

Resource Realities

*A Comparative Analysis of Charter and District
School Funding in Washington, D.C.*

Executive Summary

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Executive Summary

As public schools in Washington, D.C. aim to accelerate learning and recover from the COVID-19 pandemic, public education advocates have pointed to the importance of equitable education resources for all students. Understanding how the District of Columbia (District) funds District of Columbia Public School (DCPS) students and D.C. public charter school students is essential to ensuring all students receive the support they need as pandemic-era federal funds expire.

In fiscal year (FY) 2025, the 12.4% increase in the Uniform Per Student Funding Formula (UPSFF) and 3.1% increase in the charter school facilities allotment are positive developments that will help absorb higher personnel and operational costs, particularly those driven by increases to educator salaries and benefits. However, differences persist in how certain costs — such as expenses related to facilities and retirement contributions — are covered. **This report examines where funding mechanisms for DCPS and charter schools differ and where they are equitable.** In some cases, differences in how DCPS and charter schools operate rationalize differences in resource allocation. In other cases, charter schools must dip into their UPSFF dollars for expenses that DCPS schools receive alternative funding to support. The net result is that DCPS schools can allocate a greater share of their UPSFF dollars to instructional programming and student support.

Funding practices are similar between DCPS and charter schools in that all schools receive their primary funding through the UPSFF, which defines a minimum per-pupil foundation level and applies weights to provide increased funding above the foundation level to account for additional costs associated with certain grades, school programs, and student needs. While the actual amounts received may vary due to differences in student needs, the formula itself is a shared mechanism across DCPS and charter schools.

While most funding for public schools flows through the UPSFF, historically, differences in four funding areas have existed:

- Local Funding Sources Outside UPSFF
- Capital and Facilities Funding
- Teacher Pay
- Teacher Pensions and Retirement Plans

From FY22 to FY25, DCPS received \$7,713 more per pupil, on average, than charter schools across these four funding areas inclusive of temporary local funding provided through federal COVID-19 relief funds (Executive Summary Table 1). When those temporary funds are excluded, the per-pupil difference slightly decreases to \$7,683 per pupil, on average (Executive Summary Table 2). The difference in funding is driven mainly by capital and teacher retirement costs.

EXECUTIVE SUMMARY TABLE 1: TOTAL AND PER-PUPIL FUNDING FOR DCPS AND CHARTER SCHOOLS, INCLUSIVE OF COVID-19 TEMPORARY FUNDS, DISTRICT OF COLUMBIA, FISCAL YEAR 2022 TO 2025

DCPS Funding Streams	DCPS Total Funding	Charter Total Funding
Local Funding Outside UPSFF	\$167 million	\$62 million
Capital and Facilities Funding	\$1.8 billion	\$684 million
Teacher Pay	\$272 million	\$74 million
Teacher Pensions and Retirement Plans	\$254 million	\$0
Total	\$2.47 billion	\$820 million
Per Pupil	\$12,098	\$4,385

Note: Charter schools do not receive any funding for retirement benefits and are not part of the DCPS pension system.

EXECUTIVE SUMMARY TABLE 2: TOTAL AND PER-PUPIL FUNDING FOR DCPS AND CHARTER SCHOOLS, EXCLUDING COVID-19 TEMPORARY FUNDS, DISTRICT OF COLUMBIA, FISCAL YEAR 2022 TO 2025

DCPS Funding Streams	DCPS Total Funding	Charter Total Funding
Local Funding Outside UPSFF	\$119 million	\$23 million
Capital and Facilities Funding	\$1.8 billion	\$684 million
Teacher Pay	\$272 million	\$74 million
Teacher Pensions and Retirement Plans	\$254 million	\$0
Total	\$ 2.42 billion	\$781 million
Per Pupil	\$11,864	\$4,181

Note: Charter schools do not receive any funding for retirement benefits and are not part of the DCPS pension system.

About the Data and Calculations

For the two overall per-pupil funding calculations between DCPS and charter schools, Bellwether isolated FY22 to FY25 for the following reasons:

- FY22 is when DCPS and charter schools began to receive local funding outside of the UPSFF to aid in COVID-19 relief efforts.
- Data are available for all four of those years.

However, within each individual section below, this report analyzes different time frames due to data constraints and to accommodate adjustments for inflation. Specifically, the “Capital and Facilities Funding” and “Teacher Pensions and Retirement Plans” sections are limited to FY18 to FY24, to allow all the calculations to be adjusted for inflation, providing more accurate comparisons across the fiscal years. The Teacher Pay section covers FY23 to FY26 per the resolution between DCPS and WTU to retroactively cover costs associated with teacher pay and benefits in the approved contract.

Local Funding Sources Outside UPSFF (FY22 to FY25)

While District and charter schools receive most of their funding through the UPSFF formula, starting in FY22, both DCPS and charter schools received an influx of one-time funds, including both federal and local dollars, to address pandemic-related needs. Starting in FY23,

DCPS also began receiving local funding outside the UPSFF for certain programs unavailable to charter schools. Some of these funding sources benefit both DCPS and charter schools, while others only benefit DCPS. Bellwether’s analysis found that, from FY22 to FY25, DCPS received \$105 million (\$488 per pupil, on average) more in local funding outside the UPSFF than charter schools.

Capital and Facilities Funding (FY18 to FY24)

Differences in capital and facilities funding create a much larger and growing funding disparity, as the District funds capital projects and facilities differently for DCPS and charter schools. DCPS schools occupy District-owned buildings without the obligation to pay fair market rent or purchase costs, as charter schools often do. The District also funds major DCPS projects like construction and renovation.

Charter schools receive a per-pupil facilities allowance as part of the UPSFF for expenses related to facilities, including building acquisition, leasing, renovations, expansion, and equipment. The District was one of the first jurisdictions in the country to provide facilities funding for charter schools, and it provides one of the highest per-pupil facilities allowances for charters in the country.

Despite this support, charter schools’ facility-related costs from FY18 to FY24 exceeded the allowance by \$197 million (\$630 per pupil, on average). From FY18

to FY24, DCPS capital funding was between \$5,800 and \$10,600 per pupil. In comparison, the charter school per-pupil facilities allowance ranged between about \$3,200 to \$3,600 per pupil. Had charter schools received a facilities allowance equivalent to DCPS' capital funding levels from FY18 to FY24, they would have received an additional \$1.4 billion during that period.

Teacher Pay (FY23 to FY26)

Recent investments by District policymakers in educator compensation across all schools, along with the increase in the UPSFF, will help schools manage rising personnel costs. However, unlike charter school educators, DCPS educators and other school personnel are part of the Washington Teachers' Union (WTU). As such, DCPS educators are entitled to specified negotiated salary levels and benefits and receive guaranteed raises through their contracts.

Historically, the Mayor and the Council of the District of Columbia (DC Council) have recognized this funding difference and provided additional payments to charter schools to promote comparable teacher salary raises. In November 2022, the WTU reached an agreement for \$347 million in bonuses and pay increases covering FY20 to FY23, including \$148 million for retroactive salary and benefits increases. Four months later, in response to this agreement, the Mayor and DC Council allocated \$73.6 million in one-time funding to charter schools for FY24, matching the base payment amount provided to DCPS for that same year. However, funding disparities still exist, with DCPS scheduled to receive \$273 million more than charter schools from FY23 to FY26 in Workforce Investments Fund and ARPA funding.

Teacher Pensions and Retirement Plans (FY18 to FY24)

Funding for retirement benefits presents another way compensation differs for DCPS and charter school educators. DCPS educators benefit from the District of Columbia Teachers' Retirement Plan, a pension system funded by the District and federal government. At the same time, charter schools do not receive additional

funding from the District or federal government for retirement benefits and are not part of the District's pension system. From FY18 to FY24, the District contributed a total of \$415 million (\$1,191 per pupil, on average) to the District of Columbia Teachers' Retirement Plan. From FY18 to FY23, the most recent year of available data, 57 DC charter local education agencies (LEAs) provided funding for their retirement plans from their operating budgets. They contributed \$92 million (\$366 per pupil, on average) in matching retirement contributions.

The following six recommendations can advance funding parity across DCPS and charter schools:

1. Prioritize flowing funding through the UPSFF to create parity between DCPS and charter schools instead of establishing new local funding streams.
2. Increase the charter per-pupil facilities allowance further to either be on par with the annual allocation for DCPS or at least address the gap between the allowance and expenses.
3. Broaden the definition of eligible staff for charter teacher pay raises to ensure parity between DCPS and charter schools.
4. Consider options for addressing gaps in retirement contributions, such as including supplemental funding or support mechanisms for charter school retirement plans.
5. Strengthen transparency in funding decisions and document the rationale where there are differences in accessibility to local funding streams.
6. Make data more accessible to enable thoughtful public dialogue and policy development and to increase transparency.

Ensuring equitable funding across all public schools, regardless of their type, is essential for providing a quality education to all students. Differences in funding between DCPS schools and charter schools not only shortchange charter schools but also impact the families who rely on them to meet students' educational needs.

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About Bellwether

Bellwether is a national nonprofit that exists to transform education to ensure systemically marginalized young people achieve outcomes that lead to fulfilling lives and flourishing communities. Founded in 2010, we work hand in hand with education leaders and organizations to accelerate their impact, inform and influence policy and program design, and share what we learn along the way. For more, visit bellwether.org.

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