> OIG report to Budget, Facilities and Audit Committee. November 2015.

for by identifying all of the related costs and charging the users for the services provided. These types of funds are often used to allocate the costs for services such as technology, copying/printing, and fleet maintenance. Other indirect costs, such those associated with finance, human resources, and student services, are not easily identified and thus, are usually managed as central functions of the governmental entities. LAUSD does not recover any indirect costs related to the provision of services to charter schools.

Charter schools all have their own administrative systems and processes which will vary among the charter schools and are not easily integrated into the systems and processes used by LAUSD. These variances in procedures often require LAUSD staff to establish separate procedures to accommodate the charter schools for issues like student reporting, testing data, etc. For example, in the Office of Data and Accountability, there are two full time staff whose work supports the data transfer between independent charter schools and the district system, as required under the charter. The CSD funds these two positions, but the additional coordination between the systems and need for ongoing communication and effort is an example of possible indirect costs that are impossible to easily quantify.

Since independent charter schools are by definition not an integral part of the administrative functions of LAUSD, each school often requires special treatment, causing additional workload or responsibilities for LAUSD staff supporting charter schools that may lead to a reduction in attention to other responsibilities in the LAUSD offices. The increasing number of charter schools has resulted in a situation where the LAUSD staff is required to absorb the additional workload associated with these organizations. This has occurred incrementally as additional charter schools have been added and the charter school enrollment has increased annually.

The costs associated with these activities are not easily visible, as they often represent an increasing workload in the various support entities within LAUSD, and are not reflected on any financial documents or management reports. When responding to the increasing needs of the charter schools, there may be less attention given to the basic functions required for all of the other schools and students in the district.

These costs could be labeled as “time/opportunity costs.” Items that fall in this arena include the time spent by various district staff to deal with independent charter school issues: to prepare and review documents, hold meetings/hearings, or otherwise engage in dealing with charter school issues. A clear example is the amount of time spent by the Office of the Secretary to the Board to prepare materials for meetings as well as time spent by individual board members and the board as a whole dealing with charter schools. A recent review of time and materials cost for charter school initial applications, renewals, or “material revisions”, estimated that this work costs the district approximately \$2,000<sup>16</sup> for any and all of these activities for each charter school. A review of school board minutes from January 12, 2016, shows a sixteen-page application for new charter school recommended for approval and a 70-page recommendation to deny re-approval. These documents take time for the CSD to develop and present. Their costs may be covered by the 1% oversight fee. However, these documents also take time for other district staff, including legal and contract staff, to review and comment, as well as school board members. Each of these activities carries a potential “time/opportunity” cost because that time cannot be spent on other LAUSD activities.

While this opportunity cost is virtually impossible to determine on a precise basis, since this time is not separately accounted for, a rough estimate could be made if LAUSD staff would keep a tally of hours spent in a given month. An exact analysis of time spent talking about and dealing with charter schools

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<sup>16</sup> Office of Secretary to the Board. 2016.

at board meetings or in meetings/daily discussions was outside the scope of this review, but could be conducted.

In an effort to ballpark these “time/opportunity” costs, using 2014-15 data, the total general administrative and other indirect costs incurred by the district were \$276,904,059<sup>17</sup>. Charter school enrollment represents 15.9 percent<sup>18</sup> of the total LAUSD enrollment, including charters. Charter schools are approved by, but independent from, the district and it would not be fair to ascribe a full, pro rata share of the district’s administrative costs to charters because they perform many administrative functions independently and do not require the same level of support as a district school. It is however reasonable to assign some portion of the district’s administrative cost, given the various work described earlier that surrounds charter schools. Thus, the indirect costs connected to charter schools is some percent between 15.9% and zero. Since there is clearly work done by other offices in LAUSD, as described above, this analysis will assume that only 5% of the overall administrative/indirect costs (excluding the Charter School Division), are spent on charter school issues. In other words, as shown in **Exhibit 3.4**, given an estimated 95% of the administrative cost incurred supporting the district’s schools and 5% incurred dealing with charter school matters, the indirect or “opportunity cost” to the district is \$13,845,203 or \$135 per student enrolled in charter schools. This estimate was intended to be conservative so as not to overstate this cost and is shown below.

EXHIBIT 3.4  
INDIRECT “OPPORTUNITY” COSTS IN LAUSD

Total Administrative/Indirect Cost	\$276,904,059
Portion Supporting Charter Schools – estimated	5 %
Total Administrative/Indirect Cost Supporting Charter Schools	\$13,845,203
Divided by # of Charter School Students (2015-16)	102,538
Per Student Administrative/Indirect Cost Supporting Charter Schools.	\$135 per student

Source: CFO information based on 2015-16 Budget. Compiled by MGT, 2015.

An argument may arise that these costs are not “real” because the same administrative staff would be in place whether charter schools existed or not. However, this may not necessarily be true. The administrative cost could either be reduced through staffing reductions or re-directed to other value-added work. The recent Independent Financial Review Panel (IFRP) noted that the loss of students has not led to a loss of staffing,<sup>19</sup> but staffing levels need to be reexamined.

FINDING 4:

**There are significant and quantifiable indirect costs to LAUSD for the independent charter schools operating in the district. Indirect costs include time/opportunity losses when district staff spend time managing or dealing with charter schools, rather than district schools. Many district functions have these time/opportunity costs in support of charter schools, but they have not been identified, gathered, or quantified. These costs are not supported through the 1% oversight fee that is collected**

<sup>17</sup> 2014-15 Unaudited Actuals Indirect Cost Report, Form ICR. 2015.

<sup>18</sup> See *IFRP Meeting Materials*, page 33. Compiled by MGT. 2015.

<sup>19</sup> See *IFRP Report*, page 6.

and used to fund the CSD. The estimated cost is \$13,845,203. The allocation of revenues from the 1% oversight fee is a district decision.

3. What is the impact on operating existing facilities, including maintenance and utilities?

#### CHARTERS OPERATING IN DISTRICT FACILITIES – PROPOSITION 39

As described earlier, California’s *Education Code*<sup>20</sup>, *E.C. 47613*, allows a chartering authority (e.g. a school district) to provide school facilities to a charter school. The chartering authority may charge the charter school for the actual costs of supervisory oversight, not to exceed 1% of the revenue of the charter school. If the district provides “substantially rent-free” facilities to the charter under Proposition 39, it may charge up to 3%.

Charter schools are required to have access to public school facilities, as provided through *EC 47614*, as described<sup>21</sup> below:

Proposition 39, introduced in the November 2000 ballot, amended California *Education Code (EC) Section 47614*, with the intent that public school facilities should be shared fairly among all public school pupils, including those in charter schools.

*EC Section 47614* requires that school districts make available, to all charter schools operating in their school district with projections of at least 80 units of average daily attendance (ADA), facilities that will sufficiently accommodate all of the charter’s in-district students, and that facilities be “reasonably equivalent” to other classrooms, buildings, or facilities in the district.

*EC Section 47614(b)(1)* states that school districts may charge a charter school a pro-rata share of the facilities costs which the school district pays for with unrestricted general fund revenues. The pro-rata share is based on the ratio of space allocated by the school district to the charter school divided by the total space of the district. Charter schools shall not be otherwise charged for use of the facilities.

As shown, charter schools can be located in public school facilities based on space available, as determined by the school district. Per *EC Section 47614(b)(1)*, as an alternative to the 3% oversight approach, school districts may charge a “pro rata share” of the costs. LAUSD has fifty-six (56) charter schools currently co-located in LAUSD facilities and has elected to use the “pro rata share” approach for facilities charges. By doing so, the district may have determined it may not also charge the 3% oversight fee. However, the majority of the costs included in the pro rata calculation are direct costs that charters should already be paying that are associated with occupancy of the facilities (e.g. utilities, custodial, trash, grounds, etc.). The only costs on the district’s pro rata list used that could not be borne directly by the charter schools are COP Debt Service and Insurance. These costs represent a total of \$0.63 per square foot (SF). Multiplied by the total SF of charters in district facilities of 936,353, this represents \$589,902 in revenue which would no longer be available as revenue to the district but would be more than offset by charging the 3% oversight fee, as described below.

<sup>20</sup> See <https://govt.westlaw.com/calregs/Search/Index?Template=Toc> for link to EC for California.

<sup>21</sup> <http://www.cde.ca.gov/sp/cs/as/proposition39.asp>

In other words, the district could be charging the charters in district facilities the 3% oversight amount **and** have the charters directly pay for all other costs on the pro rata sheet, except for COP Debt Service and Insurance.

Information from the California state’s charter office provides some further insight:

A charter authorizing entity may charge a charter school for supervisory oversight fees for the costs of performing the duties required by [EC Section 47604.32](#). [EC Section 47613](#) allows a charter authorizing entity to charge a charter school for the actual costs of supervisory oversight, not to exceed one percent of the revenue of the charter school. However, if the charter authorizing entity provides **substantially rent-free facilities** for use by the charter school, the charter authorizing entity may charge for the actual costs of supervisory oversight, not to exceed three percent of the revenue of the charter school. For purposes of calculating the oversight fee, revenue is defined as general-purpose entitlement and categorical block grant funding.<sup>22</sup>

Charter schools that are located in district facilities that the district is providing essentially “rent-free” could be charged a 3% oversight fee. None of the fifty-six charter schools located in district facilities is paying this 3% fee.

The fiscal impact of increased oversight revenue at 3% for these 56 schools is provided in the table shown below as **Exhibit 3.5**. As shown, there are 56 charter schools paying a 1% oversight fee. If those same charter schools paid the 3% fee, the income increase to LAUSD would be \$2,652,419, based on the 2015-16 enrollments and charter school revenue data. This would be reduced by the loss of the \$.63/SF (described earlier for COP Debt Service and Insurance) for a net income increase of \$2,062,517.

EXHIBIT 3.5  
CHANGE IN REVENUE BASED ON 1% OR 3% OVERSIGHT FEES – 2015-16

CHARTER SCHOOLS – LAUSD	1% FEE	3% FEE
56 schools under Proposition 39	\$1,330,223.00	\$3,982,642.00
<b>Difference</b>		\$2,652,419.00
<b>Reduction in SF income</b>	\$0.63 x 936,353 SF	<\$589,902>
<b>Net increase in CS Revenue</b>		<b>\$2,062,517</b>

Source: LAUSD Data. Compiled by MGT, 2016.

Based on information from other California districts, including San Diego, LAUSD could be charging the 3% oversight fee for these 56 schools that are currently operating or co-located in LAUSD school district facilities.

Instead, the district has asserted that they are collecting higher revenue because they are charging each charter school for the costs of the space, including utilities, maintenance and operations, and debt service charges. These charges total \$6.96/SF. (See **Appendix A** for the district’s Facilities Cost Worksheet and **Appendix B for a chart** showing each charter school’s charges based on SF and oversight fees.) All these costs are the responsibility of the charter school. However, none of them are “rent.” Thus, the district is entitled to receive the \$6.33/SF **plus** the 3% oversight fee.

<sup>22</sup> <http://www.cde.ca.gov/sp/cs/re/qandasec3mar04.asp#q7>. Highlight from MGT.2016.

FINDING 5:

**There are 56 charter schools in LAUSD that are operating in district facilities. The law allows the district to collect a 3% oversight fee for charter schools located in district facilities that are not paying rent. None of the 56 schools is paying the 3% fee. The estimated oversight revenue lost is \$2,062,517. This is a district decision.**

IN-LIEU OF PROPERTY TAXES - COST OF MONEY

As previously discussed, a portion of the LCFF funding received by school districts and charter schools comes from local property taxes. For LAUSD, this amount was \$1,770 per ADA for 2014-15. *Education Code Section 47635* requires that the sponsoring school district transfer a percentage of this amount monthly to its direct funded charter schools beginning in August as “In-lieu of property tax” funding. These transfers must be made no later than the 15<sup>th</sup> of each month.

On the surface this may seem like a simple pass-through of funds. However, the school district does not actually receive its first payment of these funds from its local county on this timeline. Thus, the district must essentially borrow funds in order to meet the requirements of the *Education Code*.

For LAUSD, the funded LCFF average amount per ADA for 2014-15 was \$9,317, comprised of local property taxes and state aid, as follows:

Local Property Taxes (19%)	\$ 1,770
State Aid (81%)	\$ 7,547
<b>Total</b>	<b>\$ 9,317</b>

As described above, LAUSD must transfer to the charter schools the same amount of local property taxes per ADA it receives, but must do so on a pre-established schedule, starting in August when the taxes aren’t distributed from the county until December. Thus, many districts borrow the funds needed each month to make the required payments. The LAUSD Finance Division identified their current effective interest rate of 0.72% and MGT estimated the annual cost of borrowing on a per ADA basis, as shown below. It should be noted that interest rates are not fixed and are subject to change.

MONTH/ AMOUNT	COST TO BORROW
August (4 month advance of 6% of total)	
$\$1,770 \times .06 \times .0072 \times 4/12$	\$.25
September (3 month advance of 12% of total)	
$\$1,770 \times .12 \times .0072 \times 3/12$	\$.38
October (2 month advance of 8% of total)	
$\$1,770 \times .08 \times .0072 \times 2/12$	\$.17
November (1 month advance of 8% of total)	
$\$1,770 \times .08 \times .0072 \times 1/12$	\$.08
<b>Total Cost of Money per ADA per year</b>	<b>\$.88</b>

<b>Adjusted to Cost per student ( x 95%)<sup>23</sup></b>	<b>\$.84</b>
<b>Total Cost to LAUSD: \$0.84 x 102,538 students</b>	<b>\$86,132</b>

Source: LAUSD. CFO data, compiled by MGT, 2016.

While this may seem to be a minor amount per ADA, the total cost per year to LAUSD is over \$86,000 when multiplied by the number of ADA in charter schools. This is a small portion of a budget that exceeds \$6.9 billion. However, it still represents a cost to the district.

#### FINDING 6:

**The district is required to provide LCFF funding to charter schools starting in August, although the district does not receive the tax revenue from the county until January of each year. The estimated “cost of money” is \$86,132. This is a state-wide issue.**

#### IMPACTS RELATED TO STUDENT GROUPS

2. What is the impact of the charter schools on student demographics, especially student sub groups:
  - a. Special education – broken out by sub-populations, as available
  - b. English language learners (EL)
  - c. Title I eligible students

The data reviewed in response to this research question included student demographic information available from the district’s website, more specific requests for data to several departments, as well as interviews with student program staff (Special Education, Title I, and EL), and district-wide student academic program staff. The goal of this section was to understand the impact(s) if any of independent charter schools on student demographics across the district. Specific attention was paid to the identified populations in order to understand any unique impact.

As indicated earlier, readers are cautioned that this report is not intended to identify or describe any one group of students as any more or less important or worthy of review. These three subgroups were identified by the client as part of their request for data, but based on their interest in understanding whether students in these groups were impacted by the charter schools as part of this fiscal impact review.

This section provides information regarding the effect of independent charter schools on special populations, including special education, EL, and Title I students.

#### SPECIAL EDUCATION

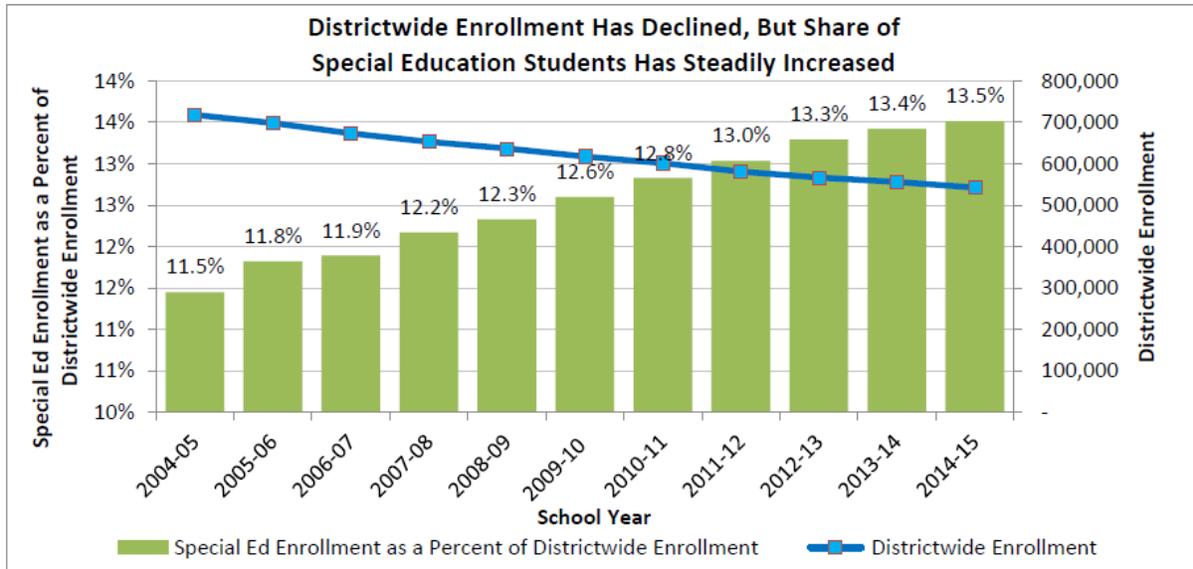
Earlier we described the various financial impacts independent charter schools can have on California school districts in the area of special education. Here we quantify them specifically for LAUSD.

As shown in **Exhibit 3.6** on the following page, even as district enrollment has declined, the share of special education students has continued to increase. And, as described by the Independent Financial Review Panel (IFRP), staff numbers have continued to increase. Although this is a multi-year trend that

<sup>23</sup> The adjustment to cost per student is based on LAUSD’s average attendance percent compared to enrollment number.

may continue, the IFRP suggested some steps to reduce or at least slow the increase in identification of students in need of specialized instruction<sup>24</sup>.

**EXHIBIT 3.6**  
**DISTRICT ENROLLMENT COMPARED TO SPECIAL EDUCATION PERCENTAGES**  
**2004-05 TO 2014-15**



Source: IFRP, 2015.

In addition to increased proportions of students with special needs, the data indicate that the district has both a higher proportion of special education students than the charter schools (13.4% vs. 8.1%, as of December 2013) and of that proportion, has double the percentage of higher cost “Moderate to Severe” special education students than its charters (30% vs 15%), as reported in the data compiled for the Independent Financial Review Panel report published November 10, 2015<sup>25</sup>. As examples:

- ◆ of the 11,881 students identified for speech or language impairment (SLI), 1,275 or 10% were enrolled in charters. This is a high incidence, but lower cost program.
- ◆ of the 37,899 students identified for specific learning disabilities (SLD), 5,276 or nearly 14% were enrolled in charters. This is a high incidence, but lower cost program.
- ◆ of the 13,494 students identified as needing support for autism (AUT), only 964 or 7% were enrolled in independent charter schools. This is a lower incidence, but higher cost (moderate to severe) program.

It may be helpful to understand the needs of students who receive support from special education. All of these students have been referred and assessed by experts who have identified the student’s need for “specialized instruction” in order to be successful in school. The needs of these children range from mild to significant, as do the costs to support their specialized instruction. A student with a need for speech therapy (SLD) might need only monthly support/monitoring that might cost the district \$3,000 per year. Another student with severe speech issues could require daily monitoring or treatment and

<sup>24</sup> Page 59. IFRB Final Report. 2015.

<sup>25</sup> Independent Financial Review Panel Meeting Materials, pp. 33 and 181.

costs significantly more on an annual basis. A student with emotional/behavioral or health impairments with significant needs might need residential placement or daily feeding or medical monitoring and might cost the district upwards of \$120,000 per year. The significant increase in students who are served under the autism program (AUT) has increased costs, but these students, too, have costs along a continuum from low (estimated at \$7,000-\$10,000/year) to high (estimated at \$75,000/year)<sup>26</sup>.

As described earlier, *AB 602* changed how the state funds special education. Each SELPA gets an amount of funding **per student ADA**, not based on level of need or costs or even based on the number of special education students attending any given school. This funding formula assumes a relatively uniform spread of students in need of various types of services across the state. This formula is potentially easier to administer on the state level, but does not address the costs if a district has higher than “typical” special education numbers or higher cost student needs.

**Exhibit 3.7** shows Appendix E of the LAUSD district budget for 2015-16 with these data. As shown, the percent of students who qualify for services under autism (AUT) has increased more than 44% since 2009; the number of students who qualify for services under speech or language (SLD) has decreased more than 22% in the same time period. Typically, those who need SLD assistance cost significantly less than those who need AUT services. However, under *AB 602*, each student generates the same revenue, regardless of the actual need for services based on his/her program.

EXHIBIT 3.7  
SPECIAL EDUCATION ENROLLMENT DATA REPORT BY DISABILITY

Students with Disabilities - Including Fiscally Independent Charter Schools													
	ID	HH	DEAF	SLI	VI	ED	OI	OHI	SLD	DB	AUT	TBI	Total
Dec 2009	4,511	1,140	437	8,836	498	2,298	2,422	6,463	46,445	11	9,322	149	82,532
Dec 2010	4,543	1,248	422	12,264	495	2,076	2,419	7,067	40,961	23	10,555	142	82,215
Dec 2011	4,455	1,251	422	12,772	530	2,080	2,372	7,617	39,689	21	10,902	146	82,257
Dec 2012	4,388	1,265	391	12,536	508	1,862	2,242	8,185	39,010	19	12,225	134	82,765
Dec 2013	4,257	1,331	364	12,250	502	1,775	2,276	8,409	38,360	16	12,695	129	82,364
Dec 2014	4,251	1,312	341	11,881	486	1,683	2,263	9,021	37,899	18	13,494	110	82,759

Students with Disabilities - Excluding Fiscally Independent Charter Schools													
	ID	HH	DEAF	SLI	VI	ED	OI	OHI	SLD	DB	AUT	TBI	Total
Dec 2009	4,425	1,070	425	8,243	480	2,247	2,378	6,017	43,364	11	9,028	139	77,827
Dec 2010	4,460	1,178	412	11,488	476	2,034	2,374	6,486	37,856	23	10,200	132	77,119
Dec 2011	4,342	1,173	412	11,806	514	2,009	2,304	6,777	35,917	21	10,389	135	75,799
Dec 2012	4,274	1,180	382	11,468	494	1,780	2,175	7,139	34,747	19	11,544	123	75,325
Dec 2013	4,144	1,239	355	11,171	490	1,697	2,208	7,287	34,000	16	11,928	118	74,653
Dec 2014	4,107	1,205	329	10,606	471	1,562	2,185	7,562	32,623	18	12,530	102	73,300

Students with Disabilities - Fiscally Independent Charter Schools Only													
	ID	HH	DEAF	SLI	VI	ED	OI	OHI	SLD	DB	AUT	TBI	Total
Dec 2009	86	70	12	593	18	51	44	446	3,081	0	294	10	4,705
Dec 2010	83	70	10	776	19	42	45	581	3,105	0	355	10	5,096
Dec 2011	113	78	10	966	16	71	68	840	3,772	0	513	11	6,458
Dec 2012	114	85	9	1,068	14	82	67	1,046	4,263	0	681	11	7,440
Dec 2013	113	92	9	1,079	12	78	68	1,122	4,360	0	767	11	7,711
Dec 2014	144	107	12	1,275	15	121	78	1,459	5,276	0	964	8	9,459

Source: CASEMIS. December Report, 2015.

The state and district both require that a charter school ensures that no student otherwise eligible to enroll in their charter school will be denied enrollment on the basis of their special education status. However, these statistics indicate that students eligible for specialized instruction are not as likely to be attending a charter school as a district school. It is beyond the scope of this study to identify the

<sup>26</sup> The costs cited here are estimated from national data from 2013-2015 and may not match the actual annual costs in LAUSD.

cause(s) of this, but it is clear that the district is already adding significant general fund revenues to support special education. Further exploration of issues regarding the enrollment barriers or issues for special education-qualified students is outside this review, but are worthy of discussion for reasons beyond this fiscal analysis. If this trend continues, as shown in **Exhibits 3.6** and **3.7**, the district's general fund may reach a point where revenue will not be available to cover those increased costs.

### Charters as “Schools of the District”

Most of LAUSD's independent charter schools have elected to be a “School of the District” for purposes of special education. Recall that if such a charter “... contributes an equitable share of its charter school...funding to support districtwide special education...” the district does not suffer a financial impact if this “equitable share” is equal to a full pro-rata share of SELPA-wide special education encroachment. In other words, the funding accessed for special education costs from students' revenue in the charters would be the same as it would be if those students were in district schools.

The state created Special Education Local Plan Areas (SELPAs) in order to ensure support for students with disabilities across the state. There are 122 SELPAs in the state and 19 in Los Angeles County. Each SELPA creates its own fee structure and fees vary. According to their website, the El Dorado County SELPA charges an initial 6% of state and federal funds, reducing the fee annually until it is 4% for continuing schools or groups of schools. Charter schools can choose to belong to any SELPA and, until recently, many of the charter schools in LAUSD had chosen to belong to other SELPAs, including El Dorado which is near Lake Tahoe.

In 2015, 14 independent charter schools have still chosen to seek LEA status outside of LAUSD's SELPA. For those 14 schools, being designated an LEA for special education purposes is equivalent to being a school district and assuming the full responsibility for providing quality and compliant special education programs and services, while ensuring that all eligible students receive a free and appropriate public education (FAPE).

In order to encourage charter schools to remain in the LAUSD SELPA, the district created a local agreement, the Charter School Special Education Memorandum of Understanding (MOU), first described earlier on page 15<sup>27</sup>. The MOU created a menu of support for the charter schools to stay with LAUSD's SELPA for purposes of special education, rather than seeking LEA status membership in another SELPA. The independent charter schools working with LAUSD's SELPA get varying amounts of assistance from the district, based on their opting into the LAUSD MOU.

Under the MOU, the district developed three options for charter schools to choose regarding how special education funds and costs would be allocated under the “School of the District” election. The current count of charter schools selecting each option is shown in parenthesis.

**Option 1 (1 count):** The district retains all state and federal special education funding for the charter school students and also provides all special education staffing and services for those students. The charter pays 25% of the district's contribution rate to special education encroachment in the first year growing by 5% over the next two years capping out at 35% in year 3 and beyond.

**Option 2 (90 count):** The charter school receives all state and federal special education funding for its students and is responsible for providing special education staffing and services at the charter school. The charter pays 20% of the district's contribution rate to special education encroachment in the first year growing by 5% over the next three years capping out at 35% in year 4 and beyond.

<sup>27</sup> <http://achieve.lausd.net/Page/1830>

**Option 3 (123 count):** The charter school receives all state and federal special education funding for its students and is responsible for providing special education staffing and services at the charter school. The charter pays 20% of its state and federal funding, reduced by an amount also paid for Program Specialist/Regionalized Services, as the contribution to special education encroachment.

The financial effect of these three options was designed to be approximately equivalent. For purposes of this review, we will analyze Option 2, as representative of the overall financial effect. It is worth noting that in Options 2 and 3, where all but one of the current charters have landed, the direct cost of providing special education services to the enrolled students is borne by the charters in exchange for directly receiving the special education revenues.

According to the LAUSD Finance Division, in 2014-15, the amount the district contributed from its unrestricted general funds to the cost of special education was \$1,501 per district ADA and \$1,262 per SELPA ADA, as shown below:

Adjusted General Fund Contribution to Special Education	\$776,360,942
Divided by Total District ADA	/ 517,217
Equals Contribution per District ADA:	\$ 1,501
Adjusted General Fund Contribution to Special Education	\$776,360,942
Divided by Total SELPA ADA (18.9% greater)*	/ 614,971
Equals Contribution per SELPA ADA:	\$ 1,262

\*(Total SELPA Enrollment was 18.9% greater than total District ADA in 2014-15 due to charters operating as "Schools of the District" for Special Education.)

Given that in LAUSD all but one of the charters provide for the direct costs of staffing and services at the charter school under the selected MOU options 2 and 3, the contribution from each charter toward special education costs is really a contribution toward program level costs (administration, transportation, program level staff, non-public school tuition, etc.). The estimated proportion of program level costs to total costs is 50%.

Thus, the cost to LAUSD of providing the "discounted" special education contribution to charters can be calculated as shown below. The \$1,501 is the full cost for the encroachment, but charter schools only pay up to 35% of that cost, meaning that they pay the district up to \$525 and thus the cost to the district per charter school ADA is \$106, reduced to \$101 because of the 95% attendance rate in LAUSD.

Full Contribution Amount per SELPA ADA	\$1,262
X 50% to Cover Program Level Costs	\$ 631
Minus contribution paid by charters ( $\$1,501 * 35\%$ )	<\$ 525>
= Cost per Charter School ADA	\$ 106
Adjusted Cost per Student (*95%)	\$ 101

This reduced contribution is despite the fact that a charter school receives the exact same amount of state/federal funding for each student who qualifies for special education and despite the fact that charter schools have fewer high-need/high-cost students.

This cost is not in addition to the net financial impact of declining enrollment, described in a subsequent section, but instead is a sub-component of that loss. In other words, this special education loss would never occur if the students had not left the district to attend a charter school.

### Charters as LEAs

Charters that might elect to become their own LEA within another SELPA could also have a measurable financial impact on LAUSD. For 2015 -16, there are 14 charters with a total enrollment of 7,390 students that have made this election.

As a reminder, charters that elect to become their own LEA take with them all special education funding and all special education costs for the students they serve. If the overall special education profile of the group of students removed mirrors that of the district, the financial equation is theoretically balanced and there is no impact to the district for the direct cost of serving the remaining special needs students. However, if the group of special education students removed represents a lower percentage of the student population than average, or if it represents a lower cost special education group, the proportionate cost of providing services to the remaining special education population in the district, by definition, goes up. There is also a loss of per ADA special education (*AB 602*) revenue, a portion of which is used to fund the fixed costs of the overall special education program (e.g., administrative staffing, districtwide program specialists, and other district level costs.) For this analysis, there are both direct and indirect costs.

As described earlier, for LAUSD, the data from December 2013 indicate that the district has both a higher proportion of special education students than its charters (13.4% vs. 8.1%) and of that proportion, LAUSD has double the percentage of higher cost “Moderate to Severe” special education students than its charters (30% vs 15%). See the foregoing **Exhibit 3.6** regarding changes in special education populations since 2009.

To quantify this effect, MGT calculated the increase in the contribution amount per ADA that would occur if all the current charters were to become LEA’s in another SELPA. From that, we can express a per-student cost. Next, MGT looked at what the overall proportion of special education students is for both district and independent charter schools combined. According to the Independent Financial Review Panel Meeting Materials, these data from December 2013 indicate that the combined percentage is 12.6%.

	LAUSD	Charter Schools	Combined
Special Ed Students	74,653	7,711	82,364
Total Students	556,115	95,381	651,496
Percentage Special Ed	13.4%	8.1%	12.6%

If the charters left the district for purposes of special education, the proportion of special education students to total student enrollment in LAUSD would increase from 12.6% to 13.4%, an increase of 6.3%.

Applying that 6.3% increase to the contribution amount per ADA calculated in the prior section, results in an increase in cost for special education encroachment of \$79.51 per ADA, as shown below:

Full Contribution Amount per SELPA ADA	\$ 1,262.00
Times 6.3% increase	x 6.3%
Equals contribution amount increase per ADA if all charter schools departed*	\$ 79.51

\*If the charter schools left LAUSD's SELPA for another SELPA, the special education students remaining in the district would be more costly per student and the amount per ADA contributed from the general fund to the special education fund (the "encroachment"), would increase.

This calculation of increased cost assumes that within the special education population, the severity of disabilities within the charter schools is similar to that of the district's schools. As we have seen, this is not the case, so we propose a further adjustment in order to estimate and project the fiscal impact on LAUSD.

As described earlier and documented in the IFRP meeting materials, the data from December 2013 indicate the proportions shown below.

	DISTRICT	CHARTERS	COMBINED
Mild/Moderate %	70%	85%	72%
Moderate/Severe %	30%	15%	28%

By definition, Moderate/Severe students require a higher level of service than Mild/Moderate students and are thus more costly to serve. One study, reviewing the cost of private placements made the following assertion: "...students are more severely disabled and therefore more expensive to educate than the average student in the same disability classification."<sup>28</sup> MGT attempted to derive data from national and state sources to describe the cost of Mild/Moderate compared to Moderate/Severe. The costs varied significantly and were not adequately cited to ensure uniform definitions among the states. Instead, we have chosen to assign a cost increase factor of 100% (which is likely to be conservative) to derive the following cost adjustment. The adjusted cost per student of \$76.74 is based on the loss of charter school participation in funding the encroachment of special education and that the encroachment would grow by \$76.74 per student once adjusted based on LAUSD's attendance rate of 95%.

Contribution amount increase per ADA if charter schools departed	\$79.51
Times Weighted Adjustment Factor [(.70 x 1.0) + (.30 x 2.0)] / [(.72 x 1.0) + (.28 x 2.0)]	x 1.016
Equals adjusted contribution amount increase per ADA if charters departed as own LEA	<b>\$ 80.78</b>
Adjusted cost per student (x 95%)	\$76.74

Just as with the cost impact calculated for "school of the district" charters, this cost is not in addition to the net financial impact of declining enrollment described in a subsequent section but instead is a sub-

<sup>28</sup> <http://educationnext.org/debunking-a-special-education-myth/>

component of that loss. In other words, this special education loss would never occur if the students had not left the district for charter schools.

### Fixed Cost Contribution Loss

As with every program, there are district-level costs required to run the special education program that are part of what was previously described as “encroachment” and that are funded by a portion of the funding received for every student’s ADA funding. Thus, if charter schools depart the LAUSD SELPA and become their own LEA with another SELPA, they will no longer be paying to support the fixed costs of the district’s special education program. As described earlier, the contribution is approximated at \$525 per ADA (or \$499 per student, after adjusting for the 95% attendance ratio). (Note: we have approximated the contribution amount because of annual gradations in the charter fee under the MOU that increases to a maximum of 35 %.) Thus, the special education encroachment contribution loss per student, if a charter school leaves the LAUSD, is \$499. Since charter schools can belong to any SELPA, this is a state-wide issue.

#### FINDING 7:

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**Special education revenue in LAUSD is impacted by state regulation. The state funding formula (AB 602) that provides equal financial support regardless of disability has the effect of penalizing LAUSD due to its higher percentages of identified students who have higher needs than students in the charter schools. The cost of this is unclear. This is a state-wide issue.**

#### FINDING 8:

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**LAUSD has a significantly higher proportion of high-need and high-cost special education students, compared to the charter schools in the district. The cost of this is unclear. This is a state-wide issue.**

#### FINDING 9:

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**The state regulation allowing charters to join SELPAs other than LAUSD takes additional funding away from LAUSD that could otherwise be used to provide district program support. This is a state-wide issue.**

### IMPACT OF CHARTER SCHOOLS ON ENGLISH LANGUAGE LEARNER AND FEDERAL PROGRAMS

MGT staff reviewed the English Language Learner and other state- and federally-funded student support programs with district staff. Based on the limited review included in the scope, this study has identified potential fiscal impacts from independent charter schools regarding the state funds for the English Language Learner (EL) program. The federal Title III program provides differentiated funding based on the student language level.

As described earlier in **Section II.E**, regarding the LCFF fund providing supplemental and concentration grants, the EL program is not funded based upon defined student needs. Similar to the state funding for special education (AB 602), the LCFF funding is based on numbers, rather than needs. If a charter school has the same number of EL students as a district school, they get the same LCFF funding, regardless of the level of severity or need of each student. Although MGT does not have data regarding the EL levels

of need at each independent and public school in the district, anecdotal information suggests that charter schools tend to have more students who function at higher levels and may have a background in more common languages, including Spanish.

### FINDING 10:

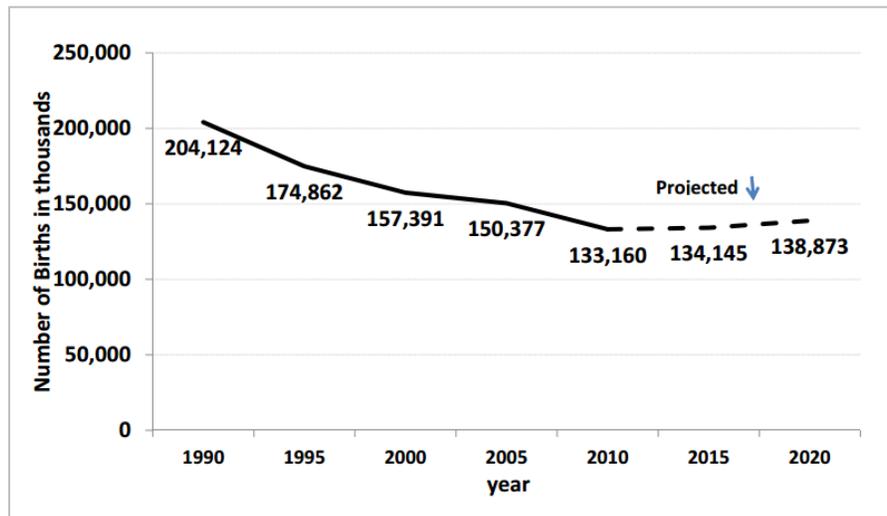
**The state funding formula (LCFF) that provides equal financial support regardless of EL level has the effect of penalizing schools/districts that have higher percentages of identified students who have higher needs compared to other schools/districts. (Note: There is no estimated cost attached to this finding. MGT was not able to identify the relative EL levels at district and charter schools.)**

### IMPACT RELATED TO ENROLLMENT DECLINE

This section provides information regarding the effect of independent charter schools regarding the overall district enrollment decline.

The enrollment of a school district is an important number. It drives many decisions, including staffing and number of schools needed, etc. LAUSD, like many urban districts, has experienced declining enrollment over the last ten years. This decline is due to several factors, including the reduced birth rate in LA County and increases in the cost of living, especially housing, in southern California. Data from the county website substantiates this reduction in number of possible students, but also points to a projected uptick moving beyond 2015. See **Exhibit 3.8**, below.

EXHIBIT 3.8  
LOS ANGELES COUNTY BIRTH RATES: 1990-2020 (PROJECTED)

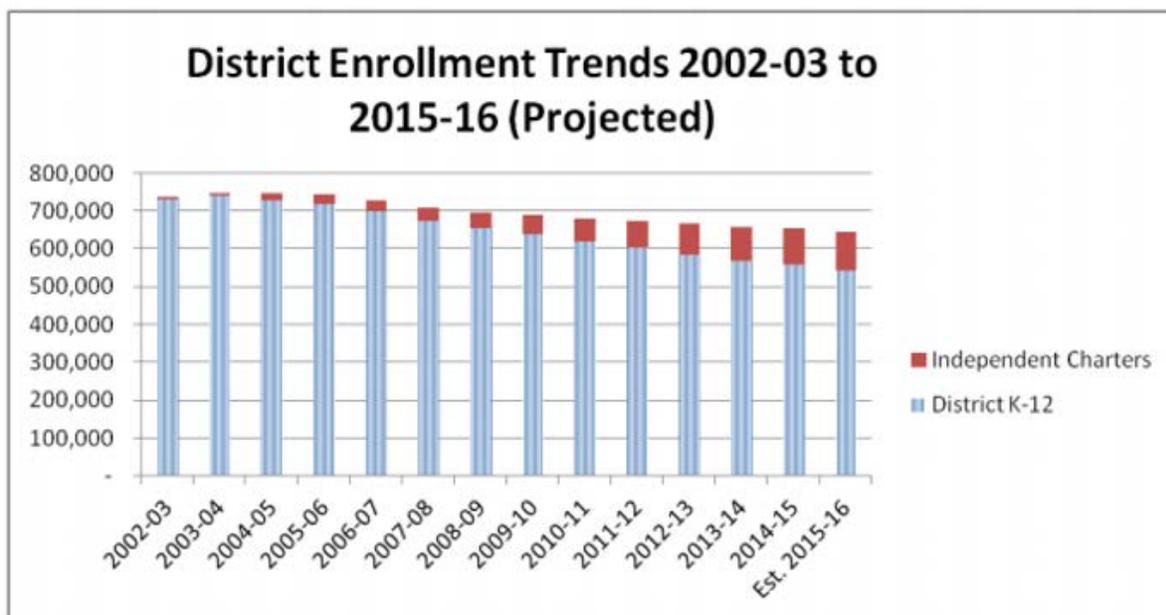


Source: California Department of Public Health, Birth Statistical Master Files for Los Angeles County Residents. California Department of Finance “Historical and Projected State and County Births, 1970-2022, with Actual and Projected Fertility Rates by Mother’s Age and Race/Ethnicity, 2000-2022” released November 2013.

Given the birthrate decline, it is not surprising that the district’s K-12 enrollment has declined during the last ten-year period, from a high of over 700,000 to the current estimated level of over 500,000, as shown in **Exhibit 3.9**.

Although the total number of students attending schools in the district has declined, as shown, the number of students attending independent charter schools has increased over the same ten-year period. LAUSD is losing student enrollment, some portion of whom are moving to independent charter schools.

EXHIBIT 3.9  
DISTRICT ENROLLMENT TRENDS 2002-03 TO 2015-16



Source: LAUSD budget 2015-16.

<http://achieve.lausd.net/cms/lib08/CA01000043/Centricity/Domain/123/Final%20Budget%20Book%202015-07-01.pdf>

As described earlier, public school districts in California are partially funded on the basis of ADA. This means that the school district receives a certain dollar amount under LCFF for the number of students who attend school, not the number of students enrolled in a school. If every enrolled student attended school every day, enrollment and ADA would be equal. The ratio of attendance to enrollment for LAUSD was 95%<sup>29</sup> for 2014-15. On average, a student enrolled in the district attends school 95% of the days that are available for instruction. The state-wide average is slightly higher at 95.2%.

Like all school districts, LAUSD uses its LCFF funding per ADA to pay for the basic operational costs of the district. For LAUSD, using 2014-15 data, the loss of one student represents an average loss of \$8,851 in revenue on an annual basis. (Calculation: 2014-15 funded amount per ADA of \$9,317 x the district’s average attendance ratio of 95 % = \$8,851.) However, the cost reduction (teacher salaries/benefits and student supplies costs) associated with the loss of one student is only about 44% of that amount <sup>30</sup> or

<sup>29</sup> LAUSD. CFO information. 2015.

<sup>30</sup> See *Independent Financial Review Panel Meeting Materials* – LAUSD Staffing p. 6 dated 8/11/2015.

\$3,894. We are going to assume a 44% variable cost reduction over the whole time, as the other 56% is fixed<sup>31</sup>. The nature of fixed costs is that they are just that, fixed.

We feel that 44% is a conservative number because it assumes an immediate reduction of all variable costs. For example, it assumes the biggest expense, the costs of teachers, can be reduced in proportion to enrollment decline. In reality, this is likely not practical as all of these students will not be lost from the same location or grade so the reduction in teaching staff will likely not be proportional.

The variable costs, discussed earlier, go down as student enrollment goes down. Thus, the net financial impact of the loss of one student is the difference between the two amounts, or \$4,957, as shown below.

Loss of one student in ADA revenue	< \$ 8,851>
Reduction of associated cost per student	- \$ 3,894
<b>Net Financial Impact (loss) of one student</b>	<b>&lt; \$ 4,957&gt;</b>

Students who attend charter schools and who would otherwise attend a school in LAUSD represent a loss of students and reduction in direct costs. Each student lost, in this case to a charter school, represents a net loss of \$4,957 per year. (Note: It may be helpful to recognize that the inverse is also true. If student enrollment goes up, the revenue to the district goes up by \$8,851, yet the cost only increases by \$3,894, representing a net gain of \$4,957.)

There is ample evidence that enrollment in LAUSD has declined and enrollment in independent charter schools has increased. It is unlikely that every student attending independent charters left LAUSD to attend a charter, but a large percentage of them likely did. As shown in the table below, the 20% loss of students results in a net revenue loss of \$651,225,875 (based on 131,375 students x \$4,957/student). This represents the dollars that would have been available to the district had it not lost the 131,375 students who left the district between 2006-07 and 2014-15.

TOTAL K-12 STUDENTS	2006-07	2014-15	+/- STUDENTS	PERCENT OF CHANGE
LAUSD	673,808	542,433	<131,375>	< 20%>
Independent CS	34,961	101,060	66,099	189%
<b>CS as a Percent of Total</b>	<b>5.2%</b>	<b>18.7%</b>		
<b>Net Annual Loss of Revenue</b>				<b>\$651,225,875</b>

Source: LAUSD Audit Report 2014-15. Compiled by MGT, 2016.

<http://achieve.lausd.net/cms/lib08/CA01000043/Centricity/Domain/328/LosAngelesUnifiedRpt15.pdf>

Based on the ADA cost data described above, since 2006-07, LAUSD has lost 131,375 students, each of whom created a net revenue loss of \$4,957/year for a total loss of \$651,225,875. As shown, the district has lost 131,375 students, but charter schools have only gained 66,099. Thus, the enrollment decrease is not solely based on the increase and the impact of charter schools.

<sup>31</sup> Given the limited data received from the district, using 44% is a more conservative approach than a “glide-path” approach based on assumed data. Without significantly more data points, this is a safer assumption.

## CHARTER SCHOOL ADA SHIFT

A school district that has fewer enrolled students in any given year than it had the previous year is funded based on the previous year's ADA, described earlier as a "declining enrollment district." This is intended to provide a "soft landing" for school districts as they face the financial reality of losing revenue faster than they can reduce cost. However, the State of California requires an adjustment be made to the prior year count related to charter schools. Thus, if a student moves from LAUSD to another California district (e.g., Palo Alto), LAUSD still receives ADA for that student and so does Palo Alto. The state is providing a "soft landing" for the district. However, if that student left LAUSD and went to one of the independent charter schools, LAUSD loses the ADA and the charter school gets it. (It should be noted that the converse is also true.)

Thus, the cost in any given year for a student subtracted or added will be the full ADA amount. Given that enrollment in LAUSD is declining in district schools and growing in charter schools, this ADA shift is a net subtraction and is financially harming the district. For every "net" student that is subtracted, the cost to LAUSD is as follows, using the 2014-15 ADA amount:

Average Funded LCFF \$/ADA	\$9,317
x LAUSD Avg. Attendance %	x 95%
Equals \$/ADA <b>Lost</b> Per Net Student Subtracted	\$8,851

To quantify this, we can estimate the number of students that left LAUSD schools to attend charter schools which thereby reduces the revenue to LAUSD under the declining enrollment revenue model described earlier. It is important to remember that the declining enrollment is not entirely due to increasing charter school enrollment. The birthrate in Los Angeles County has also been declining, meaning there are fewer students available to LAUSD. As noted earlier, while the LAUSD enrollment is declining, charter school enrollment is growing. As shown below, MGT has assumed that only 75% of the students that went to an independent charter school would have gone to LAUSD, with the other 25% coming from outside the district. This affects the district's revenue under the state's declining enrollment funding formula.

Total charter enrollment in 2014-15	102,538
Total charter enrollment in 2009-10	60,643
Increase from 2009-10 to 2014-15	41,895
Average increase per year (5 years)	8,379
Estimate 75% of students moved from LAUSD to a charter school (x .75)	6,284
Times \$/ADA lost per student	x \$8,851
Equals total annual revenue loss under declining enrollment revenue model	\$55,619,684

Source: LAUSD data. Compiled by MGT, 2016.

As shown in the table above, under a declining enrollment revenue model, LAUSD has lost more than \$55 million in annual revenue due to enrollment changes. This is a state-wide issue because the state does not hold districts harmless from the full effect of declining enrollment. Financial support for

students who went to charter schools is subtracted from previous year's amount, even though the district may not have had time to "right size." The intended effect of a "soft landing" for districts has been negated by this adjustment that demands right-sizing on the fly and potentially eliminates the benefits if students leave and go to a charter school. The state is willing to pay both the "leaving" and the "entering" districts for a student, but immediately penalizes the "leaving" district if the student moved to a charter school.

#### **FINDING 11:**

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**The declining enrollment in LAUSD is having a financial impact on the district. The declining enrollment is not solely based on the increase in number of charter schools. The impact should be softened by the state's use of the previous year's ADA that allows districts to recognize revenue loss for one year in arrears and reduce costs as enrollment declines. However, the "soft landing" only applies to districts whose students move to another district and not to districts whose students leave for charter schools. The estimated cost is \$55,619,684. This is a state-wide issue.**

#### 4. What is the impact on teacher and support personnel staffing?

MGT staff interviewed and gathered data from various LAUSD district divisions, including special education, EL, and Title I/other federal programs. In addition, MGT met with the academic office and the district's Human Resources office to discuss the implications and impact of charter schools. Based on those data, MGT believes that the greatest impact on teacher and support personnel staff comes from declining enrollment – caused by any influence, whether charter schools, birth rates, or excessively high housing costs.

As described earlier, Los Angeles County has experienced a declining enrollment that led to a significant reduction in staffing. Comparing 2007-08 staffing to 2015-16, shows a reduction of 20,000 staff positions. Further reductions in enrollment will lead to further staff reductions. Since the end of the housing crisis in 2008-09, median house prices and rental costs have risen continuously. These forces have made it more difficult for families to locate and/or stay within LAUSD and have impacted enrollment in LAUSD. In addition to these demographic and financial pressures, LAUSD has seen a significant increase in the number of charter schools offering a variety of programs that have enticed families to move from LAUSD to one of the many charter opportunities.

The decline in birthrate is anticipated to change, beginning in 2019, and the district is anticipating student enrollment increases and therefore staff increases. Likely, when there are other changes that impact enrollment, staff changes will occur based on district-adopted staffing formulas that are beyond the scope of this review.

#### 5. What is the impact on support services including transportation and food service?

MGT did not identify any impact on support services for transportation and food service. The food service program is available to charter schools on a "pay for service" basis. No transportation is provided for charter schools. MGT recognizes that there may be program implications relative to these areas that are beyond the scope of this study.

## 6. What is the impact on technology resources and infrastructure?

MGT did not identify any impact on technology resources or infrastructure. There are concerns about the difficulty reporting data among charter schools and LAUSD, but the issue presented was mainly administrative staff time needs to get and confirm information from the charter schools. District staff confirmed that there are some instances of this, but had no insight into number of events or other costs. MGT recognizes that there may be program implications relative to this that are beyond the current scope of this study.

## 7. What is the impact on pension, insurance, and other obligations?

MGT reviewed the district's financial information and understands that the district faces significant, long-term financial impacts connected to the health and welfare benefits for employees. LAUSD has made long-term commitments to employees in the past. Those commitments and costs are huge, but only a small portion are connected to charter schools and connected with this review, as described below.

### “LEGACY” COSTS OF HEALTH AND WELFARE BENEFITS

Employees who have “vested” in retiree health and welfare benefits while employed at LAUSD and who subsequently transfer to independent charter schools may represent a cost impact to LAUSD. This will be true if LAUSD hires a replacement employee to take the departing employee's place and that replacement employee ultimately earns (“vests in”) a retiree health and welfare benefit. In that case, LAUSD will incur the cost of not just one, but two retiree health and welfare benefits packages. This is known as the “legacy” cost of retiree health and welfare benefits and represents an estimated additional average cost of \$250,000 per eligible retiree in the case of lifetime benefits. If the departing employee is not replaced, that retiree health and welfare benefits cost would have been incurred whether the employee had stayed or departed and there is no additional cost.

The issue identified from various interviews was the perception that the UTLA contract allows a teacher to take up to a five-year leave of absence (LOA) to work at a charter school and still return to LAUSD.

## IMPACT RELATED TO CONTRACT

### FINDING 12:

**The LAUSD – UTLA contract allows teachers to take a Leave of Absence (LOA) and work in a charter school and return to LAUSD/UTLA status. There may be an impact on LAUSD due to the legacy benefit costs.**

### SUMMARY

A summary of all costs identified in this review is shown below based on net cost per student. The gross cost per student was not used because it does not take into account the district's costs if those students were served in the district. Cost estimate totals are based on 102,538 charter school students for 2014-15, except in the case of the ADA shift which is based on the number of students departing LAUSD for charter schools each year, as described previously.

These data indicate that LAUSD has a nearly \$600 million impact from independent charter schools. By far, the most significant financial impact to LAUSD is in the area of declining enrollment lost to charter schools. To demonstrate this, assuming all students who attended direct-funded charter schools in 2014-15 would otherwise have attended a district school, LAUSD experienced a net loss over \$508 million, as shown below. This number is a measure of how many more “net” revenue dollars would be available to the district if all of the current 102,538 students in charter schools were enrolled in the district.

Charter school enrollment in 2014-15	102,538
x Net Financial Impact (loss) per Student	\$ 4,957
Equals Total Net Revenue Loss in 2014-15	\$508,280,866

This financial impact dwarfs all others identified in this report, and none of which would occur if students remained with LAUSD in district schools. However, once students depart LAUSD schools and attend a district-authorized charter, the other costs do come into effect and can be estimated by multiplying the per student amounts by the appropriate student counts or employee counts, in the case of legacy retiree benefits costs.

ISSUE	NET COST / REVENUE LOSS PER STUDENT	ESTIMATED ANNUAL COST / REVENUE LOSS
Declining enrollment lost to charter schools	\$4,957.00	\$508,280,866
Oversight costs not covered by 1% <ul style="list-style-type: none"> <li>• Space in Beaudry Bldg. \$ .90 \$92,006</li> <li>• SPED and OIG oversight costs \$13.81 \$1,416,259</li> <li>• Administrative Costs \$135.00 \$13,845,203</li> </ul>		
Oversight Revenue Lost –Proposition 39 Schools		\$ 2,062,517
SPED costs* <ul style="list-style-type: none"> <li>• CS – “School of the District” \$101.00 \$10,356,338</li> <li>• CS – LEA in other SELPA <ul style="list-style-type: none"> <li>○ Direct cost \$76.74 TBD if charter leaves</li> <li>○ Fixed cost contribution loss \$499 TBD if charter leaves</li> </ul> </li> </ul>		
In-Lieu of Property Tax – cost of money	\$0.84	\$86,132
ADA Shift Costs	\$ 8,851.00	\$55,619,684
<b>TOTAL</b>		<b>\$591,759,005</b>
“Legacy” Costs of Retiree Benefits	\$250,000/Replaced Employee	

\*The Special Education costs are a subset of the declining enrollment costs. In other words, the first cost impact is the loss of revenue associated with students attending charter schools rather than district schools. If that loss had not occurred, the cost of special education associated with charter schools would not exist. However, once the students have moved to the charter school, the special education costs do occur.

From this review it is clear that the financial future of the Los Angeles educational system is threatened and charter schools contribute to that threat.



District Facilities Cost Worksheet

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APPENDIX A



**Exhibit B**  
**LAUSD Facilities Cost Worksheet for 2015-2016 School Year**

NOTES*	DESCRIPTION	TOTAL COSTS	COST PER SQUARE FOOT	TOTAL COST PER CATEGORY
(1)	<b>Debt Service- interest and principal on COPS</b>	\$36,168,706.37	\$0.50	<b>\$0.50</b>
	<b>Maintenance &amp; Operations</b>			<b>\$4.97</b>
(1) (2)	Air Filter Tech and Building Engineering	\$3,826,377.00	\$0.05	
(1) (2)	Pest Management	\$3,354,045.00	\$0.05	
(1) (2)	Custodial (Buildings)	\$129,418,888.00	\$1.78	
(1) (3)	Rubbish Removal	\$5,968,639.53	\$0.08	
(1) (2)	Routine Repairs General Maintenance (RRGM)	\$110,041,213.00	\$1.51	
(1) (2)	Utilities (Electricity, Water, Gas)	\$109,395,400.06	\$1.50	
	Electricity	\$86,221,677.47		
	Gas	\$4,539,602.08		
	Water	\$18,634,120.51		
	<b>Safe and Comfortable</b>			
(1) (3)	School Police Services	\$60,485,271.46	\$0.83	<b>\$0.83</b>
(1) (3)	Office of Environmental Health & Safety (OEHS)	\$14,483,718.44	\$0.20	<b>\$0.20</b>
(1) (3)	Information Technology	\$14,853,837.33	\$0.20	<b>\$0.20</b>
(4)	<b>Deferred Maintenance</b>	\$0.00	\$0.00	<b>\$0.00</b>
(1) (3) (5)	<b>Insurance</b>	\$9,180,500.89	\$0.13	<b>\$0.13</b>
	<b>Grounds Costs</b>			<b>\$0.13</b>
(1) (6)	Gardening Services	\$10,000,960.00	\$0.04	
(1) (6)	Landscaping/Tree Trimming	\$3,196,629.00	\$0.01	
(1) (6)	Custodial (Grounds)	\$18,488,413.00	\$0.08	
			<b>GRAND TOTAL</b>	<b>\$6.96</b>
<b>LEGEND</b>	Total K-12 building square footage and direct support space		72,888,743	
	Footprint for K-12 buildings and direct support space		48,067,110	
	Total District building square footage		78,567,928	
	Total Grounds square footage		278,288,982	
	Net grounds square footage		230,060,876	
<b>*NOTES:</b>				
	(1) Calculation of facilities costs based upon actual 2013-2014 school year expenses			
	(2) Total K-12 building square footage and direct support space			
	(3) Rubbish removal, school police, OEHS (costs for annual safety inspections, CEQA and traffic studies), information technology, and insurance costs calculated as 92.8% of total District building square footage			
	(4) Deferred Maintenance was paid for by bond funds during 2013-14 school year			
	(5) District's premiums for excess liability, property coverage, Boiler & Machinery, and Property Floater			
	(6) Net grounds square footage = Total grounds square footage less footprint for K-12 buildings and direct support space			



Oversight Percentages based on Square Footage

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APPENDIX B



Charter School Name	SF	Current Method			Proposed Method				Difference
		\$6.96/SF = Subtotal Facility Revenue	1% Oversight	Total	\$6.33/SF = Subtotal Facility Revenue	3% Oversight	Subtotal Additional Oversight Revenue	Total	
Animo Jackie Robinson Charter High School	32,494	\$ 226,158	\$ 51,539	\$ 277,697	\$ 205,687	\$ 154,618	\$ 103,078	\$ 360,305	\$ 82,607
Animo South Los Angeles Charter High School	17,536	\$ 122,051	\$ 50,369	\$ 172,420	\$ 111,003	\$ 151,107	\$ 100,738	\$ 262,110	\$ 89,691
APEX Academy	50,106	\$ 348,738	\$ 33,849	\$ 382,587	\$ 317,171	\$ 101,547	\$ 67,698	\$ 418,718	\$ 36,131
Apple Academy Charter Public Schools	14,379	\$ 100,078	\$ 25,425	\$ 125,503	\$ 91,019	\$ 76,275	\$ 50,850	\$ 167,294	\$ 41,791
Ararat Charter School	7,673	\$ 53,404	\$ 27,529	\$ 80,933	\$ 48,570	\$ 82,586	\$ 55,057	\$ 131,156	\$ 50,223
Ararat Charter School*		\$ -	\$ 27,529	\$ 27,529	\$ -	\$ 82,586	\$ 55,057	\$ 82,586	\$ 55,057
Celerity Cardinal Charter School	18,682	\$ 130,027	\$ 23,657	\$ 153,683	\$ 118,257	\$ 70,970	\$ 47,313	\$ 189,227	\$ 35,544
Celerity Nascent Charter School	16,114	\$ 112,153	\$ 45,165	\$ 157,319	\$ 102,002	\$ 135,496	\$ 90,330	\$ 237,497	\$ 80,179
Celerity Octavia Charter School	26,576	\$ 184,969	\$ 32,975	\$ 217,944	\$ 168,226	\$ 98,925	\$ 65,950	\$ 267,151	\$ 49,207
Celerity Palmati Charter School	25,607	\$ 178,225	\$ 30,683	\$ 208,907	\$ 162,092	\$ 92,048	\$ 61,365	\$ 254,140	\$ 45,233
Celerity Troika Charter School	20,905	\$ 145,499	\$ 46,808	\$ 192,307	\$ 132,329	\$ 140,424	\$ 93,616	\$ 272,753	\$ 80,446
Citizens of the World Charter School Hollywood	24,117	\$ 167,854	\$ 25,834	\$ 193,688	\$ 152,661	\$ 77,501	\$ 51,668	\$ 230,162	\$ 36,474
Citizens of the World Charter Schools 2	12,521	\$ 87,146	\$ 24,196	\$ 111,342	\$ 79,258	\$ 72,589	\$ 48,392	\$ 151,847	\$ 40,504
City Charter Elementary School*		\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City Charter Elementary School*		\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City High School*	11,905	\$ 82,859		\$ 82,859	\$ 75,359	\$ -	\$ -	\$ 75,359	\$ (7,500)
Clemente Charter School	10,364	\$ 72,133	\$ 11,893	\$ 84,027	\$ 65,604	\$ 35,680	\$ 23,787	\$ 101,285	\$ 17,258
Clemente Charter School*	7,566	\$ 52,659		\$ 52,659	\$ 47,893	\$ -	\$ -	\$ 47,893	\$ (4,767)
Collegiate Charter High School of Los Angeles*	8,761	\$ 60,977		\$ 60,977	\$ 55,457	\$ -	\$ -	\$ 55,457	\$ (5,519)
Community Preparatory Academy	8,361	\$ 58,193	\$ 6,543	\$ 64,736	\$ 52,925	\$ 19,629	\$ 13,086	\$ 72,554	\$ 7,818
Community Preparatory Academy	9,942	\$ 69,196	\$ 6,543	\$ 75,739	\$ 62,933	\$ 19,629	\$ 13,086	\$ 82,562	\$ 6,822
Crenshaw Arts/Tech Charter High, CATCH	21,239	\$ 147,823	\$ 14,959	\$ 162,782	\$ 134,443	\$ 44,877	\$ 29,918	\$ 179,320	\$ 16,537
Crown Preparatory Academy	17,375	\$ 120,930	\$ 30,991	\$ 151,921	\$ 109,984	\$ 92,973	\$ 61,982	\$ 202,956	\$ 51,036
Endeavor College Preparatory Charter School	5,786	\$ 40,271	\$ 42,997	\$ 83,267	\$ 36,625	\$ 128,990	\$ 85,993	\$ 165,615	\$ 82,348
Endeavor College Preparatory Charter School	8,481	\$ 59,028	\$ 42,997	\$ 102,024	\$ 53,685	\$ 128,990	\$ 85,993	\$ 182,675	\$ 80,650
Endeavor College Preparatory Charter School	10,454	\$ 72,760	\$ 42,997	\$ 115,757	\$ 66,174	\$ 128,990	\$ 85,993	\$ 195,164	\$ 79,407
Extera Public School	13,196	\$ 91,844	\$ 34,371	\$ 126,215	\$ 83,531	\$ 103,112	\$ 68,741	\$ 186,642	\$ 60,428
Extera Public School	11,300	\$ 78,648	\$ 34,371	\$ 113,019	\$ 71,529	\$ 103,112	\$ 68,741	\$ 174,641	\$ 61,622
Extera Public School #2	13,410	\$ 93,334	\$ 15,100	\$ 108,433	\$ 84,885	\$ 45,299	\$ 30,199	\$ 130,184	\$ 21,751
GARR Academy of Mathematics and Entrepreneurial Studies	11,855	\$ 82,511	\$ 12,707	\$ 95,217	\$ 75,042	\$ 38,120	\$ 25,413	\$ 113,162	\$ 17,944
Global Education Academy 2	9,286	\$ 64,631	\$ 3,033	\$ 67,663	\$ 58,780	\$ 9,098	\$ 6,065	\$ 67,878	\$ 215
Goethe International Charter School	19,107	\$ 132,985	\$ 28,235	\$ 161,219	\$ 120,947	\$ 84,704	\$ 56,469	\$ 205,651	\$ 44,432

Charter School Name	SF	Current Method			Proposed Method				Difference
		\$6.96/SF = Subtotal Facility Revenue	1% Oversight	Total	\$6.33/SF = Subtotal Facility Revenue	3% Oversight	Subtotal Additional Oversight Revenue	Total	
ICEF Vista Elementary Charter Academy	8,309	\$ 57,831	\$ 23,971	\$ 81,802	\$ 52,596	\$ 71,914	\$ 47,942	\$ 124,510	\$ 42,708
Ingenium Charter Middle School	20,105	\$ 139,931	\$ 12,532	\$ 152,463	\$ 127,265	\$ 37,595	\$ 25,064	\$ 164,860	\$ 12,397
Ingenium Charter School*	28,225	\$ 196,446		\$ 196,446	\$ 178,664	\$ -	\$ -	\$ 178,664	\$ (17,782)
Ivy Academia Charter School	24,349	\$ 169,469	\$ 64,396	\$ 233,865	\$ 154,129	\$ 193,189	\$ 128,792	\$ 347,318	\$ 113,453
Larchmont Charter School	12,694	\$ 88,350	\$ 89,153	\$ 177,503	\$ 80,353	\$ 267,460	\$ 178,306	\$ 347,813	\$ 170,309
Lashon Academy	15,419	\$ 107,316	\$ 8,763	\$ 116,079	\$ 97,602	\$ 26,289	\$ 17,526	\$ 123,891	\$ 7,812
Libertas College Prep*	5,988	\$ 41,676		\$ 41,676	\$ 37,904	\$ -	\$ -	\$ 37,904	\$ (3,772)
Lou Dantzer Preparatory Charter Elementary School	12,898	\$ 89,770	\$ 21,598	\$ 111,368	\$ 81,644	\$ 64,794	\$ 43,196	\$ 146,438	\$ 35,070
Magnolia Science Academy 3	29,266	\$ 203,691	\$ 33,994	\$ 237,686	\$ 185,254	\$ 101,983	\$ 67,989	\$ 287,237	\$ 49,551
Magnolia Science Academy 4	20,954	\$ 145,840	\$ 17,013	\$ 162,853	\$ 132,639	\$ 51,039	\$ 34,026	\$ 183,678	\$ 20,825
Magnolia Science Academy 5	14,392	\$ 100,168	\$ 7,800	\$ 107,969	\$ 91,101	\$ 23,401	\$ 15,601	\$ 114,503	\$ 6,534
Monsenor Oscar Romero Charter	14,611	\$ 101,693	\$ 22,854	\$ 124,547	\$ 92,488	\$ 68,562	\$ 45,708	\$ 161,050	\$ 36,503
New Heights Charter School	20,063	\$ 139,638	\$ 31,634	\$ 171,273	\$ 126,999	\$ 94,903	\$ 63,269	\$ 221,902	\$ 50,629
New Millennium Secondary School	15,320	\$ 106,627	\$ 16,297	\$ 122,924	\$ 96,976	\$ 48,890	\$ 32,593	\$ 145,865	\$ 22,942
North Valley Military Institute	33,068	\$ 230,153	\$ 27,967	\$ 258,120	\$ 209,320	\$ 83,901	\$ 55,934	\$ 293,221	\$ 35,101
Ocean Charter School	18,655	\$ 129,839	\$ 29,258	\$ 159,097	\$ 118,086	\$ 87,775	\$ 58,517	\$ 205,862	\$ 46,764
Pathways Community School	14,172	\$ 98,637	\$ 9,967	\$ 108,604	\$ 89,709	\$ 29,900	\$ 19,933	\$ 119,609	\$ 11,005
Resolute Academy*	8,427	\$ 58,652		\$ 58,652	\$ 53,343	\$ -	\$ -	\$ 53,343	\$ (5,309)
Student Empowerment Academy	25,724	\$ 179,039	\$ 24,869	\$ 203,908	\$ 162,833	\$ 74,607	\$ 49,738	\$ 237,440	\$ 33,532
Valor Academy Charter High School	14,917	\$ 103,822	\$ 18,896	\$ 122,718	\$ 94,425	\$ 56,687	\$ 37,792	\$ 151,112	\$ 28,394
View Park Preparatory Accelerated Charter Middle School	22,446	\$ 156,224	\$ 23,108	\$ 179,332	\$ 142,083	\$ 69,323	\$ 46,215	\$ 211,406	\$ 32,074
Watts Learning Center Charter Middle School	31,827	\$ 221,516	\$ 24,711	\$ 246,227	\$ 201,465	\$ 74,134	\$ 49,423	\$ 275,599	\$ 29,372
WISH Charter Elementary School	31,054	\$ 216,136	\$ 29,201	\$ 245,337	\$ 196,572	\$ 87,603	\$ 58,402	\$ 284,175	\$ 38,838
WISH Charter Middle School	5,336	\$ 37,139	\$ 2,676	\$ 39,814	\$ 33,777	\$ 8,027	\$ 5,351	\$ 41,803	\$ 1,989
YPI Valley Public Charter High School*	11,039	\$ 76,831		\$ 76,831	\$ 69,877	\$ -	\$ -	\$ 69,877	\$ (6,955)

Source: LAUSD, compiled by MGT 2016

\*Data unavailable for school