

KNOWYOURCHARTER

How Ohio Charter Schools are performing

SHORT CHANGED AGAIN:

**LOCAL SCHOOL DISTRICTS CONTINUE TO LOSE MONEY
TO POOR-PERFORMING CHARTER SCHOOLS**

The Ohio Charter School Accountability Project is a joint venture of the Ohio Education Association and Innovation Ohio. All data comes from public sources, principally the Ohio Department of Education. For more information, news and analysis, please visit KnowYourCharter.com

EXECUTIVE SUMMARY

The Ohio Charter School Accountability Project has conducted an analysis of how charter schools are performing compared to local public schools and the financial impact on local school districts. This report is based on the recently released 2014-15 school report card data from the Ohio Department of Education. A look at both performance and funding reveals two key points:

1. The vast majority of state charter funding is being transferred from good school districts to poor-performing charter schools; and
2. Because of a broken funding system, local tax dollars from school districts are being forced to cover the cost of consistently underperforming charter schools.

The school choice movement was supposed to provide better educational choices for students, but a closer look at the numbers shows that this is often a false choice for most Ohio families. Here are just a few of those numbers:

- **72.5 percent** of all state **charter funding went to charters that DO NOT outperform the local school district.**
- Nearly **1 in 3** charter schools receive all their state funding from **higher performing local school districts.**
- **50 percent** of the charter dollars that leave the **Youngstown Schools go to charters that perform worse on the state report card.**
- **80 percent** of all money sent to **eSchools came from higher performing local school districts.**
- **92 percent** of Ohio school districts (563 of 609) received **less per pupil state funding** because of the way Ohio funds its charter schools.

In addition to understanding how much state aid leaves local school districts to support underperforming charter schools, SECTION 1 of this report also compares performance and funding in specific categories such as: Student Growth, Student Proficiency, Youngstown Schools, Big 8 Urban Districts, Non-Big 8 Districts, ECOT, eSchools, and Brick-and-Mortar charter schools.

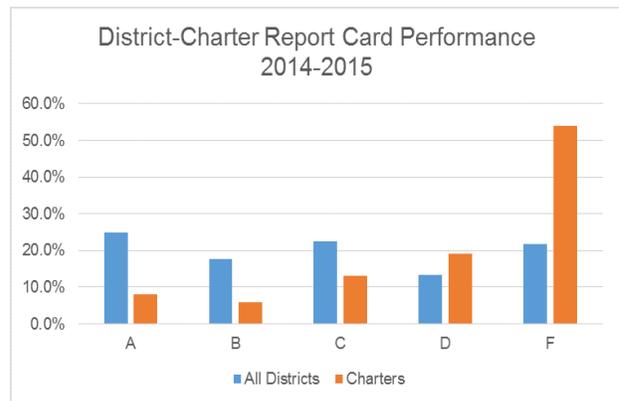
SECTION 2 of this report shows how, because of the way Ohio funds charter schools, local school districts are being forced to subsidize mostly poor-performing charters. As reported in the Columbus Dispatch on Sept 9, this is a point lawmakers on both sides of the aisle recognize. This section also breaks down the 563 school districts that receive less per-pupil state funding because of the state's charter funding system.

Lastly, it's important to note that Ohio's new Report Card data has been the subject of much controversy and protest. While the results indicate the same district to charter performance patterns as previous years, the Ohio Charter School Accountability Project recognizes that there are problems with the current report card data, such as significant discrepancies in the way tests were administered. These problems may make this year's report card results less relevant for particular districts or schools. However, the overall comparative results between Ohio's local public schools and charter schools are not appreciably different from prior years.

INTRO: STATE REPORT CARD RESULTS FOR 2014-15

The Ohio Department of Education released its State Report Card in late February and the results were even worse than they have been in recent years. More than 70 percent of the state’s charters received Ds and Fs – in previous years that number was about 60 percent. Meanwhile, even though this year saw the largest percentage ever of F grades for school districts at over 20 percent, almost half remained As or Bs. In comparison, just over 10 percent of charters were graded this high. In comparison, barely more than 10 percent of charter were graded A or B.

The adjacent figure shows a breakdown of the overall percentage of report card grades by category for local school districts (blue) and charter schools (orange). As noted, more than half the time, charters are failing a given state performance measure.



SECTION 1: FUNDING FAILING CHARTER SCHOOLS

OVERALL: TRACKING PERFORMANCE AND STATE FUNDING

Given the high volume of poor-performing charters, it is not surprising that a closer examination of the performance data¹ relative to state funding reveals that the vast majority of funding goes to poor performing charters – \$7 out of every \$10 in total state charter funding.²

More specifically, **out of the \$800 million in state funding that charter schools* receive, \$580 million in state funding was transferred to charter schools that did not outperform the local school district, while only \$218 million in state aid actually went to charters that performed better.**³ In other words, **72.5 percent** of all state funding to charters is not going to schools that give kids a better choice, but instead is going to **charters that DO NOT outperform the local school district.**



It is telling to look at the performance extremes. Currently, there are 275 charters that are accountable under the same state report card system as districts. Of these 275 charters, 122 draw all of their state funding from local school districts that outperform the charters on the state report card.⁴ **With 384 charters in Ohio, this means that nearly 1 out of 3 Ohio charter schools receive all their state money from higher performing school districts.**

** This does not include dropout recovery charter schools or newly opened schools because they do not receive the same report card grades as Ohio's public school districts*

INDIVIDUAL CATEGORIES: TRACKING PERFORMANCE AND STATE FUNDING

Student Growth

Student growth (value added in the state report card) has become for many the standard by which school and district performance should be measured. Using this metric, nearly **\$8 out of every \$10** sent from a district to a charter that has a grade in this category comes from a district that performed the same or better than the charter. Ohio sent more than **\$521.7 million from districts to poorer-performing charters** (same or better student growth grades) than the to that received the funding. Only **\$138.4 million went to higher performing charters.**



Youngstown

Last year, state legislative leaders and Gov. John Kasich decided that Youngstown was such a poor performer, that the only way to “rescue” kids in that district was to institute a state takeover. There’s reason to believe that one of the objectives of the takeover is to increase the charter footprint in Youngstown. Yet the data demonstrates that even in the struggling Youngstown City Schools, charters aren’t substantially higher performing.

As the funding and performance data shows, the Youngstown local school district performs the same or better than the charters that receive money and children from the district about 50 percent of the time – **\$9.4 million in state funding was transferred to charter schools that did not outperform the**

Youngstown school district – while only slightly more, **\$9.5 million** in state aid, actually went to charters that performed better.



Big 8 Urban Districts

Like Youngstown, the state’s so-called Big 8 urban districts (Akron, Canton, Cincinnati, Cleveland, Columbus, Dayton, Toledo and Youngstown) more than hold their own against area charter schools. Nearly \$2 out of every \$3 sent to comparably evaluated charters come from Big 8 districts that do the same or better as the charter on the report card. Specifically, **\$303.2 million in state funding was transferred to charter schools that did not outperform the Big 8 school districts**, while only **\$158.1 million** in state aid actually went to charters that performed better.



All Other School Districts

More than \$4 out of every \$5 (or 82 percent) of all the funding leaving a non-Big 8 district came from a district that performed the same or better than the charter that received it. Specifically, **\$276.8 million in state funding was transferred to charter schools that did not outperform the all non-Big 8 school districts**, while only **\$60 million** in state aid actually went to charters that performed better.



The Electronic Classroom of Tomorrow (ECOT)

The Electronic Classroom of Tomorrow (ECOT) is the nation's largest for-profit school and Ohio's first and largest charter school. Run by the mega-political donor William Lager, ECOT has been the center of much controversy lately. As such, we looked specifically at ECOT's performance to see how much of the more than \$100 million that flowed to it came from better performing school districts. The results are stunning. Nearly 94% of all money sent to ECOT in the 2014-2015 school year came from districts that had the same or better performance, with half of ECOT's funding coming from districts that outperformed ECOT on 5 or more report card measures. Specifically, **\$97.6 million in state funding was transferred to ECOT when it did not outperform the district**, while only **\$6.6 million** in state aid actually went to ECOT when it performed better.



eSchools Overall

ECOT is not alone. More than 39,000 students and \$268.4 million were sent from Ohio school districts to eSchools in the 2014-2015 school year. And the performance among eSchools overall mirrored ECOT. More than 88% of all money sent to Ohio's eSchools with comparable report card grades came from districts that performed the same or better than the eSchool, with more than half going to eSchools that were outperformed by 4 or more report card categories. Specifically, **\$205.9 million in state funding was transferred to eSchools that did not outperform the local school districts**, while only **\$27.5 million** in state aid actually went to eSchools that performed better.



Brick-and-Mortar Charters

While certainly Ohio's eSchools have brought down the overall performance of Ohio's charter [schools](#), they are not the only problems. About two-thirds of the \$564 million sent to Ohio's Brick-and-Mortar charters that had comparable

report card evaluations came from districts that performed the same or better on the state report card.

Specifically, **\$374.1 million in state funding was transferred to Brick-and-Mortar charter schools that did not outperform the local school districts.** In fact, only **\$190.6 million** in state aid actually went to charters that performed better.

Funding to B&M charters from local school districts that it did not outperform	Funding to B&M charters that did outperform district
\$374.1 million	\$190.6 million

SECTION 2: LOCAL TAX DOLLARS SUBSIDIZING CONSISTENTLY POOR-PERFORMING CHARTER SCHOOLS

In addition to state aid going to consistently underperforming charter schools, local school districts are also being forced to use local tax dollars to make up the difference when higher per pupil amounts are required to go to charters. In Ohio, charter schools are funded by the state transferring money originally intended to educate a student in a district instead to a charter. The problem is that in nearly all cases, the amount sent to the charter is more – sometimes *much* more than the district would have received for that student. This forces districts to fill in the lost state revenue with locally raised revenue.

As can be seen in this table, the per pupil state funding headed to Ohio’s charter schools dwarfs that which is sent to local school districts.

School Type	Per Pupil State Funding ⁵
Ohio Charter School	\$ 7,129
Ohio eSchool	\$ 6,749
Ohio School District	\$ 4,472
Ohio Big 8 School	\$ 6,863

For the 2014-2015 school year, students in **563 of Ohio’s 609 school districts lost state funding because of the way Ohio funds its charter schools**. Students in Columbus lost more than \$1,200 because of the charter deduction, or more than 30 percent of that district’s per pupil state revenue. A full list of the 25 districts that lost the most per pupil and the highest percentage of its state revenue to the charter school deduction can be found in **Appendix 1** under Table 6, Table 7 and Table 8.

Conversely, there are only 42 Ohio School districts (or 6.9 percent) that receive more per pupil state funding (before any deductions or transfers are made) than the typical charter school receives. And there are only 61 of Ohio’s 609 districts that receive more per pupil state funding than the typical eSchool, which doesn’t have buildings, buses or other major expenses. Overall, **local school districts had to find ways to replace \$420.4 million in lost state revenue to charters** – money lost because of the way Ohio funds its charter schools.

CONCLUSION

It would be one thing if Ohio charter schools outperformed Ohio’s local school districts. However, that is simply not the case. The vast majority of the funding goes to charters that don’t do as well overall on the state report card. And in the two most important report card categories – student growth and proficiency – Ohio’s school districts overwhelmingly send more money to charters that do worse on those measures than the districts themselves.

NOTE

This is a follow up to a report that Innovation Ohio initially published on April 22, 2014, called ***Short-Changed: How Poor-Performing Charters Cost All Kids***. This report can be found on the Education Section of our website at www.InnovationOhio.org.

APPENDIX 1

NOTE: This calculation was done by looking at the amount of state funding per pupil going to the district prior to the charter deduction, then looking at the per pupil state funding going to the district after charters received their funding and students. The percentage represents that part of the original per pupil funding amount that was lost. The dollar amount is how much each student loses in state funding because of the charter deduction. The local subsidy was calculated by multiplying the per pupil loss by the number of students remaining in the district after charter schools receive their students.

Table 1 Districts losing the highest percentage of state funding to charter school deduction

County	School District	%state funding loss
Cuyahoga	Brooklyn City SD	64.2%
Cuyahoga	Richmond Heights Local SD	47.0%
Trumbull	Lordstown Local SD	42.3%
Summit	Woodridge Local SD	36.4%
Franklin	Columbus City SD	30.8%
Cuyahoga	Parma City SD	25.1%
Lucas	Springfield Local SD	24.4%
Hamilton	Cincinnati City SD	18.0%
Cuyahoga	Westlake City SD	17.6%
Summit	Copley-Fairlawn City SD	16.1%
Cuyahoga	Rocky River City SD	15.8%
Lorain	Avon Lake City SD	15.5%
Wood	Rossford Ex Vill SD	15.5%
Cuyahoga	Bedford City SD	15.3%
Lucas	Maumee City SD	14.7%
Cuyahoga	Berea City SD	14.2%
Hamilton	Princeton City SD	14.0%

Franklin	New Albany-Plain Local SD	13.4%
Lake	Riverside Local SD	13.4%
Butler	Middletown City SD	13.2%
Cuyahoga	Warrensville Heights City SD	13.2%
Lake	Wickliffe City SD	13.0%
Hancock	Van Buren Local SD	12.8%
Montgomery	Vandalia-Butler City SD	12.5%
Cuyahoga	Fairview Park City SD	12.3%

Table 2 Top 25 districts with per pupil dollar losses to charter deduction

School District	Per pupil funding loss
Columbus City SD	\$ 1,237
Richmond Heights Local SD	\$ 713
Cincinnati City SD	\$ 706
Warrensville Heights City SD	\$ 658
Parma City SD	\$ 608
Middletown City SD	\$ 573
Groveport Madison Local SD	\$ 531
Toledo City SD	\$ 506
Euclid City SD	\$ 479
Springfield Local SD	\$ 430
Brooklyn City SD	\$ 422
Lordstown Local SD	\$ 413
Cleveland Hts-Univ Hts City	\$ 358
Pleasant Local SD	\$ 351
Maple Heights City SD	\$ 339
Elyria City SD	\$ 332
Field Local SD	\$ 331
Dayton City SD	\$ 310
Akron City SD	\$ 310
Bedford City SD	\$ 298
Sheffield-Sheffield Lake Cit	\$ 289
Winton Woods City SD	\$ 278
Newark City SD	\$ 278
Warren City SD	\$ 278
Maumee City SD	\$ 274

Table 3 Top 25 districts for using local funding to subsidize charter deduction

School District	Local Taxpayer Subsidy
Columbus City SD	\$ 65,203,727
Cincinnati City SD	\$ 25,262,971
Toledo City SD	\$ 11,703,478
Akron City SD	\$ 7,220,696
Cleveland Municipal SD	\$ 6,742,411
Parma City SD	\$ 6,594,385
Dayton City SD	\$ 5,088,304
South-Western City SD	\$ 4,785,694
Middletown City SD	\$ 3,828,196
Westerville City SD	\$ 3,773,486
Groveport Madison Local SD	\$ 3,113,133
Euclid City SD	\$ 2,934,628
Elyria City SD	\$ 2,185,391
Cleveland Hts-Univ Hts City	\$ 2,022,928
Northwest Local SD	\$ 1,815,059
Newark City SD	\$ 1,787,335
Springfield Local SD	\$ 1,724,299
Lorain City SD	\$ 1,634,811
Warren City SD	\$ 1,491,670
Washington Local SD	\$ 1,491,495
Sylvania City SD	\$ 1,456,739
Hilliard City SD	\$ 1,448,805
Canton City SD	\$ 1,350,981
Maple Heights City SD	\$ 1,247,722
Berea City SD	\$ 1,218,682

END NOTES

¹ Performance is based on the number of comparable categories on the state report card. The Ohio Charter School Accountability Project looked at 9 categories, excluding the gifted value added category that didn't have many data points. The way it is determined if a district or charter is higher or lower performing is by comparing how many categories for which each school type received a higher or lower grade on the report card. So, for instance, if a district received a C on performance index, and the charter earned a B, then in that category, the charter would be higher performing. This was done for every category in which both charter and district received a grade. Sometimes it was in all 9. Sometimes it was as few as 1 or 2. It also didn't matter if in one category the school got an A and the district got an F. It all counted as one categorical win. If the charter is considered higher performing, it means the charter beat the district in more comparable report card categories. If the charter is considered worse performing, it means the charter was beaten out by the district in more categories.

² As in previous reports prepared by Innovation Ohio, the spreadsheet IO examined was produced by the Ohio Department of Education in response to a public records request. The sheet shows every transfer of students and funding made between each district and each charter. However, ODE combined all transfers from each district to a single charter. So, in one hypothetical example, instead of showing each of the 1,000 transfers between Cleveland and the Electronic Classroom of Tomorrow, ODE counted that as a single transfer of 1,000 students. So when "transfer" is used in this report, it is referring to all transfers made to a single charter from a single district.

³ This calculation does not include the 100 or so dropout recovery schools, which receive different report cards than non-dropout recovery schools. Nor does it include the several charter schools that received no report card grades for the 2014-2015 school year because they are newly opened. There was a total of \$941 million transferred from districts to charters in the 2014-2015 school year.

⁴ While there are 609 districts with report card grades that sent money to charters, several aren't included in this calculation because they lost no funding to charters with comparable report card grades. So they were all dropout recovery schools, or schools that received no report card grades for the 2014-2015 school year.

⁵ Based on median, not mean, funding.