



## FAQ's about Funding Public Charter Schools

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Opponents frequently assert that public education funding will suffer when funds follow a child to the public charter school in which s/he is enrolled. In fact, charter schools bring new resources into districts, and charter schools overall will bring new resources to the state. Further, over time, reaching more children and reducing the drop-out rate will result in fewer state expenditures for social services, welfare, juvenile justice, addiction rehabilitation, etc.

### **1. When funds follow each child, will the money go out of the public education system?**

**No.** Public charter schools are fully public schools, are free to parents, non-religious, open to all students without admissions tests, and chosen by families, students and teachers.

### **2. Will towns have to pay more for students enrolled in a charter school?**

**No.** The same annual per pupil amount that a town now spends on its children will follow each child to the public charter or public district school attended.

### **3. Will the state have to pay more for charter school students, facilities or teacher pensions?**

**No.** The same state subsidy as now will follow each child to the public school attended. The state will save money because it will not contribute to pensions for charter school teachers, nor will charter schools be eligible for state facility funds.

### **4. Will a district's enrollment change if students attend a charter school?**

**No.** Students enrolled in a charter school will count toward the district's enrollment, helping the district with enrollment-based formulas.

### **5. Will a district's budget change if students enroll in a charter school?**

**Yes,** with both additions and subtractions.

**a.** Under the limits of the pilot program, there will not be a large or sudden movement of students out of district schools. The legislation protects districts from major shocks through the limit on the number of children that can transfer in any given year.

**b.** Districts will gain state aid for students who come back to public education by enrolling in a public charter school. Districts only lose state aid for those students who transfer to a public charter school, just as districts now lose funds when families move to another town, a student is home schooled, attends an independent school, or a student drops out of school. These are standard re-allocation problems and those due to charter schools would be small enough to be manageable.

**c.** If a district's enrollment does drop because of net transfers out, and the district manages to keep the same budget, this results in a higher average per pupil allocation for the students in the traditional district schools. This is already a high amount in most Maine districts: the state average expenditure per pupil is over \$10,000, and Maine ranks in the top ten states in per-pupil expenditures.

**d.** It is true that when a student transfers from a district school to another education option chosen by parents, that infrastructure costs are fixed. To meet that challenge, districts have incentives to find ways to attract more students, and charter school can help with that by attracting students who were not enrolled in public schools previously.

**e.** Opponents try to make charter schools sound like a zero-sum game, where there is a fixed number of students and the debate is always about a win/lose situation. On the contrary, many parents need options for one child, but might have to move their entire family to locate an affordable school for that one child. Families move in and out of districts all the time for many reasons. Districts have learned how to adjust to these minor enrollment changes, and should easily be able to adjust to a few transfers to charter schools.

#### **4. Are there ways that charter schools can help district budgets?**

Yes. The district of residence may keep up to 2% of the annual per pupil allocations for charter school students for administrative costs. In addition, when a district is the charter “authorizer,” it may charge up to 3% for administrative expenses to each school it authorizes. If the district authorizes a charter school and attracts new families and new students to both the district and the charter school, its total enrollment goes up, positively affecting its state subsidy.

Charter schools may lease space from school districts, and some districts may find this to be a new revenue stream for space that is now empty. Many mutually-beneficial arrangements can be negotiated in contracts between districts and charter schools.

#### **5. What Federal and other new resources will be available?**

Each new charter school is eligible for about \$150,000 per year for 3 years for planning and start-up expenses. The charter school can use these funds for almost anything other than facilities. They can contract with the district administration for “back office” functions, special education, or other functions.

When a district converts an existing alternative education program, for example, that \$450,000 is new money for the district's efforts to reach more students at-risk. Charter schools will develop community and business partnerships that bring new resources into public education. They are especially helpful in small districts and rural areas, where the contract model can help a small town retain its community school. For example, 9 districts in rural northern New Hampshire have collaborated to create the North Country Charter Academy for at-risk students.

Districts can collaborate with each other to create regional chartered programs eligible for the federal funds. District can collaborate with charter schools as Local Education Agencies (LEAs) and apply for other kinds of competitive federal grants, such as for technology, arts and humanities, foreign languages, rural schools, environmental education, and on and on. This is another way to bring federal funds to public education in Maine.

#### **6. What will happen when the 3 year Federal planning grant ends?**

A charter school's annual budget is not dependent on the federal grants. The annual operating funds follow each student each year, but a charter school only starts receiving those funds when it opens in the fall of a school year. The federal charter school grant program was started by Bill Clinton in 1996, because it was realized that a lot of work had to happen before a school opened if it was to be a well-run public charter school. So these federal grants are only for planning and start-up, and a charter school can access them for a year before they plan to open, for professional development, training, technical assistance, supplies and equipment.

The charter school will not suddenly be a burden to a local district after the 3 years of federal start-up funds. Once these grant funds are used up, the school's budget continues to be based on the annual operating funds that follow each student, as described above.

#### **7. Will the state save money because of charter schools?**

Yes. **First**, because charter schools will not be eligible for state facility funds, nor can they issue bonds the way school districts can, nor will the state contribute to the pensions of charter school teachers. These are expenses that each charter school will have to fund out of their annual operating budgets, raise private funds to support, or develop partnerships that contribute in-kind resources.

**Second**, the Maine DOE will receive 5% of the total grants for the administration of its charter school office.

**Third**, in a tough economy, the flexibility of charter schools enables them to find ways to be more efficient, and their strict accountability (5 year renewals of their charter contracts) gives them a strong incentive to innovate and keep quality high. Charter schools can share ideas with districts and can work with districts to find ways to save money.