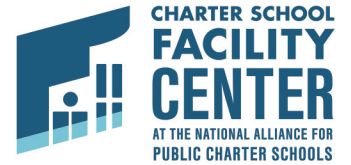


# STATE POLICY ANALYSIS:

## STATE SUPPORT FOR SCHOOL FACILITIES AND CHARTER SCHOOLS

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# SUMMARY AND FINDINGS

The National Alliance for Public Charter Schools released [State Policy Snapshot: Facilities Funding for Public Charter Schools](#) in September 2019. It identified and documented all the state aid programs for public charter schools, including state facilities programs and revenues for district-run public schools. This paper expands on the State Policy Snapshot. It provides an analysis of existing state facilities programs and revenues for district-run public schools and how they apply to charter schools.

## State School Facility Support: All Public Schools

While charter schools have experienced dramatic growth since their establishment, facilities challenges—from inadequate facilities to excessive costs—pose an ongoing threat to continued growth and well-being. State programs providing facilities funding for public school buildings provide an additional option to improve charter school facilities.

Of the 45 states with charter laws, 31 have state funding programs for public school facilities. Typically there is an application process for school districts to apply for funding to renovate, maintain, or build new facilities. These programs can provide substantial funding for school facilities. While state appropriations for these programs can be irregular, the sheer amount of funding provides an opportunity to meet charter school needs. Please note that for purposes of this report, the District of Columbia (D.C.) is counted as a state.

The majority of these 31 programs are built around assisting schools with high needs, to ensure that educational facilities are as safe as can be for the students attending them. Language typical of these programs includes that of New Jersey’s Office of School Facilities, stating that:

TABLE 1. STATES WITH FUNDING PROGRAMS FOR PUBLIC SCHOOL FACILITIES IN THE 45 STATES WITH CHARTER SCHOOL LAWS	
STATES WITH FUNDING PROGRAMS FOR PUBLIC SCHOOL FACILITIES	STATES WITHOUT FUNDING PROGRAMS FOR PUBLIC SCHOOL FACILITIES
31	14

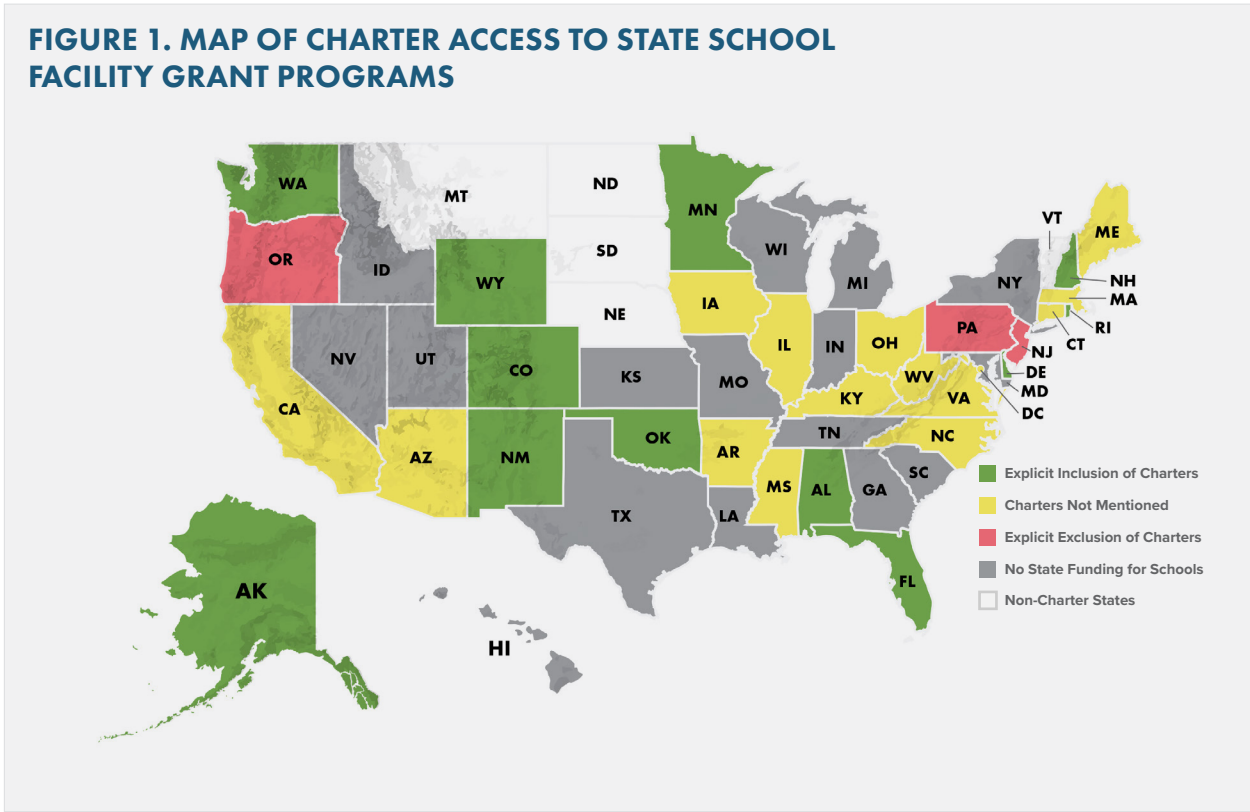
“the role of the Office of School Facilities is to ensure that every child attends an educational facility in the state that is safe, healthy and educationally enhanced. The office also supports the delivery of the thorough and efficient education to which all students are entitled by the New Jersey State Constitution and the New Jersey State Learning Standards.”

Language of that nature, tying state programs to their constitutional obligations, is common in the context of state support for all public school facilities. Where state programs are enacted in response to the real needs of all public-school students, there are likely parallels to the needs of charter school students, providing a natural opportunity for important facility support.





**FIGURE 1. MAP OF CHARTER ACCESS TO STATE SCHOOL FACILITY GRANT PROGRAMS**

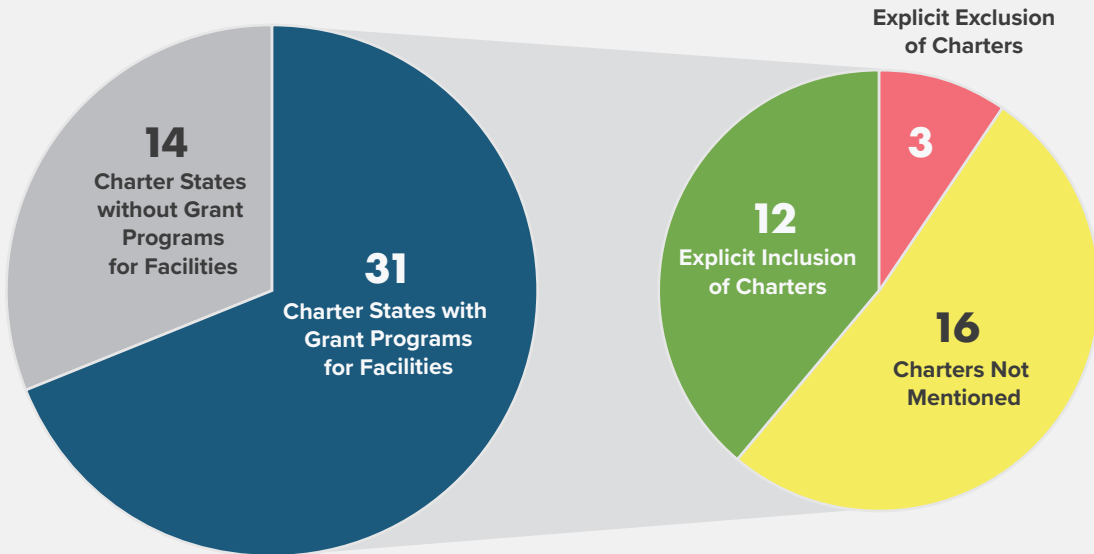


**TABLE 2. STATES WITH FUNDING PROGRAMS FOR PUBLIC SCHOOL FACILITIES (31 STATES)**

SPECIFICALLY INCLUDE CHARTER SCHOOLS (12)	CHARTER SCHOOLS NOT MENTIONED (16)	SPECIFICALLY PRECLUDE CHARTER SCHOOLS (3)
Alabama	Arizona	New Jersey
Alaska	Arkansas	Oregon
Colorado	California	Pennsylvania
Delaware	Connecticut	
Florida	District of Columbia	
Minnesota	Hawaii	
New Hampshire	Illinois	
New Mexico	Iowa	
Oklahoma	Kentucky	
Rhode Island	Maine	
Washington	Massachusetts	
Wyoming	Mississippi	
	North Carolina	
	Ohio	
	Virginia	
	West Virginia	



**FIGURE 2. PIE CHART OF CHARTER ACCESS TO STATE SCHOOL FACILITY GRANT PROGRAMS**



### State School Facility Support: Public Charter Schools

Over one-third (12) of the 31 states providing facility support to public schools include support for charter schools in the statutory language, while three states (New Jersey, Oregon, and Pennsylvania) specifically preclude charter schools from accessing state facilities funding. Among states that include charter schools as eligible applicants, state grant programs have provided significant funding for charter school facilities. In most of these states, charter schools must go through the same process and have the same or similar eligibility requirements and use restrictions as district schools.



# TYOLOGY AND DEFINITIONS

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## State School Facility Support: Programmatic Funding Overview

Public school facilities have traditionally been considered the responsibility of local government (i.e., local school districts and the tax base they presumably have access to). However, that presumption breaks down often enough that most states have dedicated facilities funding to supplement local revenue sources in support of adequate public school facilities. State approaches to facilities support for the 45 states that allow charter schools include the following three models:

- 1. State school facility funding for annual state grant programs** (26 identified states): These states consistently provide funding for school facility projects. Most of these programs support public-school facility needs where local facilities are particularly decrepit, or where the local tax base is particularly light, through merit- or need-based application processes; three states provide direct state assistance annually to public schools through a formulaic process. Not all of these programs are currently funded.
- 2. State school facility funding available for programmatic grants** (8 identified states<sup>1</sup>): Examples include state aid for lead testing or fixture replacement, facility assessments, and security upgrades.
- 3. No state funding** (14 identified states)

This leaves 31 states with one or more funding programs through annual and programmatic grants.

## State School Facility Funding and Charter School Access

Of the 31 states that provide either annual or programmatic funding, 12 state statutes explicitly identify charter schools as eligible for state facilities support through varying methods of inclusion and effectiveness. Most of these states provide charter school access to state facilities grant money without significant changes to the overall process. Certain eligibility criteria may be specific to charters, but the overall application process and eligibility is not inherently different from the process district schools must go through to receive the funds. The 12 states that explicitly include charter schools follow one of four designs:

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<sup>1</sup> Numbers add up to more than 31 because some states have multiple programs.



## FORMULA FUNDING

Three states have facility grant programs with formula funding. Wyoming provides districts with major maintenance payments based on the square footage of all district school buildings. The statute entitles charter schools to the proportion of the major maintenance payments equal to the proportion of square footage the charter school facility contributes to overall district square footage.

Minnesota statute gives charter schools access to Long-Term Facilities Maintenance Revenue (LTFMR). While district schools must meet various eligibility requirements to receive the funding, charter schools receive LTFMR as state aid. Not only is the aid provided noncompetitively to charter schools; there are no use restrictions for charter schools. In 2017, charter schools received 18% of the funding level that district schools received, and in 2019, charter schools received 35% of the district school funding level.

While not an annual grant, Florida distributed one of their programmatic grants in the 2019-20 school year, the Educational Facilities Security Grant, to all district and charter schools in proportion with the average daily attendance.

## MERIT- OR NEED-BASED FUNDING

Five states provide need-based funding. Alaska, Colorado, New Hampshire<sup>2</sup>, New Mexico, and Rhode Island statutes allow charter schools to apply for competitive facilities grants also available to districts. New Hampshire, New Mexico, and Rhode Island rank the facility projects based on need, and those with the highest need are granted funding.

- 1. Additional Eligibility Criteria:** Alaska charter schools must have a six-year facility plan and must provide a detailed plan and timeline of the proposed project. Colorado charter schools must be at least three years old and must demonstrate the need for the facilities project.
- 2. Required Local Match:** New Hampshire's local match ranges from 40% to 70%, depending on the local community's affluency. In Rhode Island, the charter school local share is 30%. In Colorado, the Department of Education calculates the required matching percent based on school-specific data. In Alaska, the match is based on the ratio of the district's total property value by total enrollment. New Mexico does not state how the local match is determined.

## MODIFIED CHARTER INCLUSION

Delaware statute provides charter schools access to the Minor Capital Improvements Program for facility maintenance and other minor improvements. Charter schools and vocational schools are not required to have a local match. The process of obtaining this funding is not clear; however, funding for each charter is listed in the Bond and Capital Improvements Act.

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<sup>2</sup> New Hampshire also has a lease aid grant that is available to both district and charter schools. Charter schools receive a sum equal to 30% of the annual lease payment. The lease aid mechanism was funded for the first time as of late September 2019.



### UNREALIZED STATUTORY ACCESS

Three states specifically include charter schools in statutory language, but for various reasons, no impact has been made or there is a lack of information available. While Alabama has statutory language that provides charter schools the same funding access and rights to the Public School and College Authority, detailed information was unavailable. Oklahoma's Common School Building Equalization Fund has never been funded. Washington statute states that charter schools are eligible for facilities funding; however, that funding cannot be from the common school construction fund. Without providing a source of funding for charter schools to tap into, the statute has no impact on charter schools in practice.





# NATIONAL SCOPE AND STATE OUTCOMES

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## State Program Funding: Charter Schools Eligible

State facility funding records do not reliably identify charter school recipients. The data below represents a sample of 7 out of 12 state outcomes based on data and information available for 2018-19.

- 1. Alaska:** In 2019, no charter schools were among the 24 schools that received \$70.2 million for both construction and maintenance projects.<sup>3</sup> One charter school was ranked 49th on the maintenance list but did not receive funding.
- 2. Colorado:** In 2019, 5 charter schools were awarded \$36 million through the BEST program (see sidebar).<sup>4</sup> Five of those projects did not secure their matching funds and therefore did not receive the funds that would have been awarded to them. In 2019 alone, 5 charter schools were awarded \$36 million through this program.
- 3. Delaware:** In 2019, 22 charter schools received \$2.5 million through the Minor Capital Improvements Program.<sup>5</sup>
- 4. Florida:** In 2019, charter schools received approximately \$9.9 million through the Educational Facilities Security Grant to improve the physical security of school buildings.
- 5. Minnesota:** In 2019, the Long-Term Facilities Maintenance Revenue charter school per pupil amount was \$132. If every charter school received funding at that rate, the total amounts to approximately \$7.5 million.

### COLORADO'S BEST PROGRAM

Established in 2008, over 400 public school entities (traditional schools, charter schools, districts, etc.) have been awarded over \$1.8 billion in grants through the BEST program.

The Building Excellent Schools Today (BEST) program awards grants to public schools through a competitive application process, including a matching requirement. The funds can be used for new construction or for renovation of existing facilities.

In spite of heavy opposition, not only were charter schools specifically included in the legislation, but specific modifications were incorporated to remove inadvertent hurdles to charter access. For example, the percent matching requirement is dependent on a formula that involves various metrics around district wealth, but the charter formula takes additional/different information into consideration.

To be eligible, a charter school should be at least three years old. At this time, charter schools represent 9% of the awarded schools and have received 8% of the total amount awarded.

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<sup>3</sup> According to the 2019 priority list, 11 schools requested \$178.6 million for construction projects and 84 schools requested \$140.8 million for major maintenance projects.

<sup>4</sup> <https://www.cde.state.co.us/capitalconstruction/best>

<sup>5</sup> <https://legis.delaware.gov/BillDetail?LegislationId=47865>





- 6. New Hampshire:** Between 2017 and 2019, the Public School Infrastructure Fund provided grants to all schools to address safety deficiencies and to improve security. Of the \$28 million available, 26 charter schools received \$554,565 in grants.
- 7. New Mexico:** In 2019, no charter schools were among the 35 schools that received over \$147.3 million for large and small capital projects. More than 200 schools received a total of \$16 million for security upgrades, and six were charter schools that received a total of \$126,000.

### State Program Funding: Charter Schools Uncertain

For illustrative purposes, below is a sample of 7 of the 16 states that have state facility funding but for which it is unclear if charter schools are included in the program or have received funding.

- 1. Hawaii:** In 2019, appropriated \$559 million to the Capital Improvements Program for facility upgrades.
- 2. Illinois:** From 1997 to 2013, 497 school districts received over \$3.1 billion through the School Construction Grant Program to build and renovate schools. In 2019, schools were allocated \$526 million to be spent over the next six years (see sidebar).
- 3. Iowa:** From 1998 to 2013, the Iowa Demonstration Construction Grant Program provided \$132.6 million to districts.
- 4. North Carolina:** In 2017 and 2018 appropriated over \$100 million to the Needs-Based Public School Capital Fund.
- 5. Ohio:** Nine school districts received \$187 million from the Ohio Facilities Construction Commission in 2019.
- 6. Washington:** Schools can receive up to \$100,000 for facility repairs and renovations from the \$1 million appropriated to the state building construction account in 2019.
- 7. West Virginia:** From 2015 to 2019, 39 schools received \$24.5 million through the Major Improvement Project program. An additional 77 school received \$198.3 million through the Needs Grants.

#### ILLINOIS' CAPITAL INFRASTRUCTURE BILL

In June 2019, the Illinois legislature passed a \$45 billion capital infrastructure bill for fiscal year 2020, addressing capital needs throughout the state, including K-12 education and early childhood providers. The money will be used over the next six years.

One percent of the total package was directed towards schools, with \$119.5 million going to specific school projects and the remaining \$407 million split between two funds. One fund will allow organizations to apply for grant money; the other is for legislators to use within their districts.

Of the 352 specified school projects, six were for charter schools, totaling \$12.9 million. It appears that this is the first time that Illinois has included charter schools in state facility grant programs. The impact of the remaining funds is yet to be determined.



### State Program Funding: Charter Schools Ineligible

As mentioned earlier, three states exclude charter schools from state school facility funding programs. New Jersey is one example of a state that has state facility funding but does not allow charter schools to access to these funds.

1. **New Jersey:** From 2008 to 2015, the Grant Program for School Facilities Projects legislation allocated \$1 billion to districts for school facilities and an additional \$50 million to vocational schools.

**TABLE 3. SAMPLE OF ANNUAL PUBLIC SCHOOL FUNDING THROUGH STATE GRANT PROGRAMS (CHARTER SCHOOLS EXPLICITLY ELIGIBLE), 2019**

STATE	TOTAL FUNDING	TOTAL CHARTER SCHOOL FUNDING	PERCENT CHARTER FUNDING	NUMBER OF CHARTER SCHOOLS
Alaska	\$70.2 million	\$0	0%	0
Colorado	\$255 million	\$36 million	14%	5
Delaware	\$15 million	\$2.5 million	17%	22
Florida*	\$99 million	\$9.9 million	10%	658
Minnesota	\$526.5 million	\$7.5 million	1%	164
New Hampshire**	\$9.3 Million	\$184,855	2%	8
New Mexico	\$163 million	\$126,000	0.08%	6

\* Programmatic funding, not available on an annual basis, for improving school security.  
 \*\* Calculated annual estimates based on 3-year totals

**TABLE 4. SAMPLE OF ANNUAL PUBLIC SCHOOL FUNDING THROUGH STATE GRANT PROGRAMS (CHARTER SCHOOLS NOT EXPLICITLY ELIGIBLE), 2019**

STATE	TOTAL FUNDING	TOTAL CHARTER FUNDING	PERCENT CHARTER FUNDING	NUMBER OF CHARTERS
Hawaii	\$559 million	\$0	0%	0
Illinois*	\$88 million	\$12.9 million	15%	6
Indiana*	\$8.3 million	\$0	0%	0
North Carolina*	\$50 million	\$0	0%	0
Ohio	\$187 million	\$0	0%	0
Washington	\$1 million	\$0	0%	0
West Virginia	\$32.7 million	\$0	0%	0
New Jersey*	\$130 million	\$0	0%	0

\* Calculated annual estimates based on multi-year period of data available



## VIEWS FROM THE FIELD

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This report on State School Facility Support is part of a series of state policy analyses documenting state programs that allow charter schools to access their facilities grant programs. In addition to exploring the various state statutes and their impact, the series includes carefully gathered views from the field, featuring the opinions and perspectives of practitioners, advocates, and national experts. The views from the field panel found the following.

**State Program funding may be an overlooked opportunity:** Establishing charter school eligibility for state facility programs can be difficult; the awareness that charter schools have gained access to program funding in other states can help prompt new conversations in states where charter schools have not. In states that do not explicitly include charters, there are millions of facilities dollars not being accessed by charters. Hawaii, Ohio, Washington, and West Virginia provided roughly \$780 million through state grant programs in 2019. Prior to 2019, Illinois and Indiana provided over \$3.2 billion in a 15 year period, North Carolina provided \$100 million over 2 years, and New Jersey provided over \$1 billion in an 8 year period.

**Establishing charter school eligibility at the outset is likely easier than amending programs already in place:** Pushing for charter school inclusion in state programs may be most viable when those programs are first being created. Colorado's track record of charter schools accessing funds through the BEST program may be the best example of charter school advocacy coinciding with the BEST program's launch—at the moment when the BEST program needed votes and had yet to establish the criteria and process by which schools were to access funds. By contrast, in New Mexico and Ohio, where state programs predate charter schools and were written without charter schools in mind, access has been elusive or at least difficult to come by.

**Even where eligibility or prioritization for state program funding was not written with charter schools in mind, there are likely parallels to the facility challenges charter schools face:** Improving access to state funds may depend on the ability to establish those parallels, and statewide “inventories” or assessments of all public school facilities can provide useful criteria.