About the Authors

The Oakland Achieves Partnership is a coalition of education and community organizations working to create a common set of indicators for understanding and improving student success. Coalition members are Alameda First 5, Educate78, GO Public Schools Oakland, Oakland Chamber of Commerce, Oakland Public Education Fund, Rogers Family Foundation, Urban Strategies Council, and United Way of the Bay Area. We envision an Oakland where students, regardless of background, are served equitably and receive a high-quality public education. To that end, we share information that inspires action, so that Oakland students have quality public schools. In addition to this report, we have completed public annual cradle-to-career reports as well as an in-depth report on school attendance.

Education Resource Strategies (ERS) is a non-profit organization dedicated to transforming how urban school systems organize resources—people, time, technology, and money—so that every school succeeds for every student. We have worked closely with nearly 40 school systems nationwide on topics that range from funding equity to strategic school design. Our signature project is a district “Resource Map” where we analyze budget, staffing, schedule and student performance data to understand how resource decisions align with goals. From our extensive dataset, we also provide research and practical tools to help school systems in their efforts.

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And finally, this entire project was guided by the members of the Citywide Steering Committee, who came together with the singular vision of improving education for Oakland children. We’d like to thank all of the people who participated in the Steering Committee meetings (identified with an asterisk) as well as others with whom we spoke who provided invaluable feedback and reflections on the report:

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Letters of Introduction

Oakland Achieves

The Oakland Achieves Partnership is committed to providing the Oakland education community with the quality data and shared fact base that it needs to make informed and strategic decisions to increase school quality and equity for our students. The Partnership maintains a focus on engaging the community around critical issues affecting our students, facilitating the tough conversations that need to happen, and driving an agenda for change.

To that end, we commissioned this study to understand the financial and systemic dynamics of how public schools in Oakland—both district-run and charter—are serving all of our community’s students. We offer this report as a baseline assessment of where we stood in the 2014-15 school year and a launchpad for collaboration that will get us to where we want to be in 2020.

The study, conducted by Educational Resource Strategies (ERS), examined district-run and charter schools on three dimensions: 1) student need, 2) resource levels, and 3) resource use. This research has raised a number of important and troubling equity issues that require further conversation and action:

- District schools are serving a greater proportion of higher-needs students, in terms of incoming academic proficiency, students in need of special education services, and late entering students though there is significant variation among district schools as well as among charter organizations and schools.

- Compared to peer districts in California and nationally, OUSD places 30 percent more of its special needs students in restrictive environments, which are more costly.

- The state funding law that caps concentration funds for charter schools is resulting in millions of dollars of lost revenue for charters serving high-needs students, making it more challenging for charters to serve them.

With a better understanding of these issues, education leaders and the community can work together to create policies and practices that drive greater educational equity and quality for all Oakland students. These are deeply complicated problems and we don’t expect easy answers, but this study provides an empirical foundation for change, one that is unique in its breadth and scope anywhere in the country. We must seize this opportunity to take an honest look at our situation and begin the difficult work of collaborating across sectors and schools to find the solutions our students need.

We are deeply thankful for the hundreds of hours district and charter leaders invested in compiling this data, discussing it with the researchers, and gaining a better understanding of how Oakland’s public schools are, or are not, efficiently allocating resources in service of students.
More valuable than the time and effort invested in preparing the report was the time devoted to make meaning of the findings and begin to dialogue around opportunities for improvement.

Our hope is that the community will take these reports in the spirit in which they were created—to engage in the constructive conversations and work necessary to improve education for all public school students across Oakland.

Sincerely,

The Oakland Achieves Partnership

Janis Burger, First 5 Alameda
David Harris, Urban Strategies Council
Gloria Lee, Educate78
Barb Leslie, Oakland Chamber of Commerce
Ash Solar, GO Public Schools
Rhonnel Sotelo, Rogers Family Foundation
Brian Stanley, Oakland Public Education Fund

Education Resource Strategies (ERS)

ERS is pleased to share this report—the first of its kind—that explores K-12 spending and resource allocation patterns across charter and district-run schools in Oakland. This study creates a rich fact-base to inform a city-wide conversation about how to ensure all of Oakland’s public school students attend a world-class school.

In presenting this fact base we do not express value judgments. Instead, we endeavor to provide a common set of facts to inform and catalyze solutions to issues that both district-run and charter schools face. We hope this report brings to light some of the challenges as well as the opportunities across all of Oakland’s public schools.

This study would not have been possible without many people who contributed time, energy, and data. We thank Oakland Unified School District for advocating for the work initially, sharing their data, and continuing to support this work throughout leadership transitions.

We also thank the school leaders from the 32 charter schools that elected to participate in this study; these schools serve 88% of all charter students in the city of Oakland. This high participation rate ensures that our data are highly representative of the Oakland charter school population. (You can find a list of participating schools in the Appendix.)

We’d also like to express particular appreciation to the members of the Citywide Study Steering Committee. This group (listed on the front cover) of Oakland district leaders, charter leaders, and education advocates played a tremendously important role in this work. The hypotheses and
questions that this group asked led us to focus on several key issues covered in this report. This analysis covers new ground—there is no defined methodology or a robust research base to draw from. It was their deep engagement in the analytic details that helped us refine our methodology to reflect the unique context of the district and charter sector, while also enabling apples-to-apples comparisons across schools. The Steering Committee’s commitment and determination to use this report to inform positive change in Oakland has helped us affirm the facts and identify recommended action steps. This study would have been impossible without this group’s willingness to follow the facts—wherever they led. They approached this work with a spirit of open inquiry in pursuit of equity, rather than cherry-picking data to affirm pre-existing assumptions or positions about the merits of one type of school system or another.

The financial and student-level data included in this study are from the school year 2014-2015. Since then, there have been meaningful changes—in spending, student populations across schools, strategies for serving special education students, etc.—that, consequently, are not reflected. Nonetheless, the core facts and takeaways continue to reflect overall trends and patterns across the city and are still relevant and timely.

We recognize that the methodologies and insights in this report may seem relevant for other cities, but we urge readers not extrapolate national implications based on this paper. This report tackles a set of empirical questions about resource use and equity in Oakland’s public schools. Differences in local context or in funding and charter authorization policies across cities and states will result in different patterns of resource allocation and different challenges. Focusing on Oakland makes us enthusiastic and optimistic about this study as a starting point—to reflect on past progress and to spur deeper work. We hope it engages Oakland’s citizens to collaborate on ensuring equitable access to education resources and excellent schools for all of the city’s students.

With gratitude,

Jonathan Travers, Partner, Head of Consulting Practice Area
Joe McKown, Partner, Head of the ERS California office
Executive Summary

This study examines district-run and charter schools in Oakland across three dimensions: (1) student need (2) resource levels, and (3) resource use. We analyzed data for the 2014-15 school year from every school run by Oakland Unified School District (OUSD), as well as 32 charter schools, which serve 88% of all the charter school students in Oakland. In some cases, we also compared Oakland to a set of peer districts from around California or around the country.

This research was guided by a Citywide Study Steering Committee—a group of Oakland district leaders, charter leaders, and education advocates. The purpose of the study was to build a shared fact base. While this project aspires to ultimately impact student outcomes, we focused this analysis on resources and needs rather than performance outcomes. We believe that such a report is the first step in helping the many stakeholders in Oakland to explore new opportunities and solutions to common challenges.

Key Findings

1) Student Need: Overall, the student population in OUSD schools had greater needs than did the Oakland charter school student population.

- **Special Education:** District-run schools have a higher share of students receiving special education, and provide special education services in more restrictive settings.
  - 12% of students in district-run schools received special education services, compared to 7% in charters.
  - Special education students who are served by district-run schools were more likely to have disabilities requiring intensive services compared to those served by charter schools.
  - Across all disability types, district-run schools served a much greater share of special education students in more restrictive—and costlier—settings than both charters and other large urban districts nationally.

- **Academic need:** When high-performing students (as measured on state tests) transition from elementary to middle school or from middle to high school, they disproportionately enroll in charter schools rather than district-run schools. On the other hand, students who performed below grade level in the prior year disproportionately transition into district-run schools. This means that district-run schools receive new 6th grade and 9th grade students who are academically less proficient on average, than do charters.

- **“Late-entry” students:** District-run schools also served a larger share of “late-entry” students—those who enrolled well after the beginning of the school year and who typically have greater needs and require additional supports.
• **Other aspects of need:** There were not major differences in the concentrations of English learners and socioeconomically disadvantaged students. District-run schools did serve higher percentages of homeless and foster students than did charter schools on average.¹

• **Variation among schools of both types:** Notably, there was wide variation in all types of student needs within each sector—that is, comparing individual charter schools to each other and district-run schools to each other.

2) **Resource Levels:** In 2014-2015 OUSD spent $1,400 more per pupil than the average charter school on operating expenses, adjusted for student need differences in special education, English learner status and eligibility for Free and Reduced Price Meals. This adjustment does not capture other potential differences in student need, such as high mobility rates and or the number of students entering school significantly behind academically.

• **Operating expenses:** When we just compare “operating expenses,” district-run schools spend $2,800 more per pupil than the charter school average.² As described in the footnote, “operating expenses” focuses on spending that directly supports the ongoing operation of and support to schools.

• **Adjusting for student needs in special education, English learner status, and eligibility for Free and Reduced Price Meals:** When we adjust for differences in these three types of student need across the two sectors, the difference reduces to $1,400.³ This is largely because district-run schools served a higher share of special education students in more resource-intensive placements. Adjusting per-pupil spending for student needs allows us to make an apples-to-apples comparison between sectors that serve different student populations.

• **Effect of other student needs:** We were not able to adjust spending levels for differences in the academic performance of students entering middle and high schools and for students who arrive at school late in the year, but if we had, we would expect to see an even smaller difference between per-pupil spending in district-run and charter schools.

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¹ While homeless and foster students are clearly an important and needy population, because of the small numbers of these students, they did not materially affect equity of funding.

² “Operating expenses” refers to spending that directly supports the ongoing operation of and support to schools. For OUSD “exclusions and set-asides” spending includes such expenses as pass-throughs to other entities, capital spending, debt service, etc. For charter school spending it also included building rental. Further analysis is necessary to assess equity of revenue and expenses associated with “exclusions and set-asides” activities.

³ To adjust for student need we (1) exclude “exclusions and set-asides” spending and (2) adjust for differences in student need related to special education, English learners, and socioeconomic disadvantage. By adjusting this spending for student needs, we can make an apples-to-apples comparison between sectors.
• **Cap on charter funding:** The Local Control Funding Formula (LCFF) caps the amount of “concentration” funding that charter schools can receive. In 2014-15 this meant that 23 charter schools received fewer dollars from LCFF than their actual student need would suggest. This is a driver of lower per-pupil spending for charter schools.

3) **Resource Use:** OUSD district-run and charter schools used their resources differently in several important ways.

• **Teacher time, compensation and student-teacher ratio:** In 2014-15, Oakland charter schools had 14% more contractually-required teacher time per day, on average, than did district-run schools. District-run schools spent 18% more per teacher on compensation than the average charter school—mostly due to higher average teacher benefit costs. District-run schools had a slightly lower student-teacher ratio (18:1) than the charter school average (19:1), due to district-run schools’ much larger investment in special education teachers.

• **Spending on administration and business services:** Charter schools, on average, spent a larger share of resources on administration and business services as compared to district-run schools. This was likely due to differences in system size, as OUSD has greater economies of scale when it comes to administration and business services.

• **Small schools:** Oakland operated a high number of small schools—both district-run and charter—compared to other cities in California. OUSD spent disproportionately more on its small schools relative to small charters.

• **Rent for space:** Across charters, spending on rent varied from $190 to $2,250 per pupil, with those renting from OUSD generally spending less per pupil than others.

• **Spending gap on special education:** Both charter schools and district-run schools spent more on special education than they received in special education revenue, though they received and spent substantially different amounts of dollars.

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4. Under California’s Local Control Funding Formula, school districts receive funding based on the number of enrolled students as well as the needs of those students. School systems with high concentrations of students who are low income, English learners, or foster youth receive extra funding called “concentration” funds. Charter school funding for these high need students is capped at the number of students their host district serves, not on the number of high-need students they (the charters themselves) serve.
**Actions for Further Exploration**

Based on Steering Committee member discussions, some of the following next steps emerged. There is strong agreement that these steps can only lead to meaningful change if OUSD leaders, charter leaders, Oakland education advocates, and other city stakeholders truly collaborate to create specific solutions and act on them:

- To ensure that school spending matches student need, explore opportunities for both the district and charter sectors to serve a more equitable percentage of students with higher needs, including needs related to special education, incoming proficiency and “late-entry” students. This includes increasing parent and student agency in choosing schools by increasing awareness of school options across Oakland, with a focus on families of students with greater needs.

- As part of a broader rethinking of revenue policies, explore using a more nuanced assessment of student need to differentiate resources across schools.

- Explore advocating for a state legislative change to address the current LCFF cap, in order to provide additional resources to charters serving high need student populations.

- Explore opportunities to optimize special education resources within the city by aligning financial incentives with the authentic needs of students to ensure that all schools both invest appropriately in all students and serve students in the least restrictive environment. This may include creating a special education funding system that incentivizes charters to remain in their local/regional Special Education Local Plan Area (SELPA), which are the organizations that receive revenue from the state earmarked for special education and that provide special education programs, services, and/or revenues for identified students within a defined region. This would increase overall local special education revenue and more equitably share cost.

- Articulate a citywide strategy on the number and mix of district-run and charter schools that maximizes the number of high-quality seats for all types of students and allows schools to operate at a size that’s financially sustainable over time—including sharing facilities across schools, as appropriate.