

# PUTTING GOOD MONEY AFTER BAD

*A regional breakdown of how local property taxes end up subsidizing mostly substandard Ohio charter schools.*



## KNOWYOURCHARTER

*How Ohio Charter Schools Are Performing*

## EXECUTIVE SUMMARY

In the 2014-2015 school year, Ohio's charter schools received a record amount of state funding for their record-high enrollment. As a result, every Ohio child enrolled in public school and not in a charter would lose an average of 5.5 percent of the state funding that would have gone to a local school district. This money had to be replaced with local revenue, or with cuts to educational programming.

At KnowYourCharter.com, we have updated the site's information to include the 2014-2015 school year and have included regional breakdowns of the data in this report. Here are the main points:

- ✓ Because of the way charter schools are funded, between the 2012-2013 and 2015-2016 school years, more than \$1 billion in local property taxes were used to subsidize Ohio's charter schools.
- ✓ In the 2014-2015 school year alone, local taxpayers had to subsidize charters to the tune of \$416.4 million.
- ✓ More than 3 in 4 state dollars sent to charter schools in the 2014-2015 school year went to charters that performed no better on the state report card than the local school district from which students transferred.
- ✓ On more than a third of occasions, students left a district for a charter where the district outperformed the charter in every comparable graded report card category. In Central Ohio, that rate was even higher at 2 out of 5.
- ✓ The average Ohio school district outperformed the average Ohio charter school by two out of the five comparable report card grades they typically shared. In Northwest Ohio, that rate was even higher.
- ✓ Regionally, Southeast Ohio - where the state's school funding lawsuit originated - had the state's largest regional discrepancy. More than 90 percent of charter funding went to schools that performed no better than the local school districts.

Significant amounts of locally-raised tax dollars subsidize Ohio charter schools that often do no better than the districts from where they receive their students. More and more local school leaders are fighting to ensure the current financial drain is plugged so that our state's children, regardless of where they attend school, have access to the world's best educational opportunities.

## OHIO'S LOCAL TAXPAYERS SUBSIDIZE LOW-PERFORMING CHARTER SCHOOLS

Important policy makers in the Ohio General Assembly have acknowledged that the state's charter school funding system requires local taxpayers to subsidize charter schools to a great extent. That's because the amount a charter school receives from the state is more than the student would have received from the state in a local public school – in some cases, it's significantly greater.

Regionally, local taxpayers in Central Ohio have had to provide the most total subsidies to charters since the 2012-2013 school year.

*Table 1: Biggest regional local taxpayer subsidies for charter schools*

OSBA REGION	TOTAL LOCAL TAXPAYER SUBSIDY 12-13 TO 15-16
CENTRAL	\$ 382,799,222
NORTHEAST	\$ 295,030,818
NORTHWEST	\$ 116,103,785
SOUTHEAST	\$ 19,407,391
SOUTHWEST	\$ 266,724,360
<b>STATEWIDE</b>	<b>\$ 1,080,065,576</b>

To add insult to injury, the vast majority of those subsidies go to charters that perform no better than the school districts from which the students transferred.

*Table 2: Percentage of all charter students and funding going to charters that performed no better than the district*

OSBA REGION	% OF FUNDING & STUDENTS GOING TO NO BETTER PERFORMING CHARTERS
CENTRAL	81.3%
NORTHEAST	74.1%
NORTHWEST	87.2%
SOUTHEAST	91.9%
SOUTHWEST	68.8%
<b>STATEWIDE AVERAGE</b>	<b>80.66%</b>

In the 2014-2015 school year \$724 million went to charters that did not perform better than the public school district.

*Table 3: Enrollment and funding sent to no better performing charters 2014-2015 school year*

OSBA REGION	CHARTER ENROLLMENT FY15	TOTAL DEDUCTION FROM PUBLIC SCHOOLS FY15	AVERAGE PER PUPIL DEDUCTION FY15
CENTRAL	25,103	\$ 191,652,336	\$ 8,043
NORTHEAST	33,634	\$ 265,916,014	\$ 8,241
NORTHWEST	12,649	\$ 99,286,361	\$ 7,801
SOUTHEAST	3,248	\$ 24,453,957	\$ 7,776
SOUTHWEST	19,244	\$ 142,549,929	\$ 7,998
<b>STATEWIDE</b>	<b>93,878</b>	<b>\$ 723,858,597</b>	<b>\$ 8,054</b>

One out of every three charters that receives students from Ohio’s public schools, received students from a public school that outperformed the charter in every comparable report card grade, with Central Ohio school districts doing so more than 2 out of every 5 times.

*Table 4: Percentage of charter school funding transfers where the school districts outperforms on every comparable grades*

OSBA REGION	NUMBER OF TRANSFERS TO CHARTERS THAT ARE WORSE IN EVERY COMPARABLE GRADE	TOTAL NUMBER OF TRANSFERS	% OF TRANSFERS SENT TO CHARTERS THAT PERFORM WORSE IN EVERY COMPARABLE GRADE
CENTRAL	646	1489	43.4%
NORTHEAST	1029	2940	35.0%
NORTHWEST	317	979	32.4%
SOUTHEAST	192	565	34.0%
SOUTHWEST	643	1743	36.9%
<b>STATEWIDE</b>	<b>2827</b>	<b>7716</b>	<b>36.6%</b>

Even when districts don’t outperform the charter school in every category, they still substantially outperform them in several categories. On average, charters and districts have 5.4 categories in which they both receive report card grades and districts surpassed charters by 2.2 categories. Meanwhile, in Northwest Ohio, districts outperformed charters in nearly 5 of 6 report card categories, on average.

*Table 5: By how many grades districts outperform charters given the number of direct performance comparisons*

OSBA REGION	AVERAGE NUMBER OF COMPARABLE GRADES	AVERAGE NUMBER OF GRADES BY WHICH DISTRICTS OUTPERFORM CHARTERS	PERCENTAGE OF COMPARABLE GRADES BY WHICH DISTRICTS OUTPERFORM CHARTERS
CENTRAL	4.8	2.0	41.6%
NORTHEAST	5.4	2.2	39.9%
NORTHWEST	5.8	2.8	48.5%
SOUTHEAST	6.1	2.7	44.7%
SOUTHWEST	5.3	2.1	36.9%
<b>STATEWIDE</b>	<b>5.4</b>	<b>2.2</b>	<b>41.6%</b>

## CONCLUSION

Ohio has paid nearly \$8 billion to charter schools since the program began in the late 1990s. The vast majority of funding headed to charters went to schools that performed worse, not better, than the school districts from which students transferred. To make matters worse, Ohio's local property taxpayers have had to subsidize these charter schools, exacerbating the overreliance on property taxes to pay for schools – a problem the Ohio Supreme Court has found to be unconstitutional four times.

Ohio's lawmakers have an opportunity in the next state budget to ensure that Ohio's charter schools are no longer the financial drain to local communities that they have been for nearly 20 years. It is time to fix the way charters are funded and to ramp up the sector's overall quality. Our kids deserve nothing less.

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