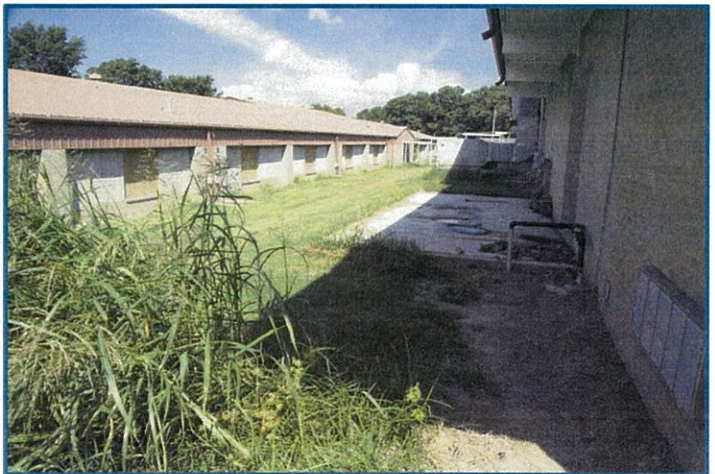
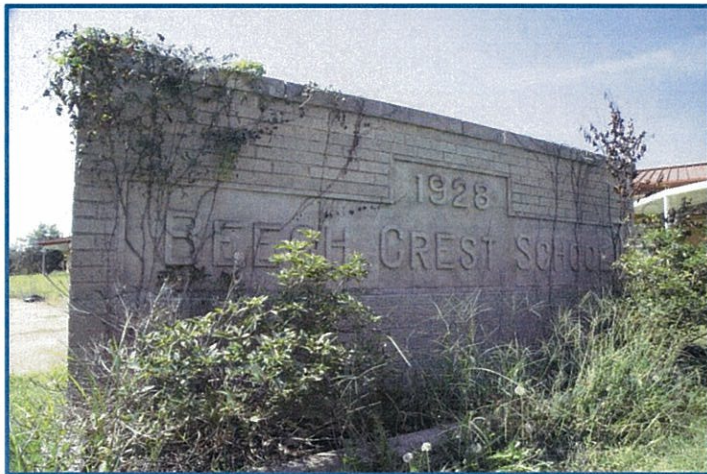


Beech Crest School
1020 Plaza
West Helena, AR 72390
Square Footage: 64,035



West Side Elementary School

339 South Ashlar

West Helena, AR 72390

Square Footage: 63,350



Woodruff Elementary School
305 Valley Drive
Helena, AR 72342
Square Footage: 38,101



STARS Academy Alternative School
390 Highway 20
Helena, AR 72342
Square Footage: 29,175



Summary Points

- Traditional public school districts and public charter schools in Arkansas are funded based on Foundation Formula.
- All public (traditional or charter) schools have access to the foundation amount (\$6,023 in 2010-11) for each student enrolled and to any appropriate categorical funds.
- Traditional public schools can also generate funds through local millage above the minimum 25 mill level; open-enrollment charter schools do not have access to local millage.
- Across the state, charter schools have less total funding per pupil (approximately 30% to 40%) and less net current funding per pupil (20% to 30%) than traditional public schools.
- Charter schools with more funding are generally those serving economically disadvantaged students.

Traditional and Charter School Funding in Arkansas

Charter schools, once considered an anomaly, are becoming increasingly common in the U.S. There are concerns among some education stakeholders that charter schools pull funding away from traditional public schools, since a large portion of education funds follow the student to the charter school. Conversely, some argue that there are funding inequities that favor public schools. These individuals claim that since charter schools are public schools, the funds allocated to them should be the equivalent of that received by the traditional public schools. This brief examines funding of traditional and charter schools in Arkansas.

Funding Dynamics in Arkansas

There are two types of charters that operate in Arkansas: conversion charter schools and open-enrollment charter schools. Conversion charter schools have some flexibility in the manner in which they operate, but are governed by the leadership of the school district in which they are located and only pull students from within the boundary lines of that particular district. Therefore, the flow of funds to conversion charter schools is consistent with that of traditional school districts. Open-enrollment charter schools are governed independently of local school districts and do not enroll students from any one particular district. When students leave the traditional school district, their respective state and federal funds follow them. Some in the traditional public school district are concerned with this loss. However, local funds, including those raised

this brief

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through property taxes, do not follow the student. This is the primary reason for the discrepancy between traditional and charter school funding. Additionally, districts receive restricted categorical state funds, as described below, which are provided in excess of foundation funding.

To fully understand the flow of funds to charters and public schools, one first must understand revenue generation for public schools in Arkansas. There are three primary funding sources for public education in Arkansas: federal dollars, state funds, and local funds. The federal funds make up a relatively insignificant amount of funds, the vast majority of which are restricted. The distribution of federal funds is equitable between charters and traditional districts.

State and local funds are more complex as they are interwoven. Arkansas, like many other states, uses a foundation formula for education funding. This foundation amount, which was \$6,023 in 2010-11, represents the minimum allowable expenditure per student and is comprised of a local portion and the state equalization amount. Local funds are generated from 25 mills of the local property assessment each year known as the uniform rate of taxation (URT).

Regional Comparisons of Charter and Traditional School Spending

The majority of open enrollment charter schools in Arkansas are located in the Little Rock area. Table 2 shows the two school spending indicators and enrollment for the region's charter schools and the three traditional districts in the metro area (Little Rock SD, North Little Rock SD, and Pulaski County Special SD). The eleven charter schools are located in the Little Rock metro area and pull students from these three districts, thus making the comparison appropriate.

The differences in spending (both total spending and net current spending) between traditional schools and charter schools are greater in Little Rock than statewide. Over the past four years, total spending in Little Rock traditional schools averaged just under \$14,000 per pupil while total spending in the region's charter schools was just under \$9,000 per pupil. This represents a difference of roughly 35%. Similarly, the traditional school / charter school difference in net current spending per pupil is over \$3,600 (33%).

Indeed, Dreamland Academy and Little Rock Preparatory Academy are the only two charter schools with per-pupil expenditures comparable with the Little Rock three-district average.

Table 2. Comparison of TPS Districts and Charters in Little Rock

	2010-11			4-Year Avg. (2007-2011)		
	TOT	NCE	ADA	TOT	NCE	ADA
LR 3-Dist. Average**	\$15,671	\$12,058	15,649	\$13,966	\$10,899	15,831
LR Charter Average	\$8,549	\$7,475	346	\$8,751	\$7,264	304
Academics Plus	\$7,133	\$6,316	582	\$6,674	\$6,103	471
LISA Academy	\$8,195	\$7,481	458	\$7,300	\$6,739	415
Dreamland Academy	\$11,378	\$11,175	257	\$9,869	\$9,399	260
Covenant Keepers	\$9,062	\$8,877	173	\$9,527	\$8,999	155
eSTEM Elementary	\$9,161	\$7,593	355	\$8,749	\$7,576	354
eSTEM Middle	\$8,022	\$7,379	485	\$8,001	\$7,192	420
eSTEM High	\$9,032	\$7,661	328	\$9,420	\$8,067	195
LISA Academy North	\$7,701	\$6,248	404	\$8,919	\$6,205	350
LR Prep. Academy	\$10,119	\$9,307	76	\$13,222	\$11,882	61
Jacksonville Lighthouse	\$9,049	\$6,742	385	\$11,533	\$6,338	360
UCPC*	\$8,820	\$7,681	302	\$8,820	\$7,681	302

*Data for UCPC (the Urban Collegiate Public Charter School) were only available for the 2010-11 academic year.

**The Little Rock Metro 3-District Average includes Little Rock, North Little Rock, and Pulaski County School Districts.

Table 3 below illustrates a similar trend in the Northwest Arkansas region. None of the three charters in Northwest Arkansas has spending levels near those of the fifteen traditional districts in Northwest Arkansas. In the most recent year, the total spending per pupil in the traditional schools is approximately \$4,000 greater (36%) than the corresponding figure for the two charter schools in the region. Again, the difference is smaller in the case of net current spending per pupil, where traditional schools outspend the charter schools by more than \$2,600 (more than 31%). Only the 4-year spending average for the Northwest Arkansas Academy of Fine Arts even approaches that of the traditional schools in Northwest Arkansas. These patterns are consistent with those observed in the Little Rock area and across the state.

Table 3. Comparison of TPS Districts and Charters in NW Arkansas

	2010-11			4-Year Avg. (2007-2011)		
	TOT	NCE	ADA	TOT	NCE	ADA
Northwest Arkansas 15 District Average**	\$11,094	\$8,661	4,574	\$10,686	\$8,315	4,413
HAAS Hall Academy	\$6,696	\$5,648	281	\$6,472	\$5,658	165
Benton County School of the Arts	\$7,105	\$5,967	688	\$6,802	\$5,519	552
Northwest Arkansas Academy of Fine Arts*	--	--	--	\$8,454	\$7,542	174

*In the case of Northwest Arkansas Academy of Fine Arts, the most recent year of data available are from the 2008-09 academic year because the school merged with Benton County School of the Arts at the close of this academic year. Data were only available for the Northwest Arkansas Academy of Fine Arts from the 2007-08 through the 2008-09 academic years.

**The 15 districts included in the Northwest Arkansas average are: Bentonville, Decatur, Elkins, Farmington, Fayetteville, Gentry, Gravette, Greenland, Lincoln, Pea Ridge, Prairie Grove, Rogers, Siloam Springs, Springdale, and West Fork School Districts (all the districts in Washington and Benton Counties).