

# Ensuring Equity in At-Risk Funding for New Mexico's Charter Schools

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*A Recommended Change to the At-Risk Units Funding Formula for Charter Schools to Ensure At-Risk Funding Directly Follows At-Risk Charter School Students*

## Introduction:

Charter schools serving a greater proportion of at-risk youth than the district average receive less funding per student than public schools serving the same proportion of at-risk youth. This is because charter schools in New Mexico are required to utilize the at-risk unit of the district in which they are housed to generate their school's budget (rather than using the actual data on the percentage of students who are classified as at-risk at their school). This inequity means charters schools in New Mexico that serve at-risk youth do not receive the necessary funds to support their student body effectively with critical programs and supports.

## Key issues:

1. ***The current approach to allocating at-risk units does not match the approach used for other key units that generate school-level funding.*** As shown in the exhibit below, all other components of a school's funding is based on a school's actual data from the prior year. At-risk units is the lone key component of the funding formula that is ***NOT*** generated using school-specific data. Moreover, the utilization of district-level data for at-risk funding is neither justified nor explained in the budgetary guidelines.

**Exhibit 1: Type of Data used to Generate Each School-Level Funding**

	Utilizes School-specific Data	Utilizes District-Level Data
Student Enrollment	X	
Growth in Enrollment	X	
Special Education Population	X	
Teacher Training and Experience	X	
Bilingual Student Population	X	
At-Risk Units		X

2. ***Schools with a high at-risk unit are the very schools that necessitate more funding in order to properly serve their at-risk youth.*** Schools disadvantaged by this formula are doing the critical work of serving at-risk youth. For Example, South Valley Academy, an often-cited successful charter school in the South Valley of Albuquerque, would receive an estimated additional \$110,308 per year if its own data were used to calculate at-risk units, rather than the district

average.<sup>1</sup> This additional funding would allow South Valley academy to hire more teachers and implement programs to better serve its at-risk youth.

3. ***It is likely that changes in budget allocations to a school-specific data approach would be budget neutral.*** If the formula for at-risk units were reworked to utilize charter school-specific data, charter schools that serve a higher proportion of at-risk students than the district average would receive more funding. However, in the opposite scenario, charter schools that serve a lower proportion of at-risk students than the district average would receive less funding. Therefore, it is likely that the overall results of this change would be near budget neutral.

### **Recommendation:**

The fair and transparent approach to at-risk funding would be to ensure school-specific data are used to generate charter schools' at-risk units. As a result, all charter schools would be allocated funding that meets the needs of their actual students. If this were the case, schools like South Valley Academy, which serve a high proportion of at-risk youth, would receive funding that allows them to carry out the critical work of education youth most in need.

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<sup>1</sup> During the 2014-15 Academic Year, SVA's estimated at-risk unit was .125 versus the districts average of .079.