

# LAUSD Loses More Than **Half** **a Billion Dollars** to Charter School Growth

# Fight to Save Our Education System

# Action outside school board meeting 333 South Beaudry Avenue

**June 14  
12:30pm**

We Need a Sustainable System That Serves All Students

A report by MGT of America reveals that LAUSD is estimated to lose an astonishing **\$591 million** to unmitigated charter school growth this year alone. If costs associated with charter school expansion are not mitigated with common sense solutions, the district will face financial insolvency, according to an analysis of the report.

## **Financial insolvency will negatively impact all schools—district and charter.**

**The district needs to take the first steps to saving itself by:**

- Collecting 3% of charter revenue at co-located schools instead of 1% (this amounts to more than \$2 million)
  - Collecting all financial fees on co-located charters that were given space they didn't need on district campuses (this amounts to tens of millions of dollars)



# Speaking Out for a Sustainable System



"This report proves what many special education teachers like me have seen on the front lines—that LAUSD disproportionately serves more special education students than independent charter schools. Charters should stop asking if a child has special needs on their application forms, demonstrate that they are serving the special education population at the same rate as LAUSD, and be honest about the services they can provide. I know parents of former students of mine who enrolled their children in charter middle schools but later moved them back to LAUSD schools because the needs of their children were not being met."

—**Gloria Martinez**, Special Education Teacher at Rowan Elementary



"This report shows us that if we continue down this path of financial loss, it won't just be district schools that will be impacted, but also charter schools. Our fates are intertwined. Because charters are subsidized and overseen by LAUSD, if one fails so does the other. In addition to the half-a-billion dollar loss each year, what else do we lose? What about the choices of parents who want their children to thrive in a great district school, like Garvanza Elementary?"

—**Mena Nuñez**, Garvanza Elementary Parent



"We are here to make sure that students are successful everywhere, no matter if it's a district school or a charter school. If privatization continues, there will be a tipping point: What if the district was nothing but charter schools—would LAUSD even have the income to provide the services and oversight needed at charter schools?"

—**Gregory Basile**, Teacher at Birmingham Community Charter



"This report shows a huge financial strain on the district. Now parents deserve to know how the financial strain affects the educational opportunities of their children."

—**Khallid Al-Amin**, LAUSD Parent

## Key Fiscal Findings in MGT Report

**Finding:** Declining enrollment lost to charter schools results in over **\$508 MILLION** in lost revenue and increased costs.

**Impact:** By far, the most significant financial impact identified in the report is the declining enrollment lost to charter schools. The money leaves with the student, but the critical educational infrastructure and oversight costs stay with the district. In addition, current funding formulas disproportionately penalize district public schools, creating perverse incentives to under-serve the highest needs students. A system where decreased revenue is accompanied by increased costs is not sustainable.

**Finding:** The revenue collected from charter schools for oversight costs falls short by **\$15.4 MILLION**. In addition, the district is collecting a lower 1% oversight fee from co-located charter schools, even though the law allows a higher, 3% fee.

**Impact:** This means that LAUSD must either redirect general fund money that could otherwise be spent on educational opportunities for district students or fail to fulfill its oversight obligation, leaving charter school students vulnerable to financial fraud, waste, and abuse.

**Finding:** LAUSD has a significantly higher proportion of special education students than charters, and double the percentage of higher-needs special education students. This and other issues related to special education costs LAUSD more than **\$10 MILLION**.

**Impact:** Beyond these equity and access issues, this results in a significant transfer of the increased costs to meet the educational needs of higher-needs students from independent charters to the district. This means that LAUSD must educate more higher-needs students, with fewer dollars, than independent charter schools.