

Michigan Chamber Foundation Study Finds Public School Academy Funding Gap

Revenue Disparity Between Charter Schools and Traditional Public Schools In Michigan Averages \$1,036 Per Pupil

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A comprehensive review of the funding for public school academies, or charter schools, averages \$1,036 less per pupil than what comparable traditional schools receive, according to a public policy study released today by the Michigan Chamber Foundation. The study was prepared for the Michigan Chamber Foundation by Anderson Economic Group, a Lansing-based consulting group specializing in economics and public policy.

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"Critics of public school academies often complain that 'charter schools cost traditional public schools money.' This study shows that charter schools save taxpayers money and that there is a serious gap in state funding between charter schools and traditional public schools," said Michigan Chamber President & CEO Jim Barrett.

Key findings of the Michigan Chamber Foundation study are:

- The funding for public school academies, or charter schools, averages \$1,036 less per pupil than what a comparable traditional school receives. Of this difference, \$355 comes from a gap in available per pupil operating funds, and another \$681 comes from a gap in available capital funding.
- This difference in "operational funding" for the majority of charter schools ranges from zero per pupil (for example, in Pontiac and Grand Rapids) to over \$1,000 (in Dearborn, Warren, Waverly, and Midland). Some school districts, such as Ann Arbor, receive over \$2,000 per pupil for operating purposes more than the charter schools in the same community. The biggest difference -- in Southfield -- was \$3,800 per pupil.
- Charter schools receive no additional funding for capital purposes, while traditional public schools have been able to raise this additional funding by levying local debt and sinking fund millages. The difference in capital funding that traditional public schools receive, but that public school academies do not, amounts to \$681 per pupil.
- While operating funding for public schools grew nearly three times the rate of inflation since Proposal A passed in 1994, capital funding exploded, growing 148% from 1994 to 2001, reaching \$1.1 billion. Public school academies have been operating without receipt of any of this \$1.1 billion in capital funding that Michigan taxpayers pump into traditional public schools.

"Our analysis shows a clear and significant difference in taxpayer resources available to charter schools, with charter schools receiving, on average, over \$1,000 less per pupil than the comparable traditional public school," said Patrick L. Anderson, the lead author of the study. "The difference in operating funding alone varies from zero to over \$3,000," he added.

Anderson noted that the analysis was conservative, and probably understated the actual difference, as the analysis did not account for students from higher-spending nearby districts, nor include the growth in capital funding that has taken place since 1991.

The 40-page report includes data appendices listing the operational and capital funding, enrollment, and other data for the K-12 school system as a whole since the passage of Proposal A; the sources of taxpayer funding for public schools today; and tables showing the per-pupil allowances and total revenues for the 188 charter schools, the school districts in which they operate, and the highest-spending nearby districts.

The complete report is available on the Michigan Chamber's web site at www.michamber.com .

The Michigan Chamber Foundation is a 501©(3) non-profit organization established to plan, promote and conduct non-partisan educational research and programs regarding important public policy issues facing Michigan.

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