

# Charter Policy Issue Brief

## Per-pupil charter school facilities funding



This document examines state policies that provide funding designated for facilities directly to charter schools on a per-pupil basis, effectively defraying the amount of operating dollars charter schools spend on their facilities costs.

This document is divided into two sections: The first one focuses on a table that presents various details about each state's policies for per-pupil charter facilities funding; the second section outlines some policy considerations for state policymakers and advocates to wrestle with when designing a per-pupil charter facilities funding policy.

### Section I: State policies for per-pupil charter school facilities funding table

As of this writing, 18 states and the District of Columbia provide per-pupil facilities funding to charter schools. The table below presents various details about each state's policies for per-pupil charter facilities funding. The states are listed in order of the amount of per-pupil funding for 2022-23, from largest to smallest. The text box after the table provides more information about what each column of the table represents.

State	"Average per-pupil funding (2022-23)"	Five-year trend	Percentage of charter schools receiving per-pupil funding	Initial amount	Years of data	Per-pupil level determination <sup>1</sup>	Max. amount	Percentage of lease	Embedded vs. supplemental <sup>2</sup>	Auto increases	Number of eligibility criteria	Use criteria
District of Columbia	\$3,564.06		100%	\$3,063.77	13	P	–	–	S	Y	–	No restrictions
New York <sup>3</sup>	\$2,963.44		38%	\$469.10	9	L	30% of PP9	100%	S	Y	1	Lease reimbursement only
Arizona	\$2,087.44		100%	\$1,370.86	19	P	–	–	E	Y	1	No restrictions
Georgia	\$18,485		41%	N/A	2	F	–	–	E	N	–	No restrictions
Minnesota	\$1,255.16		87%	\$330.68	26	L	\$1,314	90%	S	N	1	Lease reimbursement only
Indiana	\$1,250		78%	\$487	6	P	–	–	S	N	2	Capital plus transportation
Massachusetts	\$1,088		100%	\$889.84	10	P	–	–	E	N	–	No restrictions
New Mexico	\$724.23		99%	\$689.11	9	L	\$816	100%	S	Y	–	Lease reimbursement only
Illinois	\$575.16	-	100%	\$575.16	1	S	–	–	S	N	–	No restrictions
Florida <sup>4</sup>	\$562.72		91%	\$481.33	24	S	–	–	S	N	7	Capital plus transportation
California	\$554.82		30%	\$306.85	12	L	\$1,298	75%	S	N	2	Lease reimbursement only
Arkansas	\$554.42		43%	\$562.57	8	S	–	–	S	N	5	Capital only
Tennessee	\$5,006	-	100%	\$500.00	1	S	–	–	E	N	–	No restrictions
Ohio	\$361.60		100%	\$91.80	10	P	–	–	S	N	2	No restrictions

Colorado	\$358.65		96%	\$171.06	20	S	–	–	S	N	1	Capital only
Idaho	\$332.69		100%	\$104.56	10	F	–	–	S	N	–	Capital only
Pennsylvania	\$308		28%	\$229.43	7	L	Varies	100%	S	N	2	Lease reimbursement only
Utah	\$301.23		100%	\$65.52	22	F	–	–	E	N	–	No restrictions
Texas	\$165.64		77%	\$206.97	5	S	–	–	S	N	2	Capital only

1. P = set per-pupil amount in statute (green); L = the lesser of a set maximum per-pupil amount or a set percentage of the lease (yellow); F = a formula is outlined in statute that is tied to district local revenue (orange); S = a lump sum is outlined in statute or appropriated (gray).
2. E = embedded (blue); S = supplemental (purple).
3. The New York lease assistance program only applies to NYC. The city pays the charter school the lease reimbursement. The state then reimburses the city for a portion of the lease assistance.
4. Currently, this program is funded with state dollars. However, relatively recent statutory changes made it so that if the amount of state funding falls below a certain level, local mill levy funding will make up the difference.
5. This is an average of the low and high amounts for brick-and-mortar schools provided for 2022–23; exact numbers were not available (virtual schools receive about a quarter of this amount).
6. Tennessee just updated its funding formula for all schools and converted the charter school facilities competitive grant into a per-pupil facilities add-on in the new per-pupil formula. This estimate is for the 2023–24 school year since that will be the first year it will be in place.
7. This Ohio figure is for brick-and-mortar schools only (virtual schools receive a lower amount at \$25 per student). The brick-and-mortar amount will increase from \$500 to \$1,000 in fiscal year 2024.
8. Colorado has a lower funding amount for charter schools in district facilities. This average takes that lower funding into account.
9. 30% of the basic per-pupil tuition; for 2022–23, 30% of PP would be \$4,264.80.

## State policies for per-pupil charter school facilities funding table column descriptions

**Average per-pupil funding (2022–23):** The per-pupil facilities funding level for the most recent year of available data (in most cases, 2022–23), calculated by dividing the total amount of per-pupil funding provided by the number of students who benefitted from it (if a state targets its funding, the only students counted are those from recipient schools).

**Five-year trend:** When looking at the per-pupil funding levels from 2018–19 to 2022–23, did the funding level increase steadily (signified by a green arrow pointing upward), decrease steadily (signified by a red arrow pointing downward), or go up and down inconsistently (signified by a blue arrow pointing downward and a blue arrow pointing upward)?

**Percentage of charter schools receiving per-pupil funding:** Due to eligibility and/or use restrictions, not all charter schools may be eligible to receive per-pupil facilities funding. This percentage shows generally how

many of a state's charter schools are ultimately receiving the average per-pupil amount listed in the table.

**Initial amount:** This value is the earliest identified per-pupil facilities funding level for each state.

**Years of data:** This shows how many years of data are available (often a proxy for how long the program has been around), recognizing that data, in some cases, remains inaccessible.

**Per-pupil level determination:** Different state statutes provide different ways of determining the per-pupil facilities funding level, including:

Some states provide a specific per-pupil amount to be funded in full, no matter how much charter school enrollment increases from one year to the next (meaning a relatively automatic increase in annual appropriations to match increased enrollment levels).

- Other states provide their program with a single lump sum that is then divided by charter school enrollment. As charter school enrollment increases, the per-pupil amount decreases as the fixed amount is divided by more students.
- Other states feature a statutory formula connecting the per-pupil funding level to the district local revenue, with increases or decreases based on increasing or decreasing local funding levels.
- Finally, some states say that they will fund the lesser of a maximum per-pupil amount or a certain percentage of school's actual lease costs.

**Maximum amount:** Specific to states that provide the lesser of a maximum per-pupil amount or a certain percentage of school's actual lease costs. This maximum per-pupil amount is set in statute.

**Percentage of lease:** Specific to states that provide the lesser of a maximum per-pupil amount or a certain percentage of school's actual lease costs. This percentage of the lease reimbursement is set in statute (it ranges from 75% to 100%).

**Embedded vs. supplemental:** Embedded per-pupil facilities funding is included as a portion of the schools' overall per-pupil funding as part of the state's funding formula for charter schools. This type of funding formula includes specific component parts that, when added up, create an overall per-pupil amount. The specific component parts are identified by source or function, including facilities, but are not restricted to that use. Supplemental per-pupil facilities funding is provided above and beyond the state's basic per-pupil aid program and is funded through a specific, separate appropriation for charter school facilities costs. The basic per-pupil funding is calculated under its own formula and distributed through its own process, while the per-pupil facilities aid involves an independent calculation, appropriation and distribution mechanism.

**Auto increases:** Does the statute include an automatic increase for the per-pupil funding level? This increase could be tied to the consumer price index (e.g., New Mexico), a simple rate included in statute (e.g., D.C.), or the basic tuition per-pupil funding for district schools (e.g., New York).

**Number of eligibility criteria:** Some states include certain characteristics of charter schools within their statutes that either allow or do not allow a school to receive per-pupil facilities funding. This column provides the number of the following eligibility criteria in each state.

**Grades served:** Some states tie eligibility to the grades that a charter school serves, more likely differentiating funding by age (e.g., Arizona).

**Virtual:** Some states exclude full-time online schools from facility funding or provide a lower funding level for them (e.g., Ohio).

**Facility ownership:** Some states provide different funding levels for renting versus owning and if the district or state owns the building versus if the school is in a private space (e.g., California).

**Charter school type:** Some states only fund "open enrollment" charter schools (i.e., Arkansas and Texas) or schools that are not conversion charter schools (i.e., Florida).

**Age of charter schools:** In some states, schools are ineligible for funding until they've been open a certain number of years (e.g., Florida).

**Student demographics:** Some states prioritize funding lower-income students or students with special needs (e.g., California).

**Academic strength:** In some states, per-pupil funding may be restricted based on poor academic performance or increased for schools with stronger academic performance (e.g., Arkansas).

**Financial strength:** In some states, charter schools in financial distress or emergency are not eligible for per-pupil facilities funding (e.g., Florida).

**Charter schools in good standing:** In some states, charter schools that are placed on probationary status by their authorizer are not eligible for the facilities funding (e.g., Arkansas).

**Use criteria:** Refers to statutory guidance describing how a charter school may spend the funds provided through the per-pupil facilities funding.

## Section II: Policy considerations

The obvious policy consideration for state policymakers is how much to allocate for charter school facility purposes and, relatedly, whether that amount is fixed (as a total appropriation or a per-pupil amount) or whether it increases as K–12 spending or charter school enrollment increases.

Other considerations address whether to condition or target funding allocations to prioritized schools or spread them evenly across all charter schools and whether to place any spending restrictions on the allocated funding.

Where states provide a per-pupil amount in statute rather than a lump sum to be divided among all students, the amounts tend to grow more reliably. When the per-pupil amount is in statute, the funding increase occurs automatically with increased enrollment, whereas the lump sum requires a change to the statute itself along with an accompanying appropriation.

States limiting funds to “lease reimbursement” arrangements may create modest but real complications in implementation without any accompanying benefits to schools or states. For example, where the state reimburses charter schools for the costs of renting but not owning their facility, schools can lose out on the benefits of ownership, including stability and the appreciation of real property.