

Ensuring All Students in Indiana Receive Their Fair Share of Funding

Ben Kleban

with contributions from Lisa Chu

October 2020

TABLE OF CONTENTS

Executive Summary	1
Overview of Public Education in Indiana	5
Demographics across School Types	7
Academic Performance across School Types	9
Overview of Public School Finance in Indiana	10
Federal Revenues	10
State Revenues	10
Local Revenues	11
Evaluation of Indiana’s School Funding Formula	12
Economic Equity in School Funding	12
School Choice Equity in Funding	16
Weighted Funding for Students from Low-Income Households	20
Weighted Funding for Students with Disabilities	23
Racial Equity in Funding for Indiana’s Schools	27
Indiana School Funding Recommendations	29
Recommendation #1: Differentiate state aid based on local wealth	29
Recommendation #2: Add more weights to the State Special Education Grant and increase overall funding for students with disabilities	30
Recommendation #3: Provide more equitable funding for students from low-income households and English language learners	32
Recommendation #4: Amend state legislation to require any new local referenda to be shared proportionally with charter schools residing in the district	32
Other Recommendations	34
Conclusion	35
Appendix A. Special Education	36
Appendix B. Methodology	39
Endnotes	44

Executive Summary

Over the past decade Indiana has ramped up one of the most robust portfolios of public school choice programs in the country.¹ The state’s charter school law was first enacted in 2001 with a limited number of authorizers.² Between 2009 and 2011, Indiana expanded the number of charter school authorizers and launched a set of programs that greatly expanded publicly funded school options for Hoosier parents.

In addition, Indiana now has over 100 charter schools, 38 virtual school programs, 23 Innovation Network Schools, 7 special populations schools, and 15 adult education schools, with management of these schools shared by both nonprofit organizations and traditional school “corporations” (districts).¹ The “Hoosier Way” clearly values the power of choice, diversity of school options and local autonomy.³

Yet the funding mechanisms for these various school types have often left students who attend these schools with fewer resources than their peers attending traditional school districts. For example, students who attend Indiana public charter schools do not have access to local property tax revenues, which represent about \$3.5 billion—a third of overall public funding for education in Indiana. The result has been an average local funding gap of about \$3,339 per pupil between districts and chartersⁱⁱ over the past three years. For a school enrolling 500 students, that equates to a nearly \$1.7 million gap—the equivalent of 23 full-time teachers.

Students who attend Indiana public charter schools do not have access to local property tax revenues, which represent about \$3.5 billion—a third of overall public funding for education in Indiana.

If local school districts continue to raise revenues above the tax rate caps at the current pace, the funding inequity between the wealthiest districts and the lowest-income districts and charter schools will undoubtedly continue to worsen.

The significant expansion of charter schools and other public school options occurred in the wake of major tax reforms approved by the Indiana state legislature in 2008. The reforms imposed caps on local property tax rates, shifted all responsibility for the education general fund from local to state government, and reduced funding inequities between the wealthiest and poorest school districts in the years that followed. However, since 2008, 188 new local referenda have been launched by local school districts seeking voter approval to override levy caps, as compared to only 6 referenda between 2002 and 2008. If local school districts continue to raise revenues above the tax rate caps at the current pace, the funding inequity between the wealthiest districts and the lowest-income districts and charter schools—which do not have access to those revenues—will undoubtedly continue to worsen.

Exacerbating the disparities in Indiana’s school funding system even further were changes made to the state “Complexity Grant” in 2015, which is a categorical grant providing additional resources for students from low-income households. Changes were made to the grant criteria such that fewer students qualified for the grant and the overall per-pupil funding level for

ⁱ Note that Indiana refers to its school districts as “school corporations.” For more comparability with the rest of the country and commonly understood vernacular, we use the term “district” in this report instead of “corporation.”

ⁱⁱ Author calculations throughout this report comparing “district” and “charter school” revenues and expenditures exclude adult education schools, schools serving special populations, and virtual schools.

students from low-income households dropped from \$2,217 per pupil in 2015 to \$1,437 per pupil in 2019—a 35 percent reduction of funding for these students. Recent research studies have shown that students from low-income households may require as much as two to three times the funding as students from more affluent backgrounds,⁴ yet Indiana now provides a weight that is only 27 percent greater than the foundation amount provided to all students.⁵ While this weight is slightly above the national average weight of 20 percent to 25 percent, it is still inadequate to cover the true costs of serving these students. On average, 75 percent of charter school students are from low-income households, compared to 48 percent of students who attend district schools.⁶ As a result, the changes to the Complexity Grant not only reduced funding for all students from low-income households, but also disproportionately impacted overall funding levels for charter schools versus district schools.

Between 2015 and 2019 state funding for students from low-income households dropped by 35 percent.

In addition, because charter schools also serve a population that is disproportionately students of color, the funding shortfall contributes to a serious racial equity gap in funding for Indiana public school students. Statewide, funding for schools with student populations that are greater than 75 percent white is nearly 20 percent higher than for schools where the student population is less than 25 percent white.⁷

This trend is problematic and fundamentally conflicts with best practices and state constitution adequacy clauses nationwide, in addition to the spirit of the American dream, where neither racial demographics nor household income should determine one's future life opportunities.

The consequence of these inequities is that, in Indiana, a child's household income, race, neighborhood, and school choice are all factors that increasingly determine the amount of resources a child receives for a public education. This trend is problematic and fundamentally conflicts with best practices and state constitution adequacy clauses nationwide, in addition to the spirit of the American dream, where neither racial demographics nor household income should determine one's future life opportunities.

Resolving Indiana's Student Funding Inequities: Our Recommendations

This report presents a series of recommendations to resolve the stark funding inequities that currently exist in Indiana between students from low-income households and their more affluent peers, between legally authorized public schools of different types, between students who have additional learning needs and those who do not, and between students of different racial backgrounds. Addressing these inequities should put children ahead of politics.

Regardless of one's viewpoints on the benefits of various types of school choice programs, once the state legally establishes these new public school options, a standard of practice must ensure all public resources are shared equitably with all Hoosier children. Indiana has a constitutional mandate to provide a "general and uniform system of Common Schools, wherein tuition shall be without charge, and equally open to all." The funding disparities that now pervade Indiana's system for funding public schools contradict the principles of uniformity and equality required by the state constitution. All Hoosier children should receive equal funding for public education, regardless of what type of legally authorized public schools they choose to attend.

Our primary recommendation moving forward is for the state to ensure modified state aid based on local wealth, recognizing that not all districts have equal abilities to contribute toward minimum standards of school spending. Under this model, the state sets a minimum amount that should be spent per student, assesses each district's ability to contribute to this minimum with local revenues, and fills in the gap with state aid when necessary. Ironically, a system like this existed prior to the 2008 property tax reforms, when a minimum foundation per-pupil amount was established by the state formula and divided into a state portion and a local portion. Wealthier school districts received less financial support from the state, while lower-income districts received greater financial support from the state.

After the 2008 legislation, all districts benefited from an equal minimum foundation level from the state and all funds that were successfully raised locally with voter approval above the new property tax caps had no effect on state aid for those districts. Indiana should modify its state funding formula to combine the best of both worlds before and after the reforms. The levy caps should be retained, requiring voter approval to go above the caps, but the state should also return to a formula that normalizes funding between wealthy and low-income local education agencies (LEA)—inclusive of both districts and charter schools.ⁱⁱⁱ

In addition to revamping the statewide funding formula, the state should acknowledge that its weighted categorical grants for students from low-income households, English language learners, and students with disabilities fall far short of providing the additional funding needed to adequately serve students who require higher costs to educate. Research suggests weighted funding formulas may need to provide as much as twice the per-pupil funding for students from low-income households^{iv} versus students from higher-income households, and

It is of great concern that the state's changes to the Complexity Grant formula in 2015—reducing overall funding per low-income pupil by nearly 35 percent—may have had a detrimental effect on the outcomes of students from low-income households.

that higher spending levels in low-income districts have improved educational achievement.⁸ Research and other localities across the country also support a more differentiated set of weights to address the spectrum of needs for students with disabilities than the current formulas Indiana uses.⁹

Increasing the funding for students from low-income households, or at least restoring funding to 2015 levels, will also have a mitigating effect on funding inequities between districts and charters, since charter schools serve a population that is disproportionately low-income when compared to districts. It is of great concern that the state's changes to the Complexity Grant formula in 2015—reducing overall funding per low-income pupil by nearly 35 percent—may have had a detrimental effect on these students' outcomes; the average percentage of students

iii A local education agency (LEA) is a public board of education or other public authority legally constituted within a State for either administrative control or direction of public schools in a city, county, township, school district, or other political subdivision of a State. For most purposes of this report, "LEA" refers to both charter schools and school corporations in Indiana.

iv Research differs on the topic of how to determine what the weight for low-income students should be, and we are not attempting to make a specific recommendation on exactly what this weight should be. Instead, we point out that some states have a higher weight than Indiana, and evidence suggests that Indiana's reduction to low-income funding per pupil in 2015 and beyond may have had a detrimental effect on outcomes for these students.

scoring “proficient” on the ISTEP state exams in LEAs with greater than 70 percent of free or reduced-price lunch-eligible populations decreased from 35 percent in 2015 to 26 percent in 2018.^v

Indiana should also follow suit with actions taken by other states in recent years (for example, Colorado and Florida) to pass legislation that requires all new local referenda to be shared equally with all types of public schools, including charter schools. This would ensure standardization in how Indiana funds all public schools and would result in more equal access to public education resources for all Hoosier children.

Indiana should also follow suit with actions taken by other states in recent years to pass legislation that requires all new local referenda to be shared equally with all types of public schools, including charter schools.

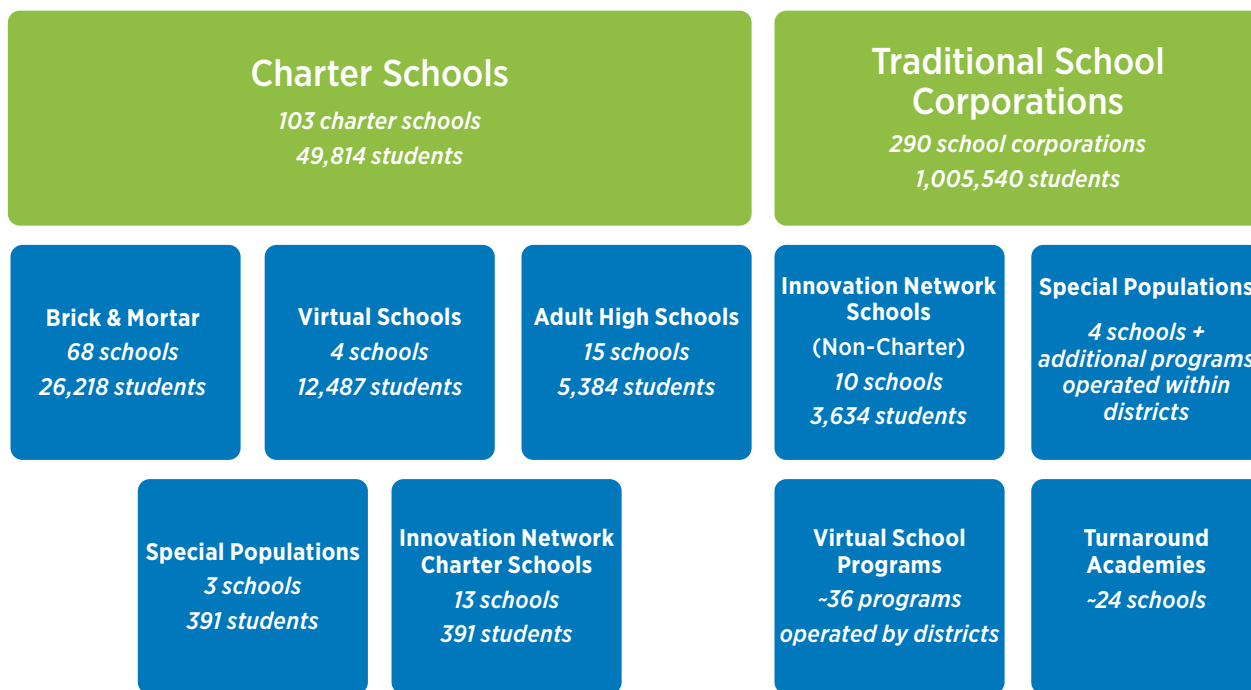
Great opportunities lie ahead to improve the school funding landscape in Indiana. Education stakeholders should build diverse coalitions that work to protect equal funding for all children, regardless of demographics, income, school choices, or special needs.

^v Due to a change in the state exam administered to all students in 2019, now called the “ILEARN,” we did not include results for 2019 for comparability purposes. Author calculations for grades 3-8 based on “Find School and Corporation Data Reports,” Indiana Department of Education (website), updated March 26, 2020.

Overview of Public Education in Indiana

Indiana’s public school system consists of a variety of governance models and specialized programming (figure 1).

Figure 1. Overview of Indiana Public School Types, 2018-2019



Note: Data compiled using 2019 Indiana Department of Education Form 9 Revenues, as obtained via public records request, in addition to: John Keller, *Indiana Virtual Education Program Report* (Indianapolis, IN: Indiana Department of Education, 2018); Ron Sandlin, *Turnaround Academy Performance Report: 2017-2018 Academic Year* (Indianapolis, IN: Indiana State Board of Education, 2018). The term “schools” refers to separately identifiable schools with their own names, while the term “programs” refers to educational programs operated within a school or district.

Over the past 20 years Indiana has embarked upon a series of education reforms to establish a variety of public school models that offer parents alternative choices to traditional school. While these innovative school models are highly differentiated in their educational missions and programming, they often share a common underlying governance structure that provides for increased autonomy and accountability as compared to a traditional school district.

The independent public school sector in Indiana holistically includes:

Charter Schools: Public schools that operate under contract between an authorizer^{vi} and a nonprofit 501(c)3 organization. Charter schools are open-enrollment, tuition-free, and publicly funded, just like traditional public schools. A charter school is considered its own local educational agency (LEA), meaning it is independent from the school district and receives and reports all funding directly. Charter schools are exempt from some state and local regulations, but in exchange for this autonomy they must meet performance targets established in their contract or face non-renewal / revocation of their charters.

vi Entities in Indiana that may authorize charter applications include school corporations, the mayor of Indianapolis, the Indiana Charter School Board, and any nonprofit or state college or university that provides a baccalaureate program.

Innovation Network Charter Schools: New or existing charter schools that partner with a school district for services and supports while maintaining full operational autonomy. These contracts between charters and school districts vary case by case, but often include benefits to the charters in the form of district services such as transportation, food service, facilities, etc. The data reporting for these charters, including enrollment and academic performance, are combined with the district for public reporting purposes.

Virtual Schools (Charter and Non-Charter): Virtual education programs allowed by Indiana state law. Students are provided an “interactive learning environment created through technology in which the student is separated from a teacher by time or space or both.”¹⁰ The Indiana Department of Education recently conducted a statewide survey of public schools and found 38 programs were operated by charters and districts meeting the criteria of students spending more than 50 percent of their time virtually.^{vii} Ten of these programs are operated by charter schools, with two of the ten charters exclusively dedicated to virtual programming.^{viii} Virtual charter schools are funded similarly to charter schools, except that they receive 85 percent of the state Basic Tuition Support foundation amount that is distributed equally to all schools (IC 20-43-6-3).

Adult High Schools (Charter and Non-Charter): Public schools focused on engaging students ages 16 to adulthood who have dropped out or need accelerated credit recovery to earn a high school diploma. Some traditional school districts also operate these programs within their LEAs throughout the state. Adult high schools are funded through a separate line item in the Indiana budget and do not receive State Tuition Support. They typically report lower per-pupil revenues and expenditures than other school types.

Special Populations Schools (Charter and Non-Charter): Public schools designed to serve the needs of special student populations, such as students with severe disabilities or who may be struggling with a substance use disorder as teenagers. Some traditional school districts also operate these types of programs within their LEAs throughout the state. A handful of programs also fall into this category and operate as their own LEA but are not charter schools. Special populations schools typically receive higher per-pupil revenues due to their high-need populations, triggering additional weighted funding that is part of the State Tuition Support Program.

Innovation Network Schools (Non-Charter): Public schools exempt from most district practices and granted “full operational autonomy” under state law. These schools opened as a result of a school district choosing to convert, restart, or open a new school with their own 501(c)3 boards. Innovation Network Schools mimic the autonomy granted to charter schools but remain a part of the traditional school district’s LEA and management. These schools gain access to in-kind services from the host district and are provided a building at little or no cost.

Turnaround Academies (Non-Charter): Chronically underperforming schools that have been placed under State Board of Education (SBOE) intervention. Several intervention options are afforded to SBOE for these schools, including the possibility of operating the school independently from the school district.¹¹

vii At the time of publication for this report, all schools in the state could technically qualify as “virtual schools” due to the distance learning programming provided in response to the COVID-19 pandemic. Future legislative action may be required to clarify and resolve the question of whether this means all schools should then receive only 85 percent of state funding, as required by current state law.

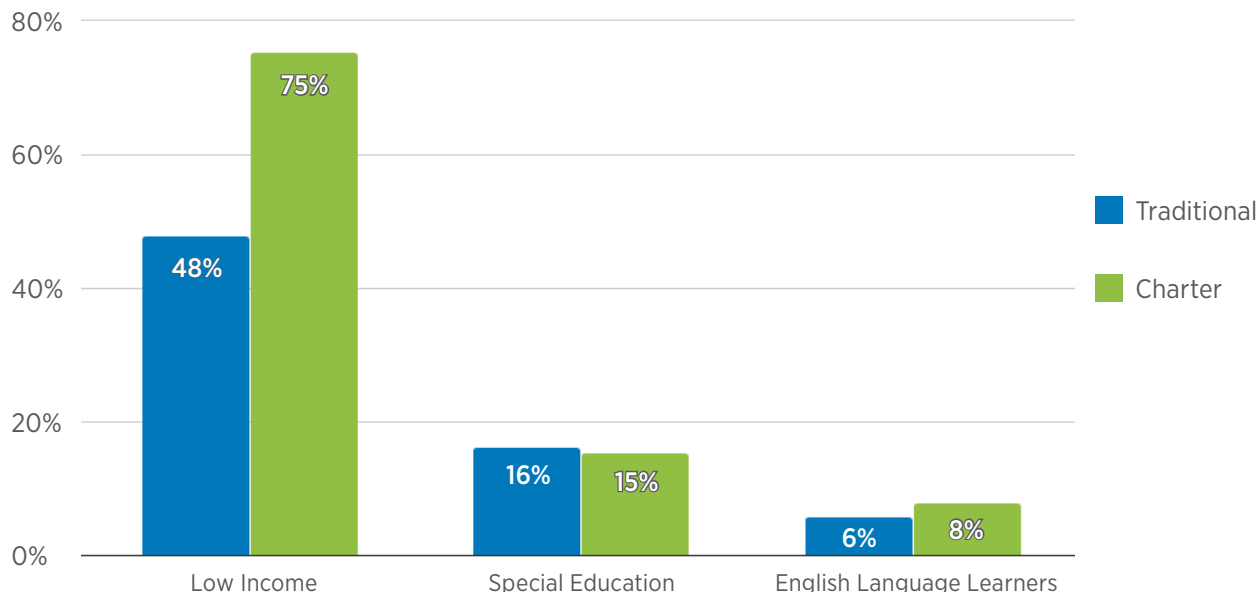
viii Phalen Leadership Academies recently received approval for a virtual charter school, with expected opening in the 2020-2021 school year.

While the public school landscape in Indiana is diverse and multifaceted, this report will focus primarily on comparisons and contrasts between traditional school districts and charter schools (including Innovation Network Charter Schools). All the other above-mentioned school types fall within one of these LEA-level categories and can be best understood in that context.

Demographics across School Types

Unlike many states in the country, Indiana state law does not explicitly refer to the purposes of charter schools as being intended to serve “at-risk” or traditionally underserved students. Nevertheless, the socioeconomic characteristics of students attending charter schools are generally quite different than those attending traditional school districts (figure 2). Of students attending charter schools, 75 percent are from low-income households, versus 48 percent of students attending district schools.

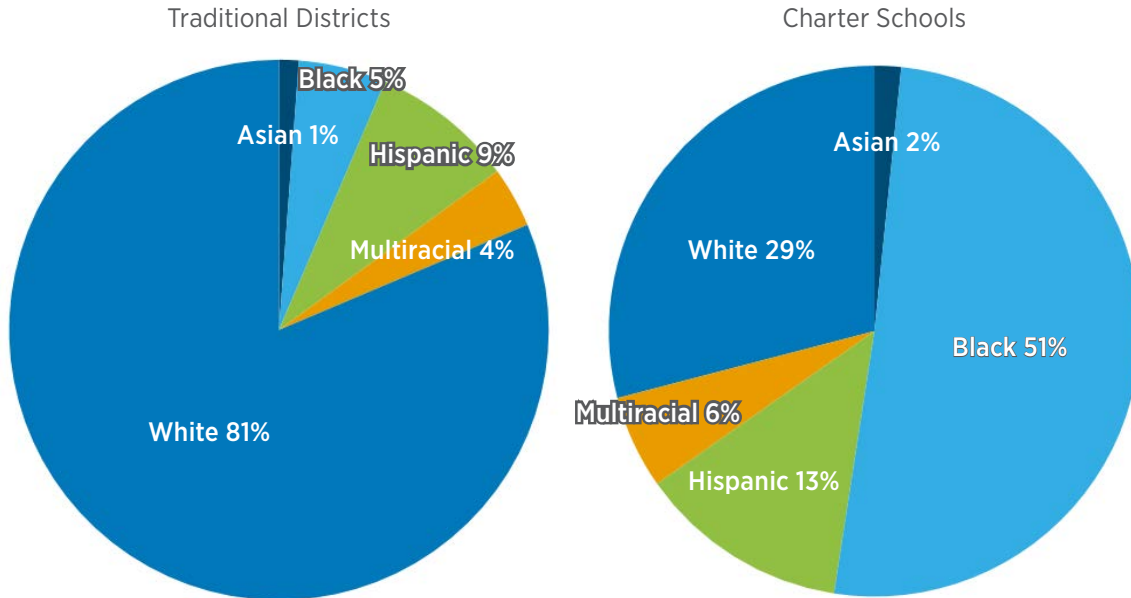
Figure 2. Fiscal Year 2018-2019 Student Demographics by School Type



Source: “Corporation Enrollment by Ethnicity and Free/Reduced Price Meal Status,” Accountability, Find School and Corporation Data Reports, Indiana Department of Education (website), updated March 26, 2020; “Corporation Enrollment by Special Education and English Language Learners (ELL),” Accountability, Find School and Corporation Data Reports, Indiana Department of Education (website), updated March 26, 2020. “Low Income” refers to students who qualify for free or reduced-price lunch.

In addition to serving higher proportions of students from low-income households than traditional school districts, on average, charter schools also serve higher proportions of students of color (figure 3). Of students attending charter schools, 71 percent are students of color, compared to only 19 percent of students attending district schools.

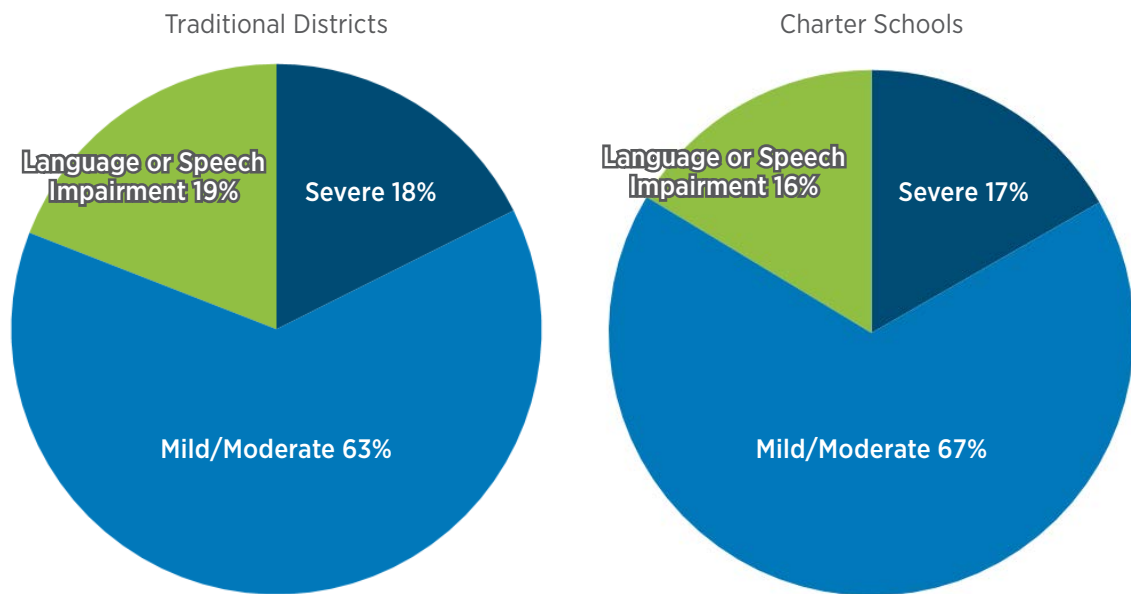
Figure 3. Fiscal Year 2018-2019 Racial Demographics by School Type



Source: "Corporation Enrollment by Ethnicity and Free/Reduced Price Meal Status," Accountability, Find School and Corporation Data Reports, Indiana Department of Education (website), updated March 26, 2020.

It is worth noting that between charters and districts, the percentages of students with disabilities served and the specific make-up of different disability categories are highly similar (see figure 4). This is unusual when compared to charter schools across the country. Numerous studies have found that charter schools tend to enroll fewer numbers of students with severe disabilities than traditional school districts.¹²

Figure 4. Fiscal Year 2018-2019 Special Education Enrollment by School Type and Need Category



Source: Indiana Department of Education public records request. Received July 13, 2020, from Jeff Milkey, Director of Data Management and Analytics, IDOE.

In summary, while the charter school sector in Indiana serves a similar student population with respect to students with disabilities and English language learners, Indiana charter schools are serving significantly higher proportions of students from low-income households and students of color. It is well understood that it costs more for schools to adequately serve students living in poverty, which will be discussed in more depth later in this report.

Academic Performance across School Types

Indiana’s charter schools have been found to perform as well, and sometimes better, than their traditional district counterparts. In recent years, charter schools have demonstrated higher academic performance than their traditional school counterparts in certain areas. In an evaluation of Indiana’s charter schools during the 2016–2017 school year, the State Board of Education (SBOE) found students in charter schools demonstrated greater academic growth than those in traditional schools, both in aggregate and across student subgroups, when comparing charters to a cohort of the top 15 districts with charter schools within their boundaries.

When looking at overall proficiency levels on state exams for students in grades 3 through 8, students in traditional schools perform better than their peers in charter schools. However, when this data is disaggregated by race/ethnicity, students of color in charter schools outperform their peers in traditional schools. Furthermore, students with disabilities and English language learners in charter schools outperform their peers in traditional district schools. Performance for students eligible for free or reduced-price lunch is approximately the same for both charter schools and traditional schools. Meanwhile, the ISTEP+ results for 10th-grade students shows students in charter schools outperformed their peers in traditional schools, both overall and when accounting for student subgroups.¹³

Students with disabilities and English language learners in charter schools outperform their peers in traditional district schools.

Similarly, in 2019 the Center for Research on Education Outcomes (CREDO) at Stanford University analyzed school performance across schools in Indianapolis from 2013–2014 to 2016–2017.¹⁴ To compare charter schools and traditional schools, CREDO created a “twin” for each charter student that is a combination of similar public school students based on student characteristics (e.g., ethnicity, income status). Like SBOE’s evaluation, CREDO found that charter school students in Indianapolis experienced significantly more academic growth than their traditional school counterparts. This held true for all student subgroups as well: Black and Hispanic students, students from low-income households, English language learners, and students with disabilities.¹⁵ For the 2016–2017 school year, Indianapolis charter schools achieved a growth equivalent to 77 days of additional learning in English Language Arts (ELA) and 100 days of additional learning in math relative to students in the Indianapolis Public Schools district.¹⁶

Overview of Public School Finance in Indiana

Traditional school districts (districts) in Indiana are funded through a combination of local, state and federal sources. Charter schools are eligible for the same federal and state funding, but do not receive local property tax revenues, and therefore receive no funding for facilities or transportation services. As is the case in most parts of the country, capital projects in Indiana are funded locally through bond issuances, with the debt service secured by dedicated property tax revenues. Nationwide, on average, charter schools are funded at 61 percent of their district counterparts, primarily due to the lack of access to local property tax funding.¹⁷

Federal Revenues

Federal revenues represent the smallest share of government funding for public education in Indiana, with approximately \$1 billion received statewide by LEAs in 2019. Approximately half of these revenues are dedicated to help educate students from low-income households (Title I) and students with disabilities (IDEA).¹⁸ The remainder of funding available from the US Department of Education includes an array of additional programs, including aid for teacher professional development, career and technical education, English language acquisition, and support for students experiencing homelessness, among others.

State Revenues

Indiana's state funding for public education flows primarily through the "State Tuition Support Grants" to LEAs. Approximately \$7.4 billion in state revenues were received by LEAs in fiscal year 2018–2019. The State Tuition Support formula is composed of five components:^{ix}

1. **Basic Grant:** Establishes a minimum foundation amount for all students enrolled, regardless of student characteristics or specific programming. This per-pupil amount is the same for all LEAs with the exception of virtual charter schools, which receive 85 percent of the foundation amount. The Basic Grant foundation amount in fiscal year 2019 was \$5,352 per pupil.¹⁹
2. **Complexity Grant:** Provides additional funding to LEAs based on their low-income student populations, as measured by students who qualify for the Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), or who receive foster care services. The average Complexity Grant amount across all LEAs in fiscal year 2019 was approximately \$789 per pupil.²⁰
3. **Special Education Grant:** Based on the number of students with disabilities served by an LEA on December 1 of the fiscal year. In fiscal year 2019, the Special Education Grant included the following amounts:
 - \$9,156 per pupil for students with severe disabilities
 - \$2,300 per pupil for students with mild and moderate disabilities
 - \$500 per pupil for students with communication disorders or in homebound programs
 - \$2,750 per pupil for students in special education preschool programs

The average Special Education Grant amount across all LEAs in fiscal year 2019 was approximately \$565 per pupil.

^{ix} For comparability and order of magnitude purposes, the denominator used for average per-pupil amounts in this section is the total enrollment of the LEA.

4. **Career and Technical Education Grant:** Provides additional funding based on student enrollment in career and technical education courses. Grant amounts are based on the number of students, number of credit hours, and the level of income potential associated with a career path, with higher funding levels for more lucrative careers. The average Career and Technical Education Grant amount across all traditional school districts was approximately \$138 per pupil in fiscal year 2019. A relatively small number of charter schools reported receiving this grant.
5. **Honors Diploma Grant:** Based on the number of students in the previous school year who received an Academic Honors diploma or a Core 40 diploma with Technical Honors. Funding for fiscal year 2019 included \$1,500 per pupil who received an honors diploma in the prior year and who also qualified for SNAP, TANF, or who received foster care services. \$1,100 per pupil was provided for students who received an honors diploma but did not qualify by low-income criteria.²¹ The average Honors Diploma Grant amount across all traditional school districts was approximately \$30 per pupil in fiscal year 2019. A relatively small number of charter schools reported receiving this grant.
6. **Charter and Innovation Network School Grant:** Provides additional annual grants of up to \$750 per pupil to eligible charter schools. This is in addition to charter school eligibility for funding from the core state tuition support grants. To qualify for this award, a charter school must be in its first or second year of operation, meet specific academic performance criteria, be exempt from receiving an academic performance rating, or serve a majority of students with special needs.²²

Local Revenues

Traditional school districts in Indiana have a variety of local revenue streams that are raised annually. Examples of local taxes include property tax, license excise tax, commercial vehicle excise tax, financial institutions tax, and special county-equalizing school taxes in certain counties. Local taxes raised approximately \$3.5 billion for local school districts in 2019.

Following a major tax policy overhaul in 2008, local taxes within the local levy caps are no longer used to support the operating expenses of Indiana's school districts but may support other funds, such as transportation, capital projects, bus replacement, or debt service.²³ However, local school districts may seek voter approval for additional levies to support operating expenses and have increasingly done so in recent years. As mentioned previously, even though the law does not prohibit it, charter schools have been historically excluded from receiving any local tax revenues.

Evaluation of Indiana’s School Funding Formula

This report will assess Indiana’s school funding formula as compared to national standards and best practices in education finance.²⁴ We assess Indiana’s school funding system primarily across the following key indicators of quality and equity:

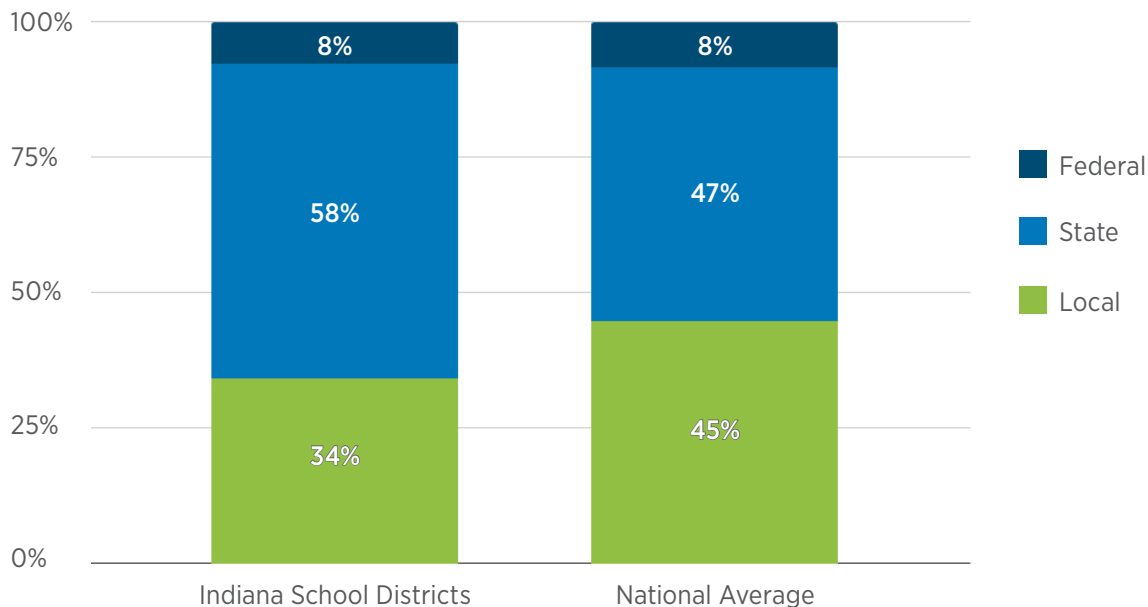
1. **Economic Equity:** Ensuring all children share public education resources equally, regardless of their household income.
2. **School Choice Equity:** Distributing revenues fairly and equally to all students, regardless of the type of public school they choose to attend.
3. **Weighted Student Funding:** Providing additional resources to students who require higher costs to serve, especially students from low-income households, students with disabilities, and English language learners.
4. **Racial Equity:** Ensuring all children share public education resources equally, regardless of racial demographics.

The following sections highlight major shifts and evolutions in Indiana’s public education funding systems over the past 10 to 15 years. We also assess how these shifts brought Indiana closer to or further away from the key ideals outlined above.

Economic Equity in School Funding

While the percentage of school funding provided to Indiana by the federal government is similar to the national average,²⁵ the state is funding a significantly higher proportion of total revenues versus local governments when compared to the national average (figure 5).

Figure 5. Fiscal Year 2018-2019 Share of Public Revenues for Education by Source



Source: Author calculations for Indiana figures based on 2019 IDOE Form 9 expenditures and revenues (public records request). National averages from “The Condition of Education 2018,” National Center for Education Statistics (website), accessed August 10, 2020.

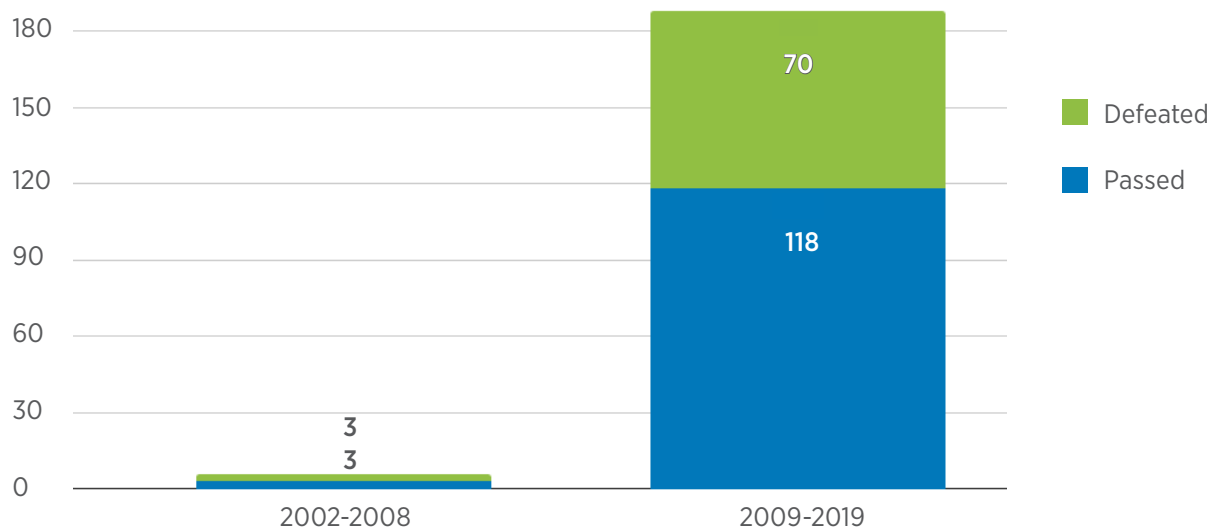
A shift in education funding responsibility from local to state government in Indiana occurred following a major tax policy overhaul in 2008. In response to growing public discontent with rising and inequitable property tax bills, Governor Mitch Daniels led reforms that placed caps on local property tax rates and ended local responsibility for school operating costs (“General Fund”) as the state assumed this responsibility, largely funded by a higher sales tax. The result of these reforms included lower property tax bills for most households, higher overall per-pupil revenues available to schools, and a near-term reduction in inequities between the wealthiest and most impoverished districts in the state.²⁶

Despite the imposition of caps on property tax rates in the 2008 legislation, Indiana school districts can still ask their voters to approve referenda to raise property tax rates for capital projects or additional operating revenues.

Prior to 2008, operating referenda were rare and capital projects referenda were not required. Proponents and opponents of a potential bond issuance for capital projects could compete to acquire signatories on petitions, and the side with the most signatories prevailed. Most capital projects were not challenged, so the districts had de facto carte blanche authority to raise additional property tax revenues for capital investments without voter approval. With the institution of levy caps, Indiana joined 47 other states with a requirement to take referenda to voters for approval.

Between 2002 and 2008, only six referenda were proposed and only three passed. From fall 2008 to November 2018, 188 referenda were proposed by 114 Indiana school districts, and 118 passed—a success rate of 63 percent (figure 6).

Figure 6. Local Referenda in Indiana (2002-2019)



Source: Larry DeBoer, “School Referenda for Operating Costs and Capital Projects in Indiana, 2008-2018,” Purdue AgEcon Policy Briefs (PAEPB-2019_14), Department of Agricultural Economics, Purdue University, March 20, 2019.

Since 2009, 39 percent of Indiana school districts have proposed referenda and 61 percent have not. Eighty-five districts have approved at least one referendum, and 29 districts have passed more than one referendum. The districts that have proposed one or more referenda tend to have higher incomes, larger enrollment, increasing enrollment, and higher property tax bases. Suburban and urban districts with higher incomes and higher home values have proposed more referenda than rural districts with lower incomes and more farmland.²⁷

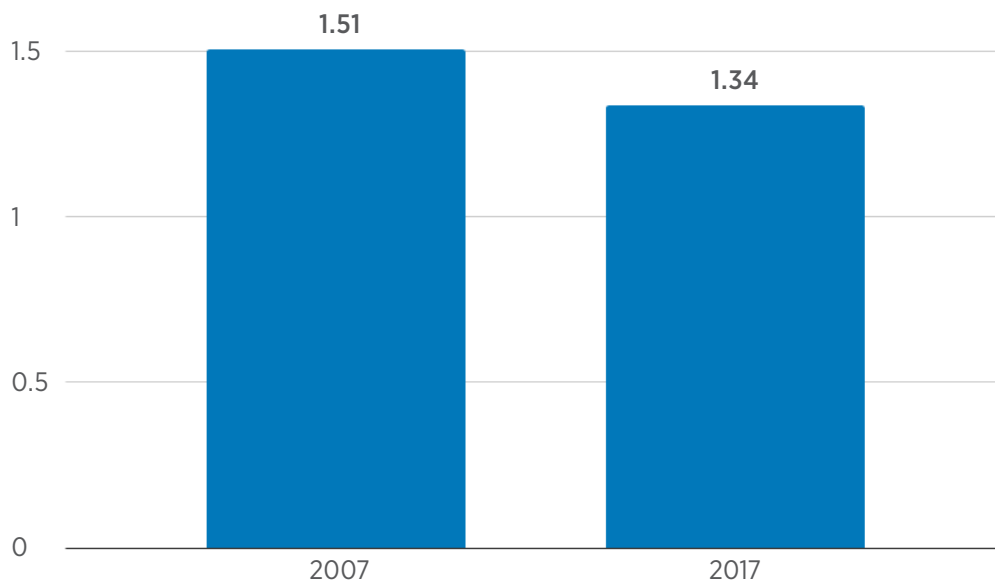
While the spending gap between wealthier and less-resourced districts narrowed in the early years following the implementation of property tax caps—primarily by making it more difficult for wealthier districts to tax their communities above the newly established levy caps—it is important to note that an indirect effect of the changes was that the state could no longer reduce its aid for wealthier districts and shift those resources to higher-need districts. Prior to 2008, the minimum foundation per-pupil amount established by the state formula was divided into a state portion and a local portion. School districts that had a higher assessed value raised the majority of tuition support funds through property tax dollars with less financial support from the state, while school districts with a lower assessed value received greater financial support from the state and less funds raised through local property taxes.²⁸

Now that the state is funding 100 percent of the general fund, the state foundation level is provided to all districts, regardless of “local effort” or the ability to raise additional local revenues, and state aid is not commensurately reduced for districts that are successful in winning voter approval for additional levies above the caps. This is highly unusual, as few states in the country use a “flat grant” school funding formula that provides the same amount of money to all districts, without consideration of local wealth factors.²⁹

Few states in the country use a “flat grant” school funding formula that provides the same amount of money to all districts, without consideration of local wealth factors.

The shift in general fund responsibility from local to state government reduced the inequity in local and state funding between the wealthiest and most under-resourced school districts in the years that followed the 2008 legislation, primarily due to the imposition of local levy caps. Wealthier districts had a 31 percent smaller increase in revenues than lower-income districts,³⁰ resulting in a reduction in funding inequities between affluent and less wealthy districts, as shown in figure 7. In 2007 the district at the 90th percentile of total revenue had 51 percent more funding per-pupil than the 10th percentile district. By 2017 the total funding for the 90th percentile district was only 34 percent greater than the 10th percentile district.

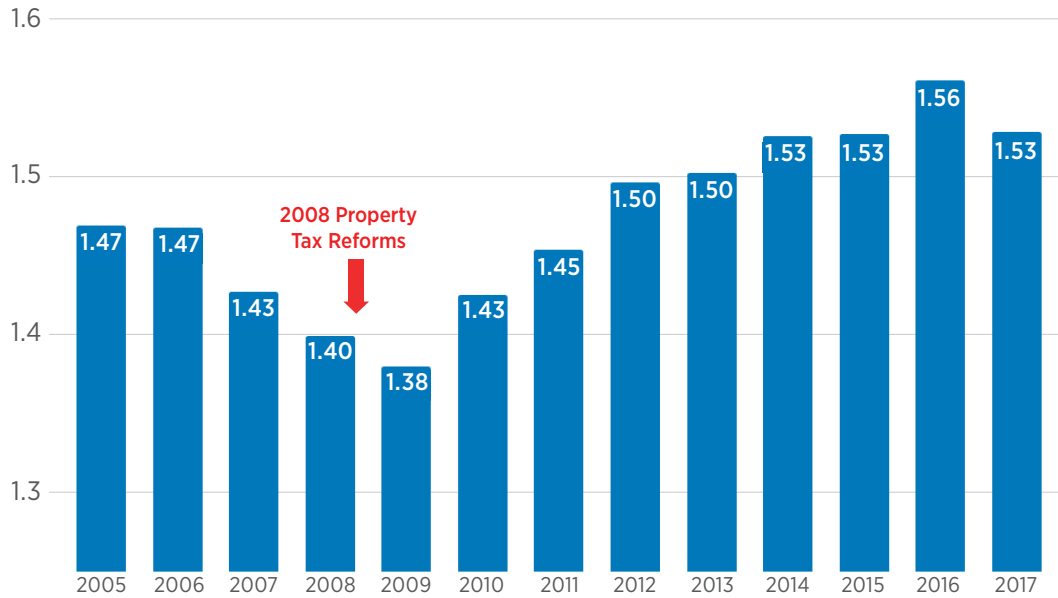
Figure 7. Ratio of Per-Pupil Total Revenues for 90th Percentile District vs. 10th Percentile District, 2007-2017



Source: Dale Chu, *Indiana’s Property Tax, Choice, and Accountability Reforms: Their Consequences for Funding and Student Achievement* (Baltimore, MD: Institute for Education Policy, Johns Hopkins University, 2019): 12.

However, when taking a broader view of the resource gaps between all LEAs, inclusive of charter schools, the growing number of local referenda dollars that were not shared with charter schools resulted in a growing inequity in total expenditures across all LEAs (figure 8). In 2009, the year after the tax reforms, the LEA at the 90th percentile in total expenditures was spending 38 percent more than the LEA at the 10th percentile. By 2017 the 90th percentile LEA was spending 53 percent more than the 10th percentile LEA.

Figure 8. Ratio of Per-Pupil Total Expenditures for 90th Percentile LEA vs. 10th Percentile LEA



Source: Author calculations from data compiled from the database: “Elementary/Secondary Information System,” National Center for Education Statistics (website), accessed August 10, 2020.
 Note: LEAs in this chart include both charter schools and district schools.

States from around the country with success educating children from underserved areas provide more total funds to their lower-income districts, not less.³¹ While most states’ education funding systems remain regressive—spending more on students from wealthy households than on students from low-income households—other states, including Louisiana and Utah, have funding formulas that result in the state spending slightly more on students from low-income households than on students from wealthier households.³² It’s important to note that these states share local property tax revenues with charter schools, whereas Indiana does not.

States from around the country with success educating children from underserved areas provide more total funds to their lower-income districts, not less.

To illustrate further, the underlying gap in spending shown in figure 8 between the 90th percentile LEA and the 10th percentile LEA in Indiana was \$4,697 per pupil in fiscal year 2017—equivalent to about \$2.3 million in additional resources to a 500-student school, or 33 additional full-time teachers per school.

The consequence of this inequity is that where a child lives in Indiana and how much money the child’s family earns increasingly determine the amount of resources the child receives for a public education. This trend is problematic and fundamentally conflicts with best practices nationwide, in addition to the spirit of the American dream where household income should not determine one’s future life opportunities.

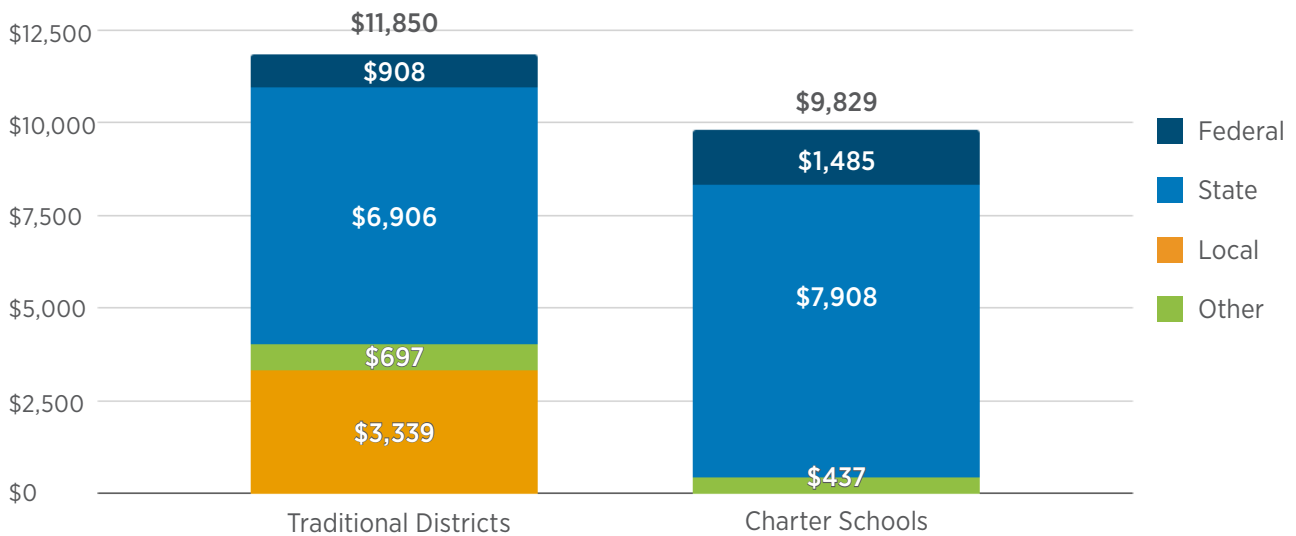
School Choice Equity in Funding

Access to public education resources in Indiana not only differs greatly based on where a child lives, but also by what type of legally authorized public school a child chooses to attend. Most independent public schools in the state are also charter schools, which do not receive revenues from local taxes. As a result, children who choose to attend these schools are at a significant disadvantage versus their peers when considering their level of access to public education resources.

Louisiana offers an interesting contrasting example, where charter schools are guaranteed the same level of funding as the district. The post-Hurricane Katrina school reforms in New Orleans, where the public school system became nearly 100 percent charter schools with full access to local revenues, have been shown to have dramatically improved student achievement. A recent study by Tulane University found that the reforms increased student achievement by 11 to 16 percentiles, the high school graduation rate by 3 to 9 percentage points, and the college graduation rate by 3 to 5 percentage points.³³

Figure 9 shows the breakdown in total per-pupil funding for districts and charters by funding source. In the fiscal years 2017–2019, the shortfall in local funding for charter schools was approximately \$3,339 per pupil, on average statewide.³⁴

Figure 9. Fiscal Year 2017-2019 Average Total Revenue Per-Pupil By Source



Source: Author calculations based on 2019 IDOE Form 9 expenditures and revenues (public records request). See Appendix B, Methodology.

Innovation Network Schools

Indiana's Innovation Network Schools are a unique approach to increasing operational autonomy for schools through public-private partnerships between school districts and nonprofit organizations. While all Innovation Network Schools are governed by 501(c)3 organizations, some of these schools are authorized to operate as a charter school, and others are managed directly by the school district. All Innovation Network Schools receive direct in-kind support services from the district, such as the provision of a rent-free building, building-related services, and student transportation. The value of these in-kind services can vary significantly across schools depending on the school's governance model, the specific contracts negotiated between the district and the nonprofit boards, and the nature of the specific services offered.

All existing Innovation Network Schools are operated in partnership with Indianapolis Public Schools (IPS), though all districts in the state have the legal authority to implement them. Beginning in 2019 IPS began accounting for estimated in-kind services provided to its Innovation Network Schools. While these supports may mitigate some of the net funding inequities between these charters and the resident district, the allocation methodology is a rough approximation and is likely not always fully reflective of the true value of the services.

For example, to quantify the value of in-kind "rent" provided to an Innovation Network Charter School operating in a district building, IPS allocates systemwide debt-service costs to the school based on its proportional share of total enrollment for the district. Except for KIPP and Enlace, which are based on a market analysis, this allocation may not truly reflect the equivalent value of rent the Innovation Network Charter Schools might pay in the private market for a comparable building. As a result, we did not include the in-kind revenues in our funding comparisons between districts and charters, but it is important to acknowledge that even though it may be hard to quantify, Innovation Network Charter Schools may have less funding disparities than non-Innovation Network Charter Schools versus districts when accounting for in-kind services and supports these schools receive from districts.³⁵

The specific breakdown of funding levels by sources reveals higher state and federal funding for charter schools, primarily due to the higher proportion of students from low-income households served by these schools. Schools with more of these students qualify for additional categorical aid from both state and federal sources. It is noteworthy that these higher revenues are largely absorbed by the higher costs to serve these students, and it should not be assumed that the higher per-pupil federal and state revenues for charter schools have any mitigating effect on the loss of local revenues for charter schools.

It is important to acknowledge that Indiana school districts do have some spending obligations that charter schools do not bear directly, and many of these expenses are funded by local revenues. Major examples of these expenses include:³⁶

- Debt service for capital projects and school construction (\$1,450 per pupil)
- School bus replacement and transportation (\$340 per pupil)
- Joint operations with other districts for area vocational education and special education cooperatives (\$119 per pupil)
- Retirement or severance liability bond fund debt service^x (\$66 per pupil)

^x Per IC 20-48-1-2, "retirement or severance liability" means the payments anticipated to be required to be made to employees of a school corporation upon or after termination of the employment of the employees by the school corporation under an existing or previous employment agreement.

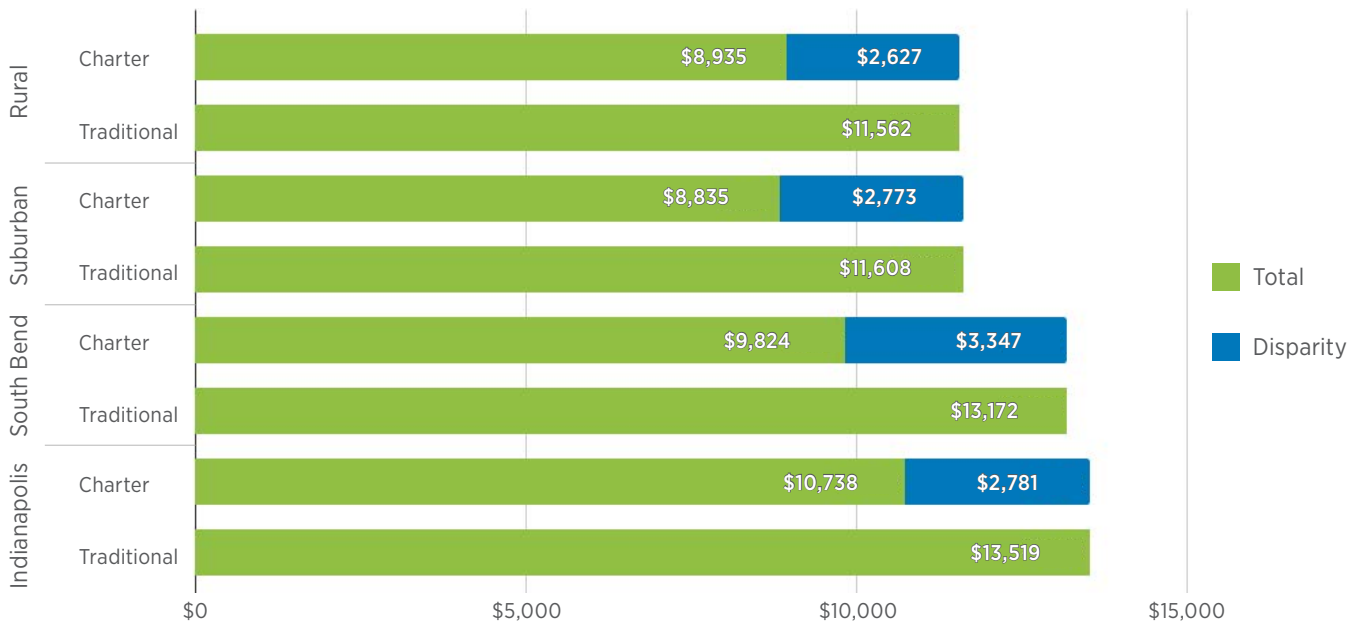
However, while districts don't share local revenues dedicated for debt service with charter schools, which is the traditional funding source for public school facilities, charters without innovation network contracts must pay for facilities expenses on their own, whether via a lease or debt service on construction, using non-local funding sources. Charter schools spent an average of \$1,285 per pupil on facilities-related expenses in 2019.

In addition, charter schools spent \$238 per pupil on transportation in 2019, on average statewide, ranging from \$0 to \$1,371 per pupil, depending on the range of transportation services a charter school chose to offer (see Appendix B, Methodology). Like facilities costs, funding for student transportation provided by charter schools must also come from non-local sources, effectively reducing the other sources of funds that charters can make available for other general educational purposes when compared to school districts. The nature of this dynamic threatens the long-term sustainability of the public charter school sector in Indiana, and disproportionately harms students from low-income households and students of color.

Moreover, by not funding transportation, or requiring charter schools to provide free transportation, the state of Indiana is failing to provide equitable and accessible public school choices to all children and families, especially students from low-income households and students of color who choose to attend charter schools in higher proportions than their affluent and white peers.

The total funding disparities between traditional schools and public charter schools are generally higher in urban areas, such as South Bend and Indianapolis, due to the relatively high assessed values in cities as compared to rural and suburban communities that only school districts, not charter schools, benefit from. However, state and federal funding revenues are also lower for both traditional districts and charter schools in rural and suburban areas, primarily because these LEAs tend to serve fewer students from low-income households who qualify for categorical state (i.e., Complexity Grant) and federal (i.e., Title I) aid. As a result, charter schools in rural and suburban areas of Indiana typically have total per-pupil revenue levels under \$9,000—approximately 25 percent lower than the average per-pupil funding statewide (figure 10).

Figure 10. Fiscal Year 2018-2019 Total Revenue Disparity by City and Rurality



Source: Author calculations based on 2019 IDOE Form 9 expenditures and revenues (public records request). Categorization of rurality from "Report Builder: IEERB Collective Bargaining Report," Indiana Gateway (website), accessed August 10, 2020.
 Note: The revenue figures for Indianapolis in figure 10 include all 11 school districts located within the city of Indianapolis, including Indianapolis Public Schools.

The recent shift in additional dollars being raised locally has exacerbated the funding gap even further between districts and charter schools in those communities that have successfully approved additional local referenda. For example, voters approved two tax increases for Indianapolis Public Schools in 2018—one was a \$220 million operating referendum, the other a \$54 million capital improvement referendum³⁷—both of which are not shared with charter schools. The result was an immediate spike in the public funding disparity between Indianapolis Public Schools and charter schools (figure 11). Prior to the referenda, the gap in total revenues between IPS and charter schools was \$5,731 per pupil; after the referenda, this funding gap increased by 28 percent to \$7,236 per pupil.

The recent shift in additional dollars being raised locally has exacerbated the funding gap even further between districts and charter schools in those communities that have successfully approved additional local referenda.

Figure 11. Fiscal Year 2018-2019 Total Revenue Per-Pupil Disparity, Indianapolis Public Schools



Source: Author calculations based on 2019 IDOE Form 9 expenditures and revenues (public records request).

Note: This chart presents data for the Indianapolis Public Schools school corporation only, not all 11 school corporations located in the city of Indianapolis.

To provide additional perspective on the implications of this widening gap between funding levels for different types of public schools in Indianapolis, the additional disparity of \$1,595 per pupil between fiscal years 2018 and 2019 results in a traditional district school receiving nearly \$800,000 in additional resources versus a local charter school—or roughly the equivalent of 11 additional full-time teachers in additional funding as compared to the prior year.^{xi} Moreover, given the strong local tax base for Indianapolis Public Schools, the disparity between the district and charter schools residing in the district is far greater than in other parts of the state—over \$7,300 in 2019 (figure 11) versus \$3,339 per pupil

xi Assumes total enrollment of 500 students, an average teacher salary of \$55,000, and a benefits rate of 30 percent (for approximation and illustrative purposes only). See “Digest of Education Statistics,” Table 211.60. Estimated average annual salary of teachers in public elementary and secondary schools, by state: Selected years, 1969-79 through 2018-19, National Center for Education Statistics (website), accessed August 12, 2020.

in average local funding shortfalls statewide (figure 9). This equates to over \$3.65 million in additional resources for a typical district school versus a local charter school in Indianapolis—an extraordinary gap representing the financial equivalent of over *50 additional full-time teachers per school*.

The COVID-19 pandemic is likely to further exacerbate the funding disparities among different types of public schools in Indiana. This is due to charter schools' disproportional reliance on state general fund revenues that come from sales and income taxes, which have a higher exposure to economic downturn and high unemployment rates than property tax revenues. Indiana collected \$15.4 billion in General Fund tax revenue during the 2020 budget year, primarily from sales and personal income taxes, which was 6.3 percent below state tax collections during the 2019 budget year.³⁸ The state of Indiana has been fortunate to enter the crisis with significant reserves to help mitigate the budget impacts, and Governor Eric Holcomb's administration has committed to maintain education funding at current levels in the 2020-21 state budget, but it is possible this will change as reserves are depleted and the long-term financial impacts are realized in local and state budgets.³⁹ While the future is unknown, Indiana policymakers should keep a close eye on the potential for funding disparities among different types of public schools to widen even further in the wake of COVID-19.

The COVID-19 pandemic is likely to exacerbate the funding disparities among different types of public schools in Indiana.

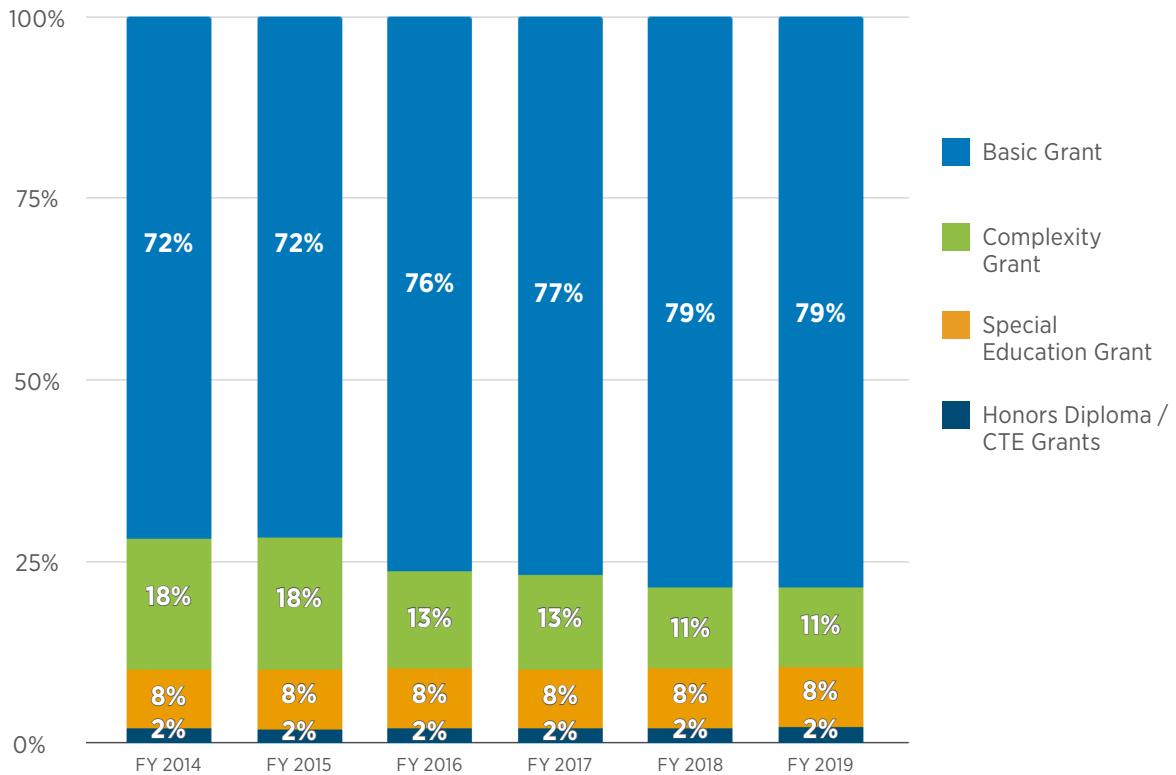
Moving forward, Indiana policymakers should seek to mitigate the education funding inequities between different types of public schools and across different communities within the state. Regardless of whether one's politics are favorable or unfavorable to charter schools, it must be acknowledged that parents in Indiana have been given a legal right by the Indiana General Assembly to send their children to independent public schools. The children of parents who exercise that lawful choice to attend those schools should not be deprived of experiencing all the benefits of a well-resourced public education.

Weighted Funding for Students from Low-Income Households

Research has established that children from low-income households need additional educational funds to overcome socioemotional and academic deficits related to growing up in poverty. Recent research studies have shown these children may require as much as two to three times the funding as children from more affluent backgrounds to achieve the same levels of academic performance.⁴⁰ But states with weighted funding for low-income students often assign weights much lower than what is supported by the true costs to serve these students.⁴¹ Maryland is the state with the highest weight for low-income students, with 97 percent more funding allocated to these students.⁴² Studies have shown that higher spending levels in low-income districts have improved educational achievement over time.⁴³

In addition to the growing inequality in funding between the wealthiest and least-resourced LEAs in the state, Indiana has also recently reduced additional funding that is available to students from low-income households via the state Complexity Grant. The state legislature approved a major change in 2015 that shifted the balance between foundation funding and weighted funding for these students. Rather than award the Complexity Grant based on the number of students who qualify for free or reduced-price lunch or free textbooks, as was done prior to 2015, the criteria were changed beginning in 2016 to be based on children whose families qualify for one of three federal low-income services as described above (SNAP, TANF, or foster care). Given that fewer students generally qualify for the new criteria than before, this change effectively increased the proportion of funds allocated through the Basic Grant versus the Complexity Grant (figure 12). The percentage of state funding allocated through the Complexity Grant decreased from 18 percent in 2015 to 11 percent in 2019.

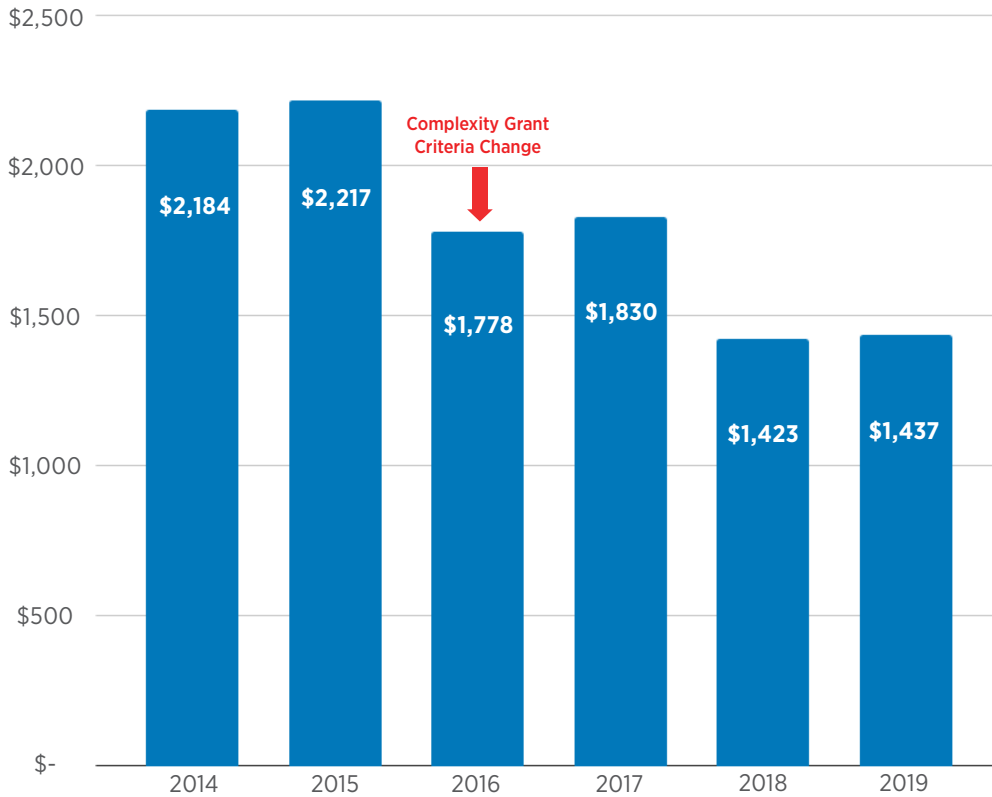
Figure 12. Fiscal Year 2014-2019 State Tuition Support Grants



Source: Author calculations based on *Indiana K-12 State Tuition Support Annual Report*, Indiana Department of Education, December 2019.

The primary argument made by supporters of the changes to Complexity Grant criteria was that there was insufficient verification of income eligibility for free or reduced-price lunch, and that the criteria based on SNAP, TANF, or foster care were easier to externally validate.⁴⁴ Nevertheless, the changes to the Complexity Grant calculation effectively decreased the amount of per-pupil state funding for students from low-income households, as shown in figure 13.⁴⁵ The average amount of the Complexity Grant per student eligible for free or reduced-price lunch dropped from \$2,217 in 2015 to \$1,778 in 2016—a reduction of 20 percent.

Figure 13. Fiscal Year 2014-2019 Average Complexity Grant per Student Eligible for Free or Reduced-Price Lunch



Source: Author calculations based on the Complexity Grant amount found in *Indiana K-12 State Tuition Support Annual Report*, Indiana Department of Education, December 2019, divided by the free and reduced-price lunch-eligible students using “Data Reporting Help,” Indiana Department of Education (website), updated August 7, 2020.

The longitudinal impact of the changes to Complexity Grant criteria resulted in a 35 percent reduction in state funding per low-income student between fiscal years 2015 and 2019. Evidence suggests that the changes made to the Complexity Grant formula in 2015 also may have had a detrimental effect on student outcomes for students from low-income households: in LEAs with greater than 70 percent of free or reduced-price lunch-eligible populations, the average percentage of students scoring “proficient” on state exams decreased from 35 percent in 2015 to 26 percent in 2018. While some states spend as much as 97 percent more on students from low-income households, Indiana spent only about 27 percent more on these students versus other students in fiscal year 2019.⁴⁶ This is down from the weighted funding provided in 2015, when the state spent 48 percent more on students from low-income households.⁴⁷

Indiana’s existing funding mechanisms for economically disadvantaged children are trending in the opposite direction of what the research cited above recommends.

Indiana’s existing funding mechanisms for economically disadvantaged children are trending in the opposite direction of what the research cited above recommends, and are not providing sufficient levels of additional funding to support the ability of schools to close achievement gaps between students from low-income households and their more affluent peers.

Weighted Funding for Students with Disabilities

Since 1975, when Congress passed the first iteration of the Individuals with Disabilities Education Act (IDEA)—which established a federal mandate that all states and districts provide a free, appropriate public education to all children with disabilities—the program has been chronically underfunded by the federal government, leaving most of the responsibility to fall on the shoulders of state and local governments. The original legislation committed to provide states grants equal to the number of overall students with disabilities multiplied by 40 percent of the national average per-pupil expenditure for all students. But actual funding has always fallen short of even that level, lagging below 15 percent of the average per-pupil expenditure in recent years.⁴⁸ In fiscal year 2017 the average per-pupil spending nationwide was \$12,201.⁴⁹ In Indiana, the average IDEA grant per student with a disability in fiscal year 2017 was only \$1,644, or roughly 13 percent of the national average per-pupil amount for all students.⁵⁰

Given that states like Indiana may not be able to find all the resources necessary to compensate for federal underfunding of IDEA, state education departments and school districts are left to find ways to maximize limited available funding to ensure those resources get to the students who need them most. Many states and school districts have recognized that there is a great differentiation in the types of services that students with disabilities require at an additional level—and that those different services come with significantly different costs. Because of this, states have replaced “one size fits all” funding systems with differentiated levels of weighted funding based on different categories of special education disabilities.

While some states, like Indiana, fund students based on a broad disability category such as “mild,” “moderate,” or “severe,” other states use additional differentiated categories of funding based on the levels of services required or the level of restrictiveness of the educational setting.

Indiana distributes its Special Education Grant to LEAs through a formula that assigns a fixed amount of funding per student based on a broad characterization of disability type. The state groups disability type into three special education categories: communication disorders, mild and moderate disabilities, and severe disabilities.

Table 1. Fiscal Year 2019–2020 Indiana Department of Education Categories for Students with Disabilities

Category	Communication Disorders	Mild and Moderate Disabilities	Severe Disabilities
Disability Types	Language or Speech Impairment	Emotional Disability / All Other Placements, Specific Learning Disability, Developmental Delay, Mild Cognitive Disability, Moderate Cognitive Disability, Other Health Impairment	Multiple Disabilities, Orthopedic Impairment, Blind or Low Vision, Deaf or Hard of Hearing, Emotional Disability / Full Time Placement, Severe Cognitive Disability, Deaf-blind, Autism Spectrum Disorder, Traumatic Brain Injury

Source: “Per Pupil Allocation for Special Education (State Funds only),” State of Indiana; 2019-2020 (December 2, 2019); IC 20-43-7-6, Indiana Department of Education (website), accessed August 25, 2020.

Determining exactly what it costs to properly educate students with disabilities is highly challenging due to the individualized nature of service needs and the practical limitations in deploying activity-based accounting systems that would truly track every dollar to every student.

As a proxy, we performed a benchmarking exercise comparing Indiana's weighting methodology to three other sample localities that use a multiple student weights system: New Orleans (NOLA) Public Schools, Ohio, and South Dakota. These three localities were chosen because they use formulas that are similar to Indiana's formula, with specific dollar amounts assigned to each disability category, making them easily comparable to Indiana.

As a proxy, we performed a benchmarking exercise comparing Indiana's weighting methodology to three other sample localities that use a multiple student weights system.

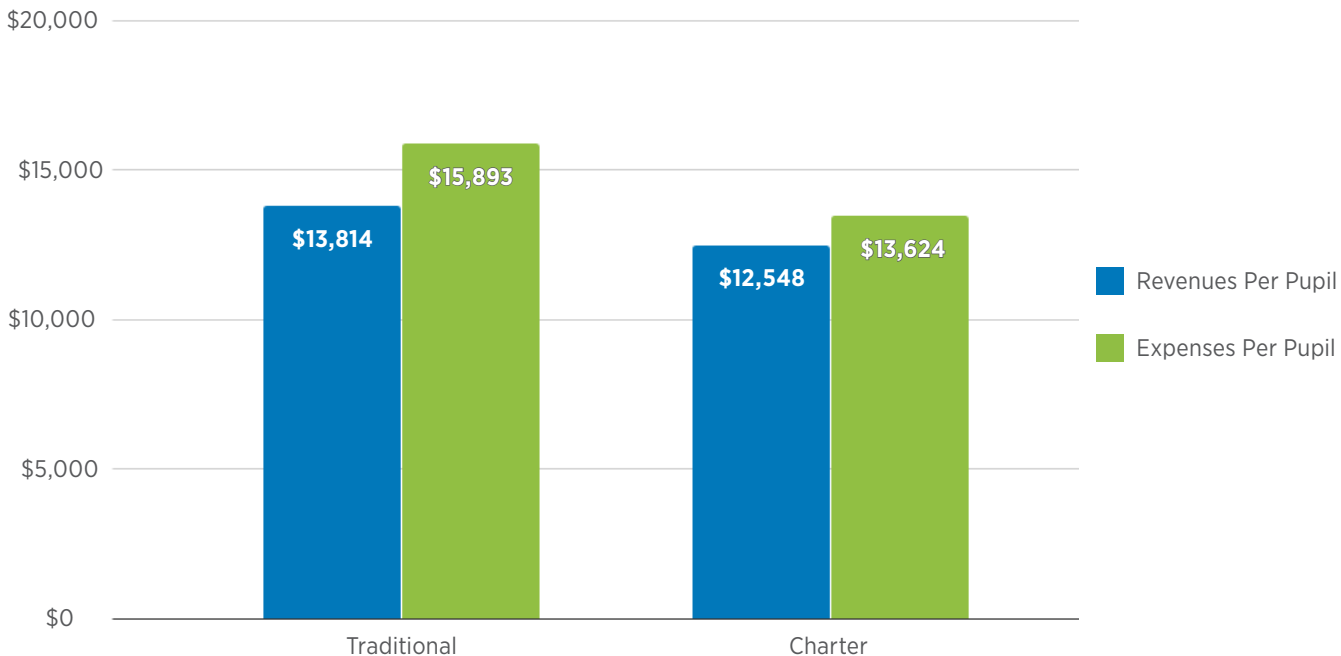
NOLA Public Schools distributes funding based on five tiers, in which weights are applied to each student based on their specific disabilities and the number of service minutes they receive, ranging from \$1,481 to \$19,166 per student. Ohio assigns students to six different categories based on their specific disabilities, with funding levels ranging from \$1,578 to \$25,637 per student. South Dakota also assigns students to six funding disability levels based on their specific disabilities, ranging from \$5,527 to \$28,161 per student.

Indiana's special education weights have a narrower range, from \$500 to \$9,156 per student, and are significantly lower than the comparable categories used by the sample localities for each of Indiana's 16 special education categories shown in table 1. When we align each locality's multiple student weights system to compare funding for the same disability categories, we find significant gaps in funding for students with mild and moderate disabilities and students with severe disabilities. In comparison with NOLA Public Schools, Ohio, and South Dakota, Indiana allocates by far the fewest dollars per student for special education. On average, Indiana allocates \$2,300 per pupil for students with mild and moderate disabilities. Meanwhile, NOLA Public Schools allocates \$13,729 per pupil for students with mild and moderate disabilities, while Ohio and South Dakota allocate \$4,005 per pupil and \$9,142 per pupil, respectively. The story remains the same when looking at per-pupil allocations for students with severe disabilities. Indiana allocates \$9,156 per pupil for students with severe disabilities, while NOLA Public Schools, Ohio, and South Dakota allocate an average of \$16,769 per pupil for this category. The overall average shortfall compared to the three benchmark jurisdictions is nearly \$7,000 per pupil, per special education category. See Appendix A for the detailed comparisons.

The overall average shortfall compared to the three benchmark jurisdictions is nearly \$7,000 per pupil, per special education category.

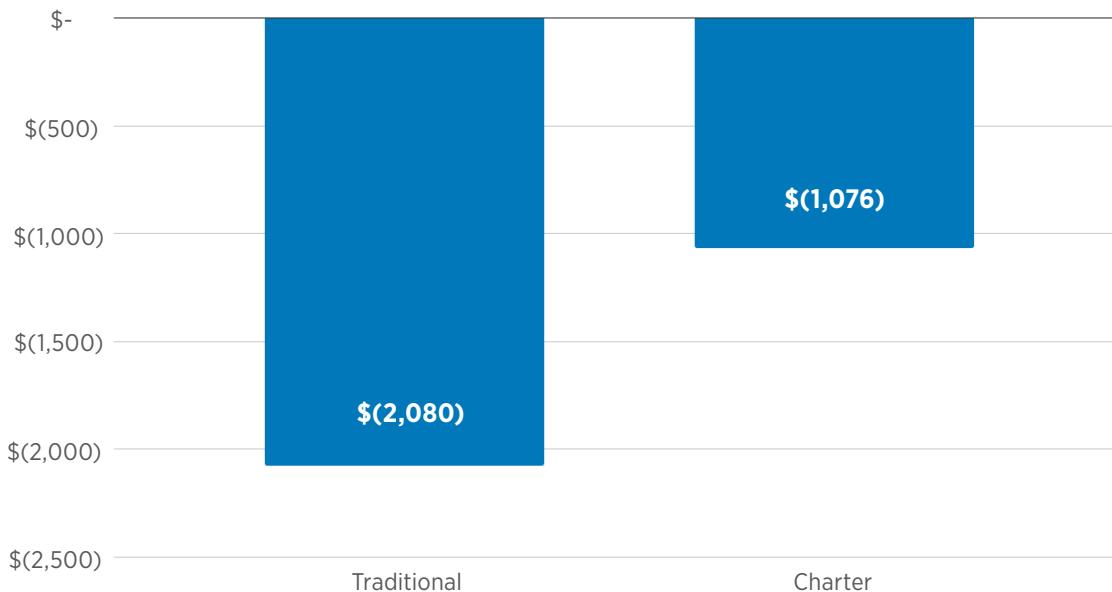
Digging deeper into the actual costs to serve students with disabilities in Indiana, we conducted an analysis of all LEAs in Indiana, quantifying revenues and expenses dedicated to special education purposes and allocating all unassigned revenues and expenses to students with disabilities based on their proportional enrollment of the total population (see Appendix B, Methodology). Using this methodology, we found that traditional districts spent an average of \$15,893 for each student with a disability, while charter schools spent an average of \$13,624 in 2019. Both districts and charter schools generated significant deficits per student with a disability, with shortfalls of roughly \$2,000 and \$1,000 per student, respectively. This analysis further reinforces a conclusion that Indiana public schools are severely underfunded for their obligation to serve all students with disabilities appropriately; they are forced to supplement special education revenues with non-special education revenues from other sources (see figures 14 and 15). Given that both charter schools and district schools bear significant per-pupil deficits for special education, there is an opportunity moving forward for leaders from both types of schools to collaborate on policy solutions to mitigate these disparities.

Figure 14. Fiscal Year 2018-2019 Revenues and Expenses Per Student with a Disability



Source: Author calculations based on 2019 IDOE Form 9 expenditures and revenues (public records request). See Appendix B, Methodology.

Figure 15. Fiscal Year 2018-2019 Average Surplus / (Deficit) Per Student with a Disability



Source: Author calculations based on 2019 IDOE Form 9 expenditures and revenues (public records request). See Appendix B, Methodology.

In addition to additional weighted funding for students from low-income households and those with disabilities, Indiana also provides additional weighted funding for English language learners (ELL) through the State Non-English Speaking Program (NESP). Total funding in the 2019–2020 fiscal year was \$17.5 million statewide, equivalent to about \$289 per ELL student.⁵¹ A 2004 report by the General Accounting Office (GAO) found the average cost of ELL education to be 10 percent to 100 percent over typical per-pupil costs to bring ELL children up to the grade level of non-ELL children, with the range increasing from 30 percent to 200 percent for ELL students also living in poverty.⁵²

A 2001 study prepared by the Maryland Commission on Education, Finance Equity, and Excellence—the so-called “Thornton Commission,” which has become a model for future studies—found that the added cost of “adequately” educating English language learners was equal to the base cost per student. In other words, it costs twice as much to teach a limited English-proficient student as it does an English-speaking student.⁵³ While different studies have derived a range of estimates for how much more it costs to educate an English language learner, there is general agreement that additional funding is needed to adequately serve these students.

On average statewide, Indiana spends about \$10,661 per pupil on the education of all students. The average per-pupil amount of \$289 for ELL students represents about 3 percent of the amount spent on all students—well below the levels recommended by the GAO and the Thornton Commission.

Indiana policymakers should find ways to direct more resources to students who need it most.

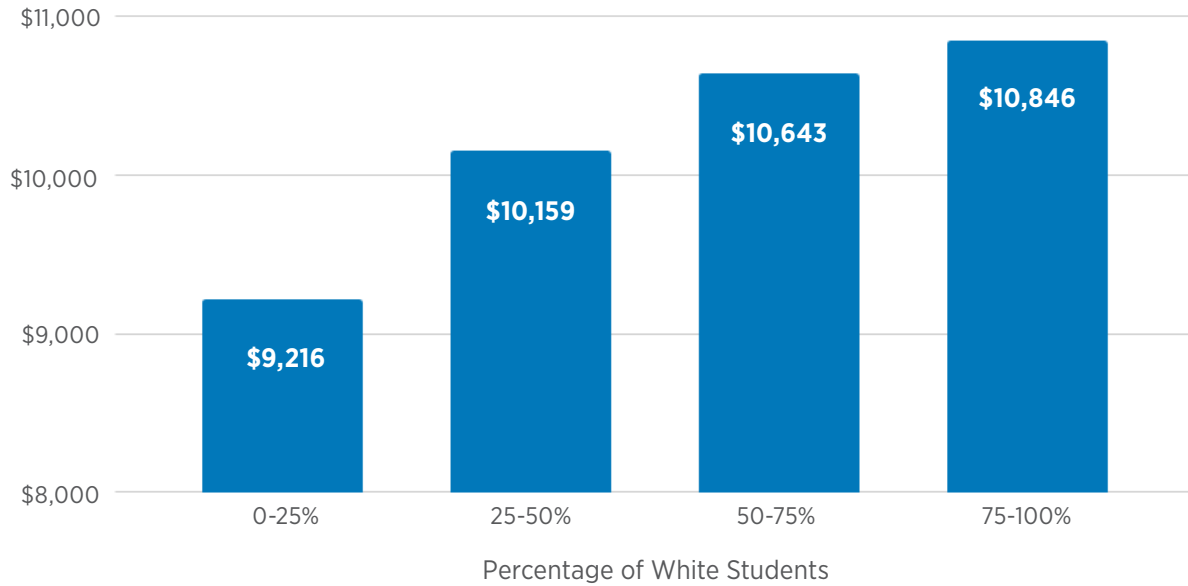
In summary, our research suggests Indiana’s weighted funding system for students from low-income households and English language learners falls short of the actual costs to educate them. The state’s weighted funding for special education is also inadequate in overall funding for students with disabilities, as well as the level of differentiation to ensure students with more severe disabilities are properly funded. Indiana policymakers should find ways to direct more resources to students who need it most—especially students living in poverty, non-English speaking students, and students with disabilities.

Racial Equity in Funding for Indiana’s Schools

In addition to ensuring public funding is equitably shared by all students regardless of income, special needs, or school choice, it is imperative that Indiana also ensure racial equity in its school funding system.

In fiscal year 2018–2019, there is a striking correlation between the average state and local per-pupil funding and the percentage of students attending an LEA who are white (figure 16).

Figure 16. Fiscal Year 2018-2019 Average Per-Pupil State and Local Funding by Percentage of White Students (Charters + Districts)

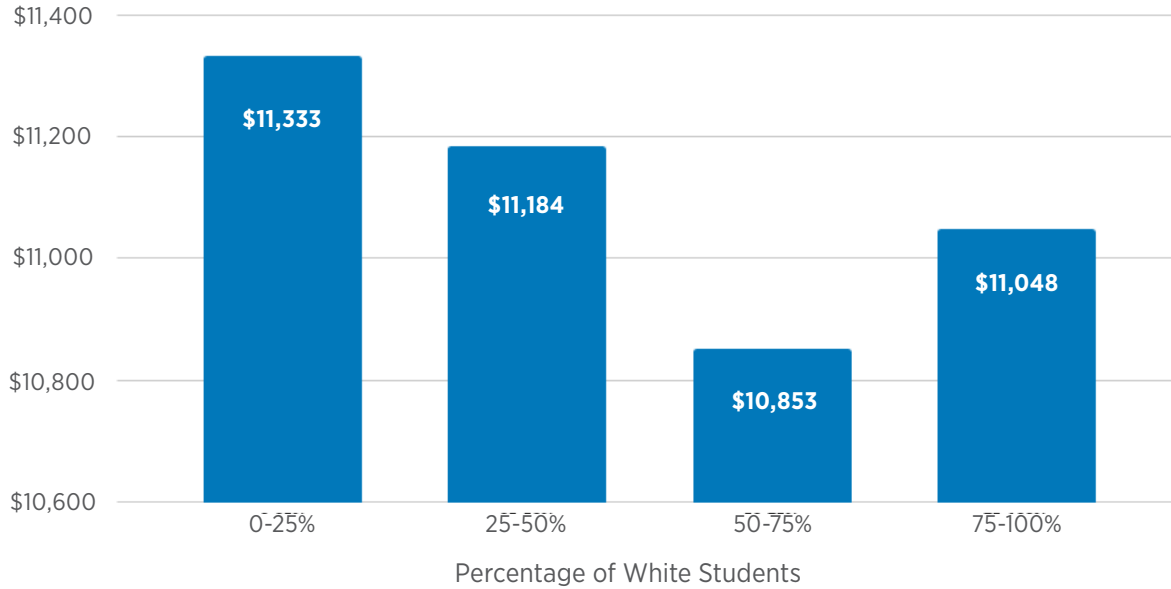


Source: Author calculations based on 2019 IDOE Form 9 expenditures and revenues (public records request) and racial demographic data by LEA, found in “Find School and Corporation Data Reports,” Indiana Department of Education (website), updated March 26, 2020. Also see Appendix B, Methodology.

Overall, funding for schools where the student population is more than 75 percent white is almost 18 percent higher (\$10,846 vs. \$9,216 per pupil) than for schools where the student population is less than 25 percent white.

While one might assume this difference could be explained by economic statistics that tend to correlate with race in our country, the disparity in funding for students of color can actually be explained by the fact that a higher proportion of these students choose to attend charter schools. As mentioned previously, 71 percent of students attending charter schools in Indiana are students of color, versus 19 percent of students attending traditional district schools. When performing the same calculation for traditional school districts only, the correlation fades and even reverses (figure 17).

Figure 17. Fiscal Year 2018-2019 Average Per-Pupil State and Local Funding by Percentage of White Students (Districts Only)



Source: Author calculations based on 2019 IDOE Form 9 expenditures and revenues (public records request) and racial demographic data by LEA, found in “Find School and Corporation Data Reports,” Indiana Department of Education (website), updated March 26, 2020. Also see Appendix B, Methodology.

In this respect, racial equity in funding for schools is intricately connected to equity across school types, given the racial demographics of the charter school sector statewide.

Policymakers and public officials must consider the serious ethical and legal ramifications of these funding disparities across students from different racial backgrounds and respond accordingly.

Indiana School Funding Recommendations

The Indiana State Constitution establishes the *“duty of the General Assembly to ... provide, by law, a general and uniform system of Common Schools, wherein tuition shall be without charge, and equally open to all.”*

This report offers several recommendations on how Indiana policymakers can best advance both the spirit and the letter of the state constitutional law to provide a “uniform” system of public schools that is “equally open to all.”

Each of the following recommendations is intended to be considered by community stakeholders on its own merits; the recommendations are not mutually exclusive and could be advanced simultaneously.

Recommendation #1: Differentiate state aid based on local wealth

The legislative reforms of 2008 established more constraints and public accountability for local tax referenda, which was a positive step in controlling government spending, reducing property tax burdens on households, and improving equity in total spending among traditional school districts across the state. However, the continued exclusion of charter schools from accessing a share of local property tax revenues, combined with the elimination of modified levels of State Tuition Support based on local taxation levels of districts, resulted in sustained and widened funding disparities for students who enroll in charter schools or lower-income districts.

State policymakers should acknowledge that school districts have unequal access to tax property wealth and modify the state funding formula to provide more state aid to school districts with lower property values. Ironically, a system like this existed prior to the 2008 property tax reforms; before 2008, a minimum foundation per-pupil amount was established by the state formula and divided into a state portion and a local portion. Wealthier school districts received less financial support from the state, while lower-income districts received greater financial support from the state.

After the 2008 legislation, all districts benefited from an equal minimum foundation level (or “flat grant”) from the state and all funds that were successfully raised locally with voter approval above the new property tax caps had no effect on state aid for those districts. Indiana should modify its state funding formula to combine the best of both worlds before and after the reforms. The levy caps should be retained, requiring voter approval to go above the caps, but the state should also return to a formula that normalizes funding between wealthy and low-income LEAs—inclusive of both districts and charter schools.

Indiana should modify its state funding formula to combine the best of both worlds before and after the reforms.

While this report lays out a broad recommendation for restoring some type of wealth equalization factor in the state’s funding formula, it is beyond our scope to design all the specific details here. Further consideration by relevant policy and school finance experts is needed to design the actual policy changes, including consideration and mitigation of fiscal impacts and the potential inclusion of proper incentives for “local effort” in revenue-raising measures. Indiana should also engage in an adequacy study to determine the minimum level of base funding required for each student to achieve the state’s education standards.

It is a nationally recognized best practice to incorporate equitable distribution of resources across public schools, regardless of arbitrary factors like property wealth.⁵⁴ Implementing a policy such as this would improve the quality and equity of Indiana’s school funding formula as follows:

1. **Economic Equity:** With the inclusion of differentiated state aid based on local wealth factors, it is highly likely that the recent trend of growing inequity in total expenditures across all LEAs would be reduced.
2. **School Choice Equity:** The equalization of funding established by the minimum foundation would help mitigate disparities in funding between traditional school districts and charter schools.
3. **Weighted Student Funding:** This program would not directly impact existing weighted student funding systems.
4. **Racial Equity:** This program would have the indirect effect of mitigating the current trend of public schools with higher percentages of white students receiving more funding per pupil, on average. This is primarily because charter schools, which serve a population that is predominantly students of color, would receive more equitable funding with these changes than in the current system.

In summary, this type of policy change would lead to dramatic improvements in funding equity across the system. At the same time, it would refrain from modifying or recapturing existing local revenues directly and would not prevent continued efforts of districts to initiate local referenda for operating revenues with voter approval. To help mitigate potential impact from reduced state aid to wealthier districts, the state could provide further flexibility for the use of local funds and fund balances that may have been previously restricted to certain purposes, enabling local districts to free up more local resources for unmet needs.

Recommendation #2: Add more weights to the State Special Education Grant and increase overall funding for students with disabilities.

Sixteen states now use a multiple student weights system for funding special education.⁵⁵ Other states have a single additional weight for funding students with disabilities, which ignores the wide spectrum of special education needs. For example, a child with severe autism will cost far more to serve than a child receiving speech therapy only. Nearly all the states with multiple weights have a much broader range of categories than Indiana, and several states incorporate weights in the most severe disability categories that provide more than \$25,000 per pupil in additional funding.

Indiana’s current methodology for calculating the Special Education Grant uses only three broad categories to differentiate between lower- and higher-needs students with disabilities in K-12: “Communication” (\$500 per pupil), “Mild and Moderate” (\$2,300 per pupil) and “Severe” (\$9,156 per pupil).

The problem is that the actual costs to serve these students could vary greatly within each of these categories. For example, the “Mild and Moderate” category includes both students with “specific learning disabilities” and “moderate intellectual disabilities.” Depending on the actual service minutes these students receive per their Individualized Education Program (IEP) and the types of educational settings they require, the costs to serve these students could vary widely—and could easily cost much more than the additional \$2,300 provided through the current grant program.

Our analysis of Indiana data finds that both districts and charters spend significantly more to educate students with special needs (see figures 14, 15) than they receive through special education funding; this indicates that on average, costs incurred to serve these students outpace the funding the current system provides. A recent study of special education costs in California found that the average cost of educating a student with disabilities each year is \$26,000, compared to \$9,000 to educate a “general education”

student—a significant gap even after controlling for potential cost-of-living differences. The report from the Legislative Analyst’s Office found that it might cost \$1,000 per year to provide a student with periodic speech therapy (Indiana’s additional funding amount for students with communication disorders is only \$500), while a student with severe emotional problems might cost a district as much as \$100,000 per year.⁵⁶

Without a direct cost reimbursement program, there is no way to perfectly allocate special education resources to match every student’s needs. Such a program would be unreasonably burdensome in administrative expense. However, Indiana’s multiple weights system should be more differentiated to match the wide spectrum of student needs and provide a broader range of funding levels. Further research should be conducted in order to develop a modified multiple weights system best suited for Indiana in synchronization with the other components of the school funding formula.

Indiana’s multiple weights system should be more differentiated to match the wide spectrum of student needs and provide a broader range of funding levels.

It is important to note that even though states like Ohio and South Dakota have higher per-pupil funding amounts for more severe disability categories, in both states the actual amount distributed to LEAs is indexed to local wealth metrics: rarely is the full amount actually allocated. For example, in Ohio the applicable special education category per-pupil amount is first multiplied by the “state share index,” which is equivalent to a percentile ranking of districts based on poverty, before it is added to the foundation amount and distributed to districts.⁵⁷

It may be more important for Indiana to differentiate its funding weights as an initial step, and conduct further assessment into how those distributed revenues are actually meeting the needs of students with disabilities within schools themselves before considering increases in funding levels for any of the categories.

If the state Special Education Grant were modified to increase the number of special education categories and further differentiate the weights, it would have the following effects across our key principles:

1. **Economic Equity:** The changes to the state’s multiple weights system would not necessarily impact the disparities in funding between low-income and wealthier students, assuming the proportion of students with more severe disabilities is not correlated with local wealth factors. However, if Indiana included a local wealth index—similar to Ohio and South Dakota—when making the calculations of actual grant amounts, this could have an impact on the overall equity of funding across districts with different levels of local resources.
2. **School Choice Equity:** Given the similarity in special education populations served by districts and charters, it is unlikely this policy change would result in less funding disparity across school types. This could change depending on whether the additional special education categories created more differentiation in the severity of needs of students with disabilities who attend district schools versus charter schools.
3. **Weighted Student Funding:** The further differentiation and increase in per-pupil funding levels within the multiple weights system would likely increase the share of state aid funneled through the weighted student funding formula.
4. **Racial Equity:** There is no reason to expect this policy recommendation would have any effect on racial equity in the state, unless students of color are over- or under-represented among the population of students identified as having disabilities and receiving special education services. While research shows mixed findings in terms of racial disproportionality in identification of students with disabilities,⁵⁸ we are not currently aware of any specific research that has established clear evidence of this in Indiana.

Recommendation #3: Provide more equitable funding for students from low-income households and English language learners.

As mentioned in our earlier assessment of the current school funding system, Indiana falls far short of many other states across the country, as well as best practices supported by research, in the level of additional funding it provides to students from low-income households and for English language learners. To mitigate inadequate levels of funding for these students, Indiana could modify the criteria of the Complexity Grant to include English language learners and increase the multiplier used to provide higher weighted funding for both students from low-income households and English language learners within the Complexity Grant formula. The additional funding that would flow for English language learners could be in addition to the state's Non-English Speaking Program, which is notably a separate line item in the state budget and more subject to funding fluctuations on an annual basis.

The additional funding that would flow for English language learners could be in addition to the state's Non-English Speaking Program.

The impact of these changes would be aligned across the board with all our key principles:

1. **Economic Equity:** The fundamental nature of this proposal would increase funding to students from low-income households, ultimately also having the effect of mitigating inequity in funding between wealthier and less-wealthy districts, as well as between students from low-income households and their more affluent peers.
2. **School Choice Equity:** Given that charter schools serve higher proportions of students from low-income households versus traditional districts, raising the multiplier in the Complexity Grant would have a mitigating effect on inequity in total funding across school types, on average statewide.
3. **Weighted Student Funding:** This program would enhance the weighted student funding formula and increase the level of overall funding flowing through the state's categorical grant programs for students with additional needs.
4. **Racial Equity:** In Indiana, 15 percent of white children live in poverty versus 42 percent of Black children and 35 percent of Hispanic children.⁵⁹ While the exact impact cannot be calculated at this time, an increase in the weighted funding for children from low-income households and English language learners in Indiana will also help mitigate funding inequities between white students and students of color.

Recommendation #4: Amend state legislation to require any new local referenda to be shared proportionally with charter schools residing in the district.

Importantly, there is no language in the state constitution or state statute that expressly prohibits independent schools in Indiana—whether they be charter schools, innovation network schools, virtual schools, adult education, or special populations programs—from equally sharing local revenues for public education. It has simply been a standard of practice in Indiana not to do so. In fact, Indiana state law (IC 20-24-7-6) states that *“with approval of a majority of the members of the governing body, a school district may distribute a proportionate share of the school districts operations fund to a charter school.”* The reason for the insertion of this provision into state statute in recent years is unclear, as it does not appear that there was anything in the statute precluding school districts from sharing local referenda revenues of any type with charter schools. Nevertheless, there has not been an example of this type of revenue sharing occurring between school districts and charters, except indirectly via in-kind services provided by districts through certain Innovation Network School contracts.

It would be challenging to determine legal and practical methods for sharing all existing local revenue streams with charter schools. For example, some current local property tax revenues are dedicated to debt service on construction of facilities that have already been built, secured by assets owned by the school district. However, it is recommended that Indiana policymakers consider legislation that would require all new local referenda dollars to be shared with charter schools residing in the district receiving those dollars, in proportion with the charter school's share of total enrollment.

Several states have passed initiatives in recent years to do exactly that:

- *Colorado:* In May 2017, the Colorado General Assembly passed legislation which, for the first time in any state, grants charter school students equitable access to local tax dollars raised through mill levy overrides.⁶⁰
- *Florida:* In May 2019, the Florida Legislature passed their tax package bill with modified language that requires school districts to share new voter-approved referendum funds with charter schools, but only for future ballot measures.⁶¹
- *Utah:* In 2008, Utah launched the Charter School Local Replacement Funding program to provide revenue to charter schools to assist in capital facility needs. The state deducts from the school district's Minimum School Program allocation funds equal to 25 percent of the district average per-pupil revenue for each district student enrolled in a charter school. The statute also established a minimum threshold of \$1,427 per charter school student. If the formula produces less than this amount, the state will provide an additional supplement to bring the total to \$1,427 per student.⁶²

If Indiana were to pass legislation sharing at least some portion of new local tax referenda dollars with resident charter schools, it would have the following effects:

1. **Economic Equity:** Since, on average, 75 percent of students attending charter schools are from low-income households, versus 48 percent of students attending district schools, an increase in local funding for charter schools would have some mitigating impact on the funding disparities that currently exist between these students in Indiana and their more affluent peers.
2. **School Choice Equity:** The primary focus of this proposal would be to equalize funding between different types of schools parents and students choose to attend.
3. **Weighted Student Funding:** This proposal would have no direct impact on the state's weighted student funding formula.
4. **Racial Equity:** Since, on average, 71 percent of students attending charter schools are students of color, versus 19 percent of students attending district schools, an increase in local funding for charter schools would have some mitigating impact on the funding disparities that currently exist between white students and students of color.

Other Recommendations

The following recommendations are additional possible solutions that would result in more quality and equity in Indiana’s funding system for public education. These proposals are given less attention than the recommendations above, not because they are less viable, but because either their scale of potential impact is smaller, or their ultimate feasibility may be more challenging.

- *Create a School Facilities Authority:* In 2014, The Mind Trust^{xii} worked with a bipartisan and diverse group of community leaders to propose a State Building Commission that would have worked to make recommendations about how to deal with chronic underuse of district facilities across the state. Though the Commission was never fully stood up, one of the key ideas brought to the table was the creation of a third-party entity (a “school facilities authority”) that would take over all buildings in districts that had low utilization rates and manage disposition or new strategies for improved utilization. Were such an initiative found to be viable, the school facilities authority may be able to better enforce the current state statute that allows charter schools to purchase unused district school buildings for one dollar. Despite that law being on the books since 2011, charter schools have struggled greatly to acquire an unused district building. The creation of a School Facilities Authority—statewide, regionally, or locally—may be a partial solution for mitigating funding inequities between school districts and charter schools in certain parts of the state.
- *Build a broader coalition for local referenda:* While there have not been any examples to date of local school districts being willing to share revenues raised through local referenda with charter schools, it may be worth exploring more innovative approaches to build uncommon coalitions between districts and charter school proponents, between policymakers, and between grassroots community leaders, civil rights groups, and the business community. For example, a local referendum dedicated to expanding extracurricular, after-hours programming, and/or increased social services in schools might attract a broader base of support than the traditional referendum for operating expenses or school facilities. The resources garnered by these types of referenda might be less significant than referenda for teacher salaries or capital projects, but they may still be worth exploring as another alternative for raising local revenues that could be more easily shared with all local public schools—including charter schools.
- *Ensure enforcement of the buildings-for-one-dollar law:* In 2011 state lawmakers passed a law (IC 20-26-7-1) that gives charter schools an opportunity to buy or lease empty school district buildings for a dollar if the building was vacant for two years. In 2019 lawmakers shortened that window to just 30 days and made additional requirements for charter organizers that want buildings of more than 200,000 gross square feet. Only two district buildings have been sold or leased to a charter school for one dollar since the law was passed nearly 10 years ago.⁶³ As far as our research has shown, we have not seen an example to date of legal or legislative action taken to ensure the law is implemented in accordance with its intent. For years, districts have found creative methods to avoid making unused buildings available to charter schools as the law requires, for example by delaying the execution of the sale or lease unnecessarily until the charter school is forced to find a different alternative. More action should be taken to ensure the law is properly enforced.

xii The Mind Trust is a nonprofit organization that provides talent recruitment, leadership development, and school-startup supports to public schools in Indiana, in addition to other forms of school and community supports.

Conclusion

The “Hoosier Way” has turned Indiana’s public education system into one of the most expansive systems of school choice in the country. The state’s diverse array of innovative public school options is an ongoing opportunity to positively impact educational and life outcomes for students throughout Indiana. Regardless of what publicly funded school options are made legally available to Indiana parents and children, there should be a minimum foundation of adequate funding for all children attending any type of publicly funded school. When Indiana creates public options for families, and then deprives children who choose those options of equal access to public resources, it commits an injustice to its citizenry. We hope this report will serve as a stimulus for further development of potential solutions to school funding inequities in the state, and will help catalyze formidable collective action to ensure all children in Indiana have access to educational opportunities that empower them to reach their full potential in life.

Appendix A. Special Education

Per-Pupil Allocations by Disability Type

Disability type	Indiana special education grant category	Per-Pupil Allocation			
		Indiana	New Orleans	Ohio	South Dakota
Language/Speech Impairment	Communication	\$500	\$1,481	\$1,578	\$5,527
Emotional Disability (Other)	Mild & Moderate	\$2,300	\$17,407	\$4,005	\$12,756
Specific Learning Disability		\$2,300	\$8,703	\$4,005	\$5,527
Developmental Delay (Ages 3-8 only)		\$2,300	\$12,901	\$4,005	\$5,527
Mild Intellectual Disability		\$2,300	\$15,231	\$4,005	\$12,756
Moderate Intellectual Disability		\$2,300	\$15,231	\$4,005	\$12,756
Other Health Impairment		\$2,300	\$12,901	\$4,005	\$5,527
Multiple Disabilities		Severe	\$9,156	\$19,166	\$17,390
Orthopedic Impairment	\$9,156		\$8,703	\$17,390	\$16,258
Blind or Low Vision	\$9,156		\$16,110	\$12,841	\$16,258
Deaf or Hard of Hearing	\$9,156		\$16,110	\$9,622	\$16,258
Emotional Disability (Full Time)	\$9,156		\$17,407	\$9,622	\$12,756
Severe Intellectual Disability	\$9,156		\$15,231	\$9,622	\$12,756
Deaf-Blind	\$9,156		\$16,110	\$25,637	\$16,258
Autism Spectrum Disorder	\$9,156		\$17,407	\$25,637	\$15,767
Traumatic Brain Injury	\$9,156		\$19,166	\$25,637	\$16,258

Locality Per-Pupil Allocation Variance; Indiana Versus Other Localities

Disability type	Variance in funding vs. New Orleans	Variance in funding vs. Ohio	Variance in funding vs. South Dakota	Average variance across localities
Language/Speech Impairment	\$(981)	\$(1,078)	\$(5,027)	\$(2,362)
Emotional Disability (other)	\$(15,107)	\$(1,705)	\$(10,456)	\$(9,089)
Specific Learning Disability	\$(6,403)	\$(1,705)	\$(3,227)	\$(3,778)
Developmental Delay (ages 3-8 only)	\$(10,601)	\$(1,705)	\$(3,227)	\$(5,178)
Mild Intellectual Disability	\$(12,931)	\$(1,705)	\$(10,456)	\$(8,364)
Moderate Intellectual Disability	\$(12,931)	\$(1,705)	\$(10,456)	\$(8,364)
Other Health Impairment	\$(10,601)	\$(1,705)	\$(3,227)	\$(5,178)
Multiple Disabilities	\$(10,010)	\$(8,234)	\$(19,005)	\$(12,416)
Orthopedic Impairment	\$453	\$(8,234)	\$(7,102)	\$(4,961)
Blind or Low Vision	\$(6,954)	\$(3,685)	\$(7,102)	\$(5,914)
Deaf or Hard of Hearing	\$(6,954)	\$(466)	\$(7,102)	\$(4,841)
Emotional Disability (full-time)	\$(8,251)	\$(466)	\$(3,600)	\$(4,106)
Severe Intellectual Disability	\$(6,075)	\$(466)	\$(3,600)	\$(3,380)
Deaf-Blind	\$(6,954)	\$(16,481)	\$(7,102)	\$(10,179)
Autism Spectrum Disorder	\$(8,251)	\$(16,481)	\$(6,611)	\$(10,448)
Traumatic Brain Injury	\$(10,010)	\$(16,481)	\$(7,102)	\$(11,198)

Allocations for Each Locality

Ohio⁶⁴

Disability type	Category	Per-pupil funding category
Speech and language disability	1	\$1,578
Specific learning disabled	2	\$4,005
Intellectual disability		\$4,005
Other health impairment (minor)		\$4,005
Preschool children who are developmentally disabled		\$4,005
Hearing disabled		3
Severe behavior disabled	\$9,622	
Vision impaired	4	\$12,841
Other health impairment (major)		\$12,841
Orthopedically disabled	5	\$17,390
Multiple disabilities (other than deaf/blind)		\$17,390
Autism	6	\$25,637
Visually and hearing impaired		\$25,637
Traumatic brain injury		\$25,637

New Orleans Public Schools

Funding group	Weight	Per-pupil allocation
SPED Tier 1	0.2	\$1,481
SPED Tier 2	1.175	\$8,703
SPED Tier 3	1.875	\$13,888
SPED Tier 4	2.175	\$16,110
SPED Tier 5	3	\$22,221

Disability type	Tiers	Average per-pupil funding based on service minutes
Autism	3 – 5	\$17,407
Developmental delay	2 – 4	\$12,901
Emotional disturbance	3 – 5	\$17,407
Intellectual disabilities	2 – 5	\$15,231
Multiple disabilities	4 – 5	\$19,166
Orthopedic Impairments	2	\$8,703
Other Health Impairments	2 – 4	\$12,901
Specific Learning Disabilities	2	\$8,703
Speech or Language Impairments	1	\$1,481
Traumatic Brain Injury	4 – 5	\$19,166
Hearing or Visual Impairments	4	\$16,110

South Dakota⁶⁵

Level	Disability type	Per-pupil amount
1	Specific Learning Disabled, Speech/Language Impairment, Other Health Impaired, and Developmentally Delayed	\$5,527
2	Emotional Disturbance and Cognitive Disability	\$12,756
3	Deaf/Blind, Hearing Impairments, Orthopedic Impairments, Visually Impaired, Deafness, and Traumatic Brain Injury	\$16,258
4	Autism	\$15,767
5	Multiple disabilities	\$28,161
6	Prolonged assistance (ages 0-2)	\$8,111

Appendix B. Methodology

We used the Form 9 Financial Report⁶⁶ for fiscal years 2017–2019 to conduct our analysis of various revenue and expenditure comparisons throughout our report. The Form 9 Financial Report is collected by the Indiana Department of Education (IDOE) annually, based on the submissions of local education agencies (LEAs). The LEA-level data was obtained via public records request directly from the IDOE.⁶⁷ Form 9 is used widely by local, state, and federal educators and other external stakeholders and researchers for use in planning school finances. Information supplied through the Form 9 Financial Report is used for other reports, such as Dollars to the Classroom, National Public Education Finance Survey (NPEFS), Indirect Cost Rates, Maintenance of Effort, and data requests. There are some limitations to the validity of this data, primarily because the figures are self-reported and unaudited. In addition, because the Form 9 submissions are due by July 31 each year, accounting adjustments made by LEAs after that time are not captured. For example, it is not uncommon for annual independent audits of charter schools to result in accounting adjustments, such as changing the date of recording for receivable revenues to match the year the auditors determine it was properly “earned” according to Generally Accepted Accounting Principles (GAAP).⁶⁸ We determined these limitations did not have material impacts when aggregating data at the levels required by our report.

LEA Classifications

Upon receiving the Form 9 data, we categorized each LEA according to the following types:

- **“Traditional”**: public school districts (referred to as “school corporations” in Indiana).
- **“Traditional – Special Populations”**: non-charter school LEAs that serve special populations. Examples include the Indiana School for the Deaf and the Indiana Department of Correction.
- **“Charter Schools”**: all charter schools, including charter schools that are also Innovation Network Schools, as well as charter schools that are not Innovation Network Schools.
- **“Charter Schools – Special Populations”**: charter schools that serve special populations, such as charters serving students with disabilities or at-risk teenagers who need alternative high school programming.
- **“Charter Schools – Adult Education”**: charter schools that focus on engaging students ages 16 to adulthood who have dropped out or who need accelerated credit recovery to earn a high school diploma.
- **“Charter Schools – Virtual Education”**: charter schools with all educational programming provided through an interactive learning environment created through technology in which the student is separated from a teacher by time or space or both.

For comparability purposes, we only included the “Traditional” and “Charter Schools” LEAs in our revenue and expenditure analyses, as defined above. The other categories have student populations, spending, and/or revenue patterns that are substantially different than a typical LEA in Indiana, and therefore were excluded from our analysis when aggregating financial data statewide or across districts.

LEAs were also classified by rurality, according to self-reported data school districts submitted to the Indiana Education Employment Relations Board (IEERB) as of October 2018.⁶⁹ School districts identified themselves as “urban,” “suburban,” or “rural” in this report. Charter schools were not included in this report, so we applied these same classifications to charter schools based on the school corporation boundaries where the charter schools reside.

Enrollment

There are two types of enrollment data sets that can be used for financial analysis in Indiana: “average daily membership” (ADM) or “enrollment”:

- ADM is the count of students enrolled and expected to be in attendance for K–12 in Indiana public school corporations and all charter schools on a particular day in September and February. ADM is used for calculating state tuition support, specifically the basic tuition support and complexity grant.
- Enrollment is the count of students as of October 1. Enrollment differs from ADM in that enrollment counts all students as one whole student, while ADM counts students on a full-time equivalent basis. IDOE obtains pupil enrollment counts from the Real Time data collection, while ADM is collected through the Membership data collection.⁷⁰

Although ADM is used to determine State Tuition Support, we used enrollment numbers in our analysis, as opposed to ADM, per the recommendation of IDOE, as these are posted publicly and used for accountability and federal reporting. Enrollment is also used for federal grants, cohort and calculating graduation rates, common school loans, e-rate discounts, and IDOE analysis.

In addition to total school enrollment, some of the metrics in our analyses used enrollment subgroups, including LEA-level counts of students eligible for free or reduced-price lunch, students with disabilities, and English language learners.⁷¹ We also examined the specific breakdown of free lunch vs. reduced-price lunch-eligible students for each LEA, as well as the subgroup enrollment counts by disability category.⁷² Racial demographic data by LEA was collected and included in the analysis to compare funding levels of LEAs with different racial profiles.⁷³ LEAs were grouped by quartile based on this data: 0-25% white, 25-50% white, 50-75% white, and more than 75% white.

Revenue Classifications

The Form 9 chart of accounts was also obtained via public records request.⁷⁴ Revenue accounts not directly relevant to an examination of the annual regular operations of an LEA were excluded, including accounts associated with internal fund transfers, receipt of proceeds from bond issuances or loans, nonrecurring receipts related to insurance claims, etc.

Private revenues were excluded from all analyses in this report because our purpose was to examine and evaluate the sustainable public revenue sources for public education in Indiana. If private revenues were included in the calculations of total revenues per pupil, the average per-pupil funding gap between districts and charters would only be reduced by about \$373 per pupil—still leaving substantial funding disparities between the two types of public schools. Furthermore, private revenues raised by charter schools are often for nonrecurring purposes, i.e., start-up funding, which begs the question of whether even the slight marginal benefit private revenues offer charters versus districts could really be sustained long term. We classified remaining revenues according to the following descriptions:

- “Local”: local tax revenues, including property taxes, income taxes, excise taxes, other local taxes and transfer tuition payments (account numbers 1100 – 1350).
- “Other”: other local revenues, such as transportation fees from individuals, investment income, food service sales, revenue from community service activities, capital lease proceeds, etc. (account numbers 1400 – 2999, 11100, 33200 and 5500).
- “State”: State Tuition Support, Charter and Innovation Network School Grant, and other state

revenues. The IDOE makes multiple positive and negative adjustments to the State Tuition Support amount, which are not reflected in Form 9 submissions, including adjustments for Common Schools, Veterans Memorial Funds, and other miscellaneous adjustments.⁷⁵ To ensure state revenue amounts included these adjustments, we forced reconciliation of the Form 9 State Tuition Support amounts by subtracting the difference between the amounts published by the IDOE⁷⁶ and the total amounts reported by LEAs via Form 9 (account numbers 3101 – 3999).

- “Federal”: all revenues from federal sources, including Title I-V, IDEA, and other grant programs (account numbers 4100 – 4999).

We summarized statewide revenues on a per-pupil basis according to the classifications above by adding all revenues in each category for each school type (“traditional” and “charter school”) and dividing by the total enrollment of those school types statewide. The difference between statewide revenues per pupil, inclusive of the “other,” “local,” “state,” and “federal” categories, resulted in a calculation of the overall funding disparities between district and charter schools. Fiscal years 2017–2019 were averaged together to smooth out volatility caused by nonrecurring revenue abnormalities in any given year. Results year-by-year for this time period are generally similar, though specific numbers vary annually.

Activity-Based Financial Analysis

The IDOE charts of accounts include the following four types of accounting classifications:

- *Receipt Accounts*: receipt accounts identify the various types of revenues received by school corporations and charter schools. Examples include “local property taxes” (1110) and federal IDEA grants for “special education” (4220).⁷⁷
- *Expenditure Accounts*: expenditure accounts are defined by the specific area or purpose the disbursement serves. Examples include “elementary instruction” (11100) and “special education preschool” (12810). These accounts are used in conjunction with object codes to classify both the type of disbursement and the purpose it serves for every disbursement transaction (i.e., “elementary instruction” (11100) and “certified salaries” (110)).⁷⁸
- *Funds*: a fund represents moneys set aside for specific activities of a school corporation or charter school. A fund constitutes a complete accounting entity, and all financial transactions, both receipts and disbursements, are recorded in the fund to which they pertain.⁷⁹
- *Object Codes*: object codes are an additional layer of accounting that assigns expenses to one of 9 categories: salaries (100-199), employee benefits (200-299), purchased professional and technical services (300-399), purchased property services (400-499), other purchased services (500-599), supplies (600-699), property (700-799), other objects (800-899), and other items (900-999).⁸⁰

We performed various types of activity-based financial analyses using these four charts of accounts. For example, in order to quantify dedicated revenues and expenses for special education at the LEA level, we catalogued each receipt, fund, and expenditure account number according to one of two categories—“special education” or “unassigned”—based on the IDOE descriptions in the charts of accounts identified above. All unassigned expenditures were allocated to the special education subgroup based upon the subgroup’s proportion of total enrollment in the LEA. The underlying assumption of this methodology is that resources that are not explicitly dedicated to student subgroups are equally shared by the entire student population. The resulting calculation approximates total available revenues and expenses allocated to students with disabilities (figures 14 and 15).

It is important to note that there are some limitations to this methodology based on the level of true activity-based accounting that is performed at the school level by each LEA. While revenue and fund accounts can generally be identified as dedicated to specific student populations (i.e., IDEA, State Special Education Grant), general expenditure accounts are not always well allocated in LEA accounting systems on a proportional basis to specific student subgroups. For example, while we can reliably assign all IDEA revenues to students with disabilities, schools do not typically allocate certain percentages of general education teachers to students with disabilities versus students without disabilities, even though many students with disabilities will receive instruction in general education environments for most of the school day. Nevertheless, we determined this allocation method was the simplest and most reasonable approach to estimating revenues and expense per student with a disability within the constraints of accessible data.

A similar approach was taken to estimate the per-pupil transportation and facilities expenses for all LEAs in Indiana. Expenditure, object, and fund codes were identified as pertaining to transportation or facilities purposes as much as could be determined, and the total of the Form 9 transactions was summarized by LEA and divided by total enrollment to determine per-pupil costs.

Comparisons to Other Similar Publications

We have outlined below some of the differences in our methodology vs. similar reports published in recent years that highlight disparities in per-pupil revenues between charter schools and traditional district schools in Indiana.

In comparison to the report published by the Progressive Policy Institute (PPI) in 2018, *The Need for Equal Funding for Indiana Charter Schools*,⁸¹ our analysis is more comprehensive in terms of revenues included. For example, in terms of local revenues, our analysis includes revenues such as investment income, sales from food services, revenue from student activities, among other revenue streams. PPI's analysis only considers revenues from local taxes. We classified these revenues as "other" in our report. At the state level, PPI's analysis only considers revenues from the state tuition support grant and the Charter and Innovation Network School Grant. Our analysis includes other revenues from state sources, such as state tuition support adjustments, summer school, evening and part-time school, and vocational education. In addition, PPI's report highlights funding disparities statewide for districts and charters but does not provide as much insight into the large range of funding disparities when isolating for differences across LEAs, geographies, rurality, income levels, and racial demographics. Lastly, our analyses focused primarily on the most recent fiscal year available, 2018–2019, whereas PPI's most recent data was from 2016–2017 at the time of publication.

In relation to the report published by the University of Arkansas (U of A) in 2014, *Charter School Funding: Inequity Expands*,⁸² our analysis is similar in terms of the types of revenues considered. However, there are a few differences in our respective methodologies. For example, U of A weighted its per-pupil funding values to compare districts and charter schools as though they serve the same proportions of urban and suburban students. Most charter schools in Indiana are in urban areas. The weighting approach used by U of A adjusts statewide per-pupil district enrollment proportions to match the same proportion experienced by charter schools statewide. Rather than attempt to modify or normalize per-pupil revenue calculations among different types of schools, we kept actual figures intact as reported on Indiana's Form 9. Separately, we highlighted the differences in student populations served by charters and districts, cited research on the potential additional cost of serving those students, and highlighted state policy for weighted funding for students with higher needs.

An additional difference in our methodology versus that of U of A is that our analysis uses Indiana's enrollment count numbers, while U of A used average daily membership (ADM). ADM is the count of students enrolled and expected to be in attendance for grades K-12 on a particular day. Enrollment differs from ADM in that enrollment counts all students as one whole student, while ADM counts students on a full-time equivalent basis, with dual enrollment increasing the number of "equivalent" students. IDOE obtains pupil enrollment counts from the Real Time data collection, while ADM is collected through the Membership data collection. IDOE recommended we use enrollment numbers as opposed to ADM enrollment numbers, as these are more commonly used in federal reporting.

U of A adjusted all its financial figures to 2007 dollars. We have not adjusted our dollars for inflation, primarily for ease of reconciliation with other sources and because most of our analyses focused on the most recent three fiscal years only. U of A also selected "focus areas" (Indianapolis and Gary), which serve as a proxy for urban settings. The primary criterion used to include a city/county as a focus area was a relatively high concentration of charter school students matching the geographic area of an urban/metropolitan district(s) setting with similar student needs. Our approach to classifying schools as "urban," "rural," or "suburban" is based on the self-reported data collected by the Indiana Education Employment Relations Board (IEERB), and includes all districts and charters statewide, without using proxies. Lastly, our analyses focused primarily on the most recent fiscal year available, 2018-2019, whereas U of A's most recent data presented was from fiscal year 2010-2011 at the time of publication.

Endnotes

1. "School Choice in the United States: 2019," National Center for Education Statistics (website), accessed August 12, 2020.
2. "Indiana," Charter Law Database, National Alliance for Public Charter Schools (website), accessed August 7, 2020.
3. Robin J. Lake, "The Hoosier Way: Good Choices for All in Indiana," *Education Next* 20, no. 2 (Spring 2020): 26-38.
4. William D. Duncombe and John W. Yinger, "How Much More Does a Disadvantaged Student Cost?" *Economics of Education Review* 24, no. 5 (2005): 513-532.
5. Author calculation based upon average Complexity Grant award per free or reduced-price lunch-eligible student divided by the FY 2019 state foundation amount through the Indiana State Basic Grant.
6. Author calculations based enrollment data shared from the IDOE via public records request, requested on June 30, 2020, and fulfilled on July 13, 2020. The proportion of free/reduced-price lunch students that are eligible for free lunch is 83 percent in traditional districts, and 92 percent in charter schools.
7. The average percentage enrollment of free/reduced-price lunch students for LEAs that are more than 75 percent white is 43 percent, while the average percentage enrollment of free/reduced-price lunch students for LEAs that are less than 25 percent white is 84 percent. This confirms that poverty rates are not affecting this trend. This data is based on author calculations using data obtained from the IDOE via public records request for fiscal year 2018-2019.
8. Julien Lafortune, Jesse Rothstein, and Diane Whitmore Schanzenbach, "School Finance Reform and the Distribution of Student Achievement," *American Economic Journal: Applied Economics* 10, no. 2 (April 2008): 1-26; Duncombe and Yinger, "How Much More Does a Disadvantaged Student Cost?"
9. Eileen Ahearn, *Financing Special Education: State Funding Formulas* (Alexandria, VA: National Association of State Directors of Special Education, 2010): 2-5.
10. Keller, *Indiana Virtual Education Program Report*.
11. Sandlin, *Turnaround Academy Performance Report: 2017-2018 Academic Year*.
12. *School Choice Series: Charter Schools—Implications for Students with Disabilities* (Washington, CD: National Council on Disability, 2018).
13. Ron Sandlin, *Formal Evaluation of the Overall State of Charter School Outcomes in Indiana 2016-2017 Academic Year* (Indianapolis, IN: Indiana State Board of Education, 2018).
14. CREDO ran regressions to predict the academic growth of students by year. The researchers chose schools outside of Indianapolis to serve as a proxy for the state average. The selected schools have an average growth value between -.005 and 0.005 standard deviations. Additionally, the proportions of students based on race and socioeconomic status in these selected schools as a whole are similar to the proportions for all students in the state (for the methodology, see "Technical Appendix," City Studies Project, Center for Research on Education Outcomes at Stanford University (website), accessed August 7, 2020).
15. "Indianapolis, IN: Presentation of Findings," City Studies Project, Center for Research on Education Outcomes at Stanford University (website), accessed August 7, 2020.
16. "2019 City Study: Indianapolis" in City Studies Project (Center for Research on Education Outcomes at Stanford University, 2019).
17. "How Are Charter Schools Funded?" Center for Education Reform (website), accessed August 7, 2020.
18. Author calculations based on 2019 Form 9 Revenues from IDOE (public records request).
19. *Indiana K-12 State Tuition Support Annual Report* (Indianapolis, IN: Office of School Finance, Indiana Department of Education, 2019): 8.

20. Author calculations based on the *Indiana K-12 State Tuition Support Annual Report*, appendix G.
21. Ibid, 10.
22. “Memorandum Regarding The Charter and Innovation Network School Grant Program,” Indiana State Board of Education (website), August 12, 2019 (revised).
23. “Digest of Public School Finance in Indiana 2019-2021 Biennium,” (Indianapolis, IN: Indianapolis Department of Education, 2019).
24. Paul Hill, Marguerite Roza, and James Harvey, *Facing the Future: Financing Productive Schools* (Seattle, WA: Center on Reinventing Public Education, 2008); Marguerite Roza, *Educational Economics: Where Do School Funds Go?* (Washington, DC: Urban Institute Press, 2010).
25. Rebecca R. Skinner, *State and Local Financing of Public Schools*, R45827 (Washington, DC: Congressional Research Service, updated August 26, 2019).
26. Dale Chu, *Indiana’s Property Tax, Choice, and Accountability Reforms: Their Consequences for Funding and Student Achievement* (Baltimore, MD: Institute for Education Policy, Johns Hopkins University, 2019): 10-11.
27. Larry DeBoer, “School Referenda for Operating Costs and Capital Projects in Indiana, 2008-2018,” *Purdue AgEcon Policy Briefs* (PAEPB-2019_14), Department of Agricultural Economics, Purdue University, March 20, 2019.
28. *Indiana K-12 State Tuition Support Annual Report*, 2.
29. Allan R. Odden and Lawrence O. Picus, *School Finance: A Policy Perspective*, 5th ed. (New York, NY: McGraw Hill, 2014).
30. Chu, *Indiana’s Property Tax, Choice, and Accountability Reforms*, 11.
31. “School district current expenditures per pupil with and without adjustments for federal revenues by poverty and race/ethnicity characteristics.” [Table A-6: Current expenditures per pupil in membership, by poverty quartile and state, FY 2011-2012](#), Education Finance Statistics Center at National Center for Education Statistics (website), accessed August 7, 2020.
32. Matthew Chingos and Kristin Blagg, *School Funding: Do Poor Kids Get Their Fair Share?* (Washington, DC: Urban Institute, 2017).
33. Douglas N. Harris and Matthew F. Larsen, *What Effect Did the New Orleans School Reforms Have on Student Achievement, High School Graduation, and College Outcomes?* (New Orleans, LA: Education Research Alliance for New Orleans, 2018).
34. “School district current expenditures per pupil with and without adjustments for federal revenues by poverty and race/ethnicity characteristics.” [Table A-6: Current expenditures per pupil in membership, by poverty quartile and state, FY 2011-2012](#). Private revenues were excluded for both districts and charters in order to compare recurring, sustainable public revenue sources across school types only. In addition, revenue accounts related to internal fund transfers or bond principal received were also excluded. See Methodology section.
35. Author calculations based on information shared via e-mail by Jamie Vandewalle, Chief Portfolio Officer, Indianapolis Public Schools, on May 13, 2020.
36. Author calculations based on 2019 IDOE Form 9 expenditures and revenues (public records request). Fund accounts associated with local tax revenue accounts were isolated and compared against charter school expenditures for those funds.
37. Matt McKinney, “Indianapolis voters approve multi-million dollar IPS referendums,” WRTV6 (ABC) Indianapolis, November 6, 2018.
38. Dan Carden, “Coronavirus whacks Indiana finances but state reserves blunt impact,” Northwest Indiana Times, July 16, 2020.
39. Dan Carden, “Indiana leaders not planning education funding cut to weather COVID-19 revenue drop,” Northwest Indiana Times, March 30, 2020.
40. Duncombe and Yinger, “How Much More Does a Disadvantaged Student Cost?”
41. Ibid.

42. *Expanding Educational Opportunity In Maryland* (Baltimore, MD: Maryland Center on Economic Policy, 2017).
43. Lafortune, Rothstein, and Whitmore Schanzenbach, “[School Finance Reform and the Distribution of Student Achievement](#),” NBER Working Paper No. 22011 (Cambridge, MA: National Bureau of Economic Research, July 2016).
44. Steve Hinnefeld, “[Indiana ‘at-risk’ funding has declined](#),” School Matters (blog), October 16, 2019.
45. The Complexity Grant funding for fiscal years 2016 and 2017 were based on 2014 enrollment data, while the Complexity Grant funding for fiscal years 2018 and 2019 were based on 2016 enrollment data, which explains the sudden drop-off in per-pupil funding beginning in 2018. There was a slight uptick in the per-pupil Complexity Grant funding in fiscal year 2017, primarily due to an increase in the multiplier used from \$3,489 in fiscal year 2016 to \$3,539 in fiscal year 2017 and beyond.
46. Author calculations for grades 3-8 based on “[Find School and Corporation Data Reports](#),” Indiana Department of Education (website), updated March 26, 2020.
47. Author calculations based upon average Complexity Grant award per free or reduced-price lunch-eligible student, divided by the fiscal year 2015 and 2019 state foundation amounts through the Indiana State Basic Grant.
48. Evie Blad, “[Why the Feds Still Fall Short on Special Education Funding](#),” Education Week, January 10, 2020.
49. United States Census Bureau, “[U.S. School Spending Per Pupil Increased for Fifth Consecutive Year, U.S. Census Bureau Reports](#),” release no. CB19-TPS.24, May 21, 2019.
50. Author calculations based on Indiana Department of Education Form 9 Revenues (public records request).
51. Based on author calculations using reported revenues by the Indiana Department of Education, (“[Memorandum: House Enrolled Act 1001 - English Learners Funding \(4 of 5\)](#),” May 24, 2019) and divided by total number of ELL students statewide (“[Corporation Enrollment by Special Education and English Language Learners \(ELL\)](#)”).
52. U.S. General Accounting Office, “[Illegal Alien Schoolchildren: Issues in Estimating State-by-State Costs](#),” Report to the Chairman, Committee on the Judiciary, House of Representatives, GAO-04-733, June 2004.
53. Eric A. Ruark, *Cost in Translation English Language Education in the Washington, D.C. Metropolitan Area*, fact sheet (Washington, DC: Federation for American Immigration Reform, 2015). Others argue that when poverty is controlled for, the weight is closer to 5 to 10 percent (Duncombe, Yinger). In fact, it could be negative for first-generation children of immigrants, who on average outperform their peers.
54. David Hinojosa, *Essential Building Blocks for State School Finance Systems and Promising State Practices*, School Finance Series (Washington, DC: Learning Policy Institute, 2018).
55. “[K-12 Special Education Funding: Multiple Student Weights System](#),” 50-State Comparison, Education Commission of the States (website), March 2019.
56. Louis Freedberg, “[California spending over \\$13 billion annually on special education](#)” EdSource, November 8, 2019.
57. “[Explanation of the CBDD Funding](#),” Ohio Department of Education (website), last modified May 20, 2020.
58. Nora Gordon, *Race, poverty, and interpreting overrepresentation in special education* (Washington, DC: Brookings Institution, 2017).
59. “[Indiana Demographics of Poor Children](#),” National Center for Children in Poverty (website), last updated November 19, 2018.
60. National Alliance for Public Charter Schools, “[Colorado Passes Historical Bill Granting Charter Public School Students Equitable Access to Local Funding Stream](#),” press release, May 10, 2017.
61. Emily L. Mahoney, “[Florida Legislature passes tax bill requiring future referendum funds to be shared with charters](#),” Tampa Bay Times, May 3, 2019.

62. “[Charter School Local Replacement](#)” in Compendium of Budget Information 2015, Utah State Legislature (website), accessed August 7, 2020.
63. Eric Weddle, “[School District Sues State, Argues ‘\\$1 Charter Law’ Is Unconstitutional](#),” WFYI Indianapolis, September 13, 2019.
64. Ohio allocates its special education funding through a formula, in which student FTE, the formula amount, state share index, and applicated special education category based on disability type are taken into account. The formula is Student FTE * (Formula Amount + (State Share Index X Applicable SpEd Category \$)). The state also adjusts the amount of funding given to local districts based on the level of local wealth. “[Explanation of the CBDD Funding](#),” Ohio Department of Education.
65. South Dakota allocates state aid for special education based on the difference between Total State Need and Total Local Effort (i.e., the amount districts earn through levies). Total local need is determined by the funding amount per disability level and the child count. Total state need is determined by the total local need plus the Extraordinary Cost Fund set aside and SBVI summer school. Some districts do not receive state funding for special education if the amount of local effort raised exceeds the formula need. South Dakota Department of Education, “[Overview of Special Education Funding for School Districts](#),” presentation to the Extraordinary Cost Fund for Special Education Study, June 13, 2018.
66. “[Form 9 Guidance Overview July – December 2019](#),” Indiana Department of Education (website), accessed August 10, 2020.
67. Public records request for Form 9 Revenues and Expenditures for FY 2017-2019 submitted to IDOE on April 20, 2020, received on May 4, 2020.
68. Author telephone conversation on July 14, 2020 with Brian Anderson, Director of Finance, Center for Innovative Education Solutions (CIES). CIES provides financial, operational, and state reporting services to charter school and innovation network schools.
69. “[Report Builder: IEERB Collective Bargaining Report](#),” Indiana Gateway (website), accessed August 10, 2020.
70. “[Data Reporting Help](#),” Indiana Department of Education (website), updated August 7, 2020.
71. “[Find School and Corporation Data Reports](#),” Indiana Department of Education (website), updated March 26, 2020.
72. Public records request for enrollment counts by free and reduced-price lunch eligibility and disability category for FY 2017–2019 submitted to IDOE on June 30, 2020, received on July 13, 2020.
73. “[Find School and Corporation Data Reports](#).”
74. Public records request for Form 9 chart of accounts for FY 2017–2019 submitted to IDOE on May 6, 2020, received on May 11, 2020.
75. Email exchange on June 18, 2020 with Fred Van Dorp, Director of Budget Division, Indiana Department of Local Government Finance.
76. *Indiana K-12 State Tuition Support Annual Report* (Indianapolis, IN: Office of School Finance, Indiana Department of Education, 2019).
77. “[Part 5 Classification and Definition of Receipt Accounts - Accounting for Receipts](#),” 2019, Indiana State Board of Accounts (website), accessed August 10, 2020.
78. Ibid.
79. “[Part 3 Funds and Fund Accounting](#),” 2019, Indiana State Board of Education (website), accessed August 10, 2020.
80. “[Object Codes for K-12 School Corporations](#),” (2nd draft), Indiana Association of School Business Officials, n.d., accessed August 10, 2020.
81. David Osbourne, *The Need for Equal Funding for Indiana Charter Schools* (Washington, DC: Progressive Policy Institute, 2018).
82. Meagan Batdorf et al., *Charter School Funding: Inequity Expands* (Fayetteville, AR: School Choice Demonstration Project, University of Arkansas, 2014).

About the Authors

Ben Kleban is an independent consultant with a diverse background in education policy, school leadership, and financial management. Most recently, Ben served as an elected member of the Orleans Parish School Board (OPSB). Prior to his service on OPSB, Ben was the Founder & CEO of New Orleans College Prep (NOCP), a charter school network he led for 10 years, growing it from a single grade of students to a network of four campuses serving children from birth through 12th grade. Under Ben's leadership, NOCP achieved significant academic gains for its students, including two successful school turnarounds. While leading NOCP, Ben served on the Louisiana MFP task force, a statewide advisory council for strengthening the public school funding formula in Louisiana. Ben has prior experience as a high school math teacher in Philadelphia and began his career in corporate finance at The Boeing Company. He received an MBA from Harvard Business School and a BS in Business Administration from Pepperdine University.

Lisa Chu is a research assistant at the Center on Reinventing Public Education, where she contributes to research on school finance, career and technical education, and more. She previously served as the Paul T. Hill Policy Fellow during her graduate studies. Prior to joining CRPE, Lisa worked for Project Tomorrow, a nonprofit organization that helps school administrators evaluate and develop student programs through survey administration. Lisa holds a BA in Economics and Sociology from the University of California, Irvine, and an MPA from the University of Washington.

About the Center on Reinventing Public Education

CRPE is a nonpartisan research and policy analysis center at the University of Washington Bothell. We develop, test, and support bold, evidence-based, systemwide solutions to address the most urgent problems in K-12 public education across the country. Our mission is to reinvent the education delivery model, in partnership with education leaders, to prepare all American students to solve tomorrow's challenges. Since 1993 CRPE's research, analysis, and insights have informed public debates and innovative policies that enable schools to thrive. Our work is supported by multiple foundations, contracts, and the U.S Department of Education.