

CHARTER FACILITIES: THE MISSING LINK IN FUNDING EQUITY

A PENNCAN ISSUE BRIEF



CHARTER FACILITIES

THE MISSING LINK IN FUNDING EQUITY

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Introduction and summary

All public schools deserve adequate and equitable funding. In 2015, Pennsylvania’s bipartisan Basic Education Funding Commission (BEFC) proposed a state funding formula that would distribute state education dollars to districts in a more equitable, accurate and predictable manner.¹ However, when Governor Wolf allowed the 2015-16 budget to become law on March 28, 2016, he also vetoed the accompanying Fiscal Code, which included the BEFC formula. Despite overwhelming support for adopting a more objective and less political way of funding Pennsylvania’s public schools, the new formula will likely remain in limbo for the foreseeable future.

While the Basic Education subsidy remains the most pressing school funding challenge, there are other glaring funding inequities facing our students, particularly our low-income and minority students. Most notably, public brick-and-mortar charter schools receive significantly less per-pupil funding than other public schools. Estimates vary, but a recent independent study estimated that PA’s charter school students receive 32 percent less than they would if they attended district schools.²

This inequity stems largely from charter schools’ lack of access to the same facilities funding available to school districts. A charter school’s funding is based on the per-pupil spending in its district of residence, but capital expenditures and debt service are omitted from the equation.³ Charter schools must divert instructional dollars to cover the cost of facilities rentals and purchases, construction and/or renovation, as well as debt service and the purchase of capital equipment. Given that Pennsylvania schools spend approximately \$1,500 per pupil on capital expenditures and debt service annually,⁴ it is easy to see how the lack of access to this funding stream hampers charter schools’ ability to serve students on a level playing field.

This issue brief outlines why it is important that charter schools have access to facilities funding—and, ultimately, to sound facilities. We also dive deeper into the facilities funding landscape nationally and in Pennsylvania. We show how a lack of access to facilities funding poses challenges to charter schools across the state, and we conclude with the following five state policy recommendations to improve facilities funding equity in Pennsylvania. Lawmakers should:

- Strengthen per-pupil facilities funding for charter schools.
- Include charter schools in the Pennsylvania State Intercept Program for School Districts.
- Create a capital grant program and/or a revolving loan fund.
- Provide charter schools access to district facilities.
- Renew charter schools on terms longer than five years.

1 “Basic Education Funding Commission: Report and Recommendations,” Pennsylvania Senate (June 18, 2015), accessed March 1, 2016, <http://basiceducationfundingcommission.pasenate.gov.com/files/2014/08/final-report-061915-.pdf>.

2 Meagan Batdorff, Larry Maloney, Jay F. May, Sheree T. Speakman, Patrick J. Wolf and Albert Cheng, “Charter School Funding: Inequity Expands,” University of Arkansas (April 2014), p. 15, accessed March 1, 2016, <http://www.uaedreform.org/wp-content/uploads/charter-funding-inequity-expands.pdf>.

3 District expenditures on nonpublic schools, adult education programs, community colleges, special education and transportation are also deducted from charter schools’ per-pupil allocations, though charter schools receive special education funding from the state and transportation assistance from districts. Federal funding is not passed through districts to charter schools either, but charter schools may apply for federal funds directly. See Pennsylvania School Code § 1725-A.

4 “Total and current expenditures per pupil in fall enrollment in public elementary and secondary education, by function and state or jurisdiction: 2012-13,” U.S. Department of Education, National Center for Education Statistics, Digest of Education Statistics, accessed February 12, 2016, https://nces.ed.gov/programs/digest/d15/tables/dt15_236.75.asp?current=yes.

Why facilities matter

1

There is a fundamental lack of fairness in denying one group of public schools access to funding that is available to another group of public schools. Pennsylvania's facilities funding problem is worth fixing for that reason alone. Still, there are many other reasons why it is important that Pennsylvania's public schools and their students have equitable access to facilities and the funding to maintain these facilities.

- *School facilities impact students' health and their ability to learn.* Research shows, for example, that lack of natural light can impact student alertness and that improper ventilation can hinder student achievement and health.⁵ A recent study also found that public investment in school facilities was associated with an increase in student test scores.⁶ While it is important that all schools have good facilities, charter schools are at a distinct disadvantage that needs to be corrected.⁷
- *Uncertainty surrounding facilities hinders the ability of excellent schools to grow and serve more students.* While a charter school that is just starting out may be able to get by with a small rental facility, that school will need more space as it expands to more grades and more campuses—and the lack of facilities funding stands in the way. A 2012 national survey found that more than half of charter schools are located in facilities that will not be adequate for enrollment growth in the next five years.⁸

5 Lindsay Baker and Harvey Bernstein, "The Impact of School Buildings on Student Health and Performance," McGraw-Hill Research Foundation and The Center for Green Schools (February 2012), accessed February 22, 2016, http://www.ncef.org/pubs/010715.McGrawHill_ImpactOnHealth.pdf.

6 Christopher A. Neilson and Seth D. Zimmerman, "The effect of school construction on test scores, school enrollment, and home prices," *Journal of Public Economics* (December 2014), Volume 120: 18-31, accessed February 22, 2016, <http://www.sciencedirect.com/science/article/pii/S0047272714001765>.

7 For more, see "Initial Findings from Twelve States," Charter School Facilities Initiative (November 2013), accessed February 22, 2016, http://facilitiesinitiative.org/media/1015/csfinalsummary_12statesfnl.pdf.

8 "Public Charter School Facilities: Results from the NAPCS National Charter School Survey, School Year 2011-2012," National Alliance for Public Charter Schools (2012), accessed February 22, 2016, http://www.publiccharters.org/wp-content/uploads/2014/01/Public-Charter-School-Facilities-National-Survey-Findings_20130905T164026.pdf.

Did You Know?

Hall of Fame tennis player Andre Agassi helped found a charter school in his hometown of Las Vegas. He soon realized that facilities funding was the biggest policy barrier confronting charter schools. In response, he co-founded the Turner-Agassi Charter School Facilities Fund. Its mission is to "provide top-tier charter school operators with access to great facilities, and let them focus on what they do best: educating children." Already, the fund has helped build over 20 charter schools across the country, including one in Philadelphia.

- *Many actions for which charter schools are criticized are caused by a lack of access to adequate facilities financing.* For example, charter schools are criticized for building cash reserves, but they often need these reserves to purchase or construct buildings since they cannot access the typical financing mechanisms available to school districts. Charter schools are also criticized for setting up associated nonprofit organizations, but they often do so because they have trouble accessing the bond market.
- *When charter schools spend operational funding on school facilities, they are diverting money away from the core mission of schools: teaching and learning.* A recent national survey found that charter schools spend an average of 13 percent of their operating budget on facilities.⁹ That number is likely higher in Pennsylvania, given that the state provides very little facilities support to charter schools compared to many other states.¹⁰

⁹ "Public Charter School Facilities: Results from the NAPCS National Charter School Survey, School Year 2011–2012."

¹⁰ "2014 Charter School Facility Finance Landscape," Local Initiatives Support Corporation (LISC), accessed February 12, 2016, http://www.lisc.org/media/filer_public/59/38/5938b90b-07cc-411c-845f431f50a4682e/2014csflandscape.pdf.

National context

2

When school districts across the country need to purchase, build or substantially renovate school facilities, they can typically ask voters to approve a bond. Although persuading voters can be challenging, the general obligation bonds they approve are both low-interest and tax-exempt. This is an affordable means of acquiring new or better buildings for students. In many states, districts also have access to significant state-level funding for school facilities. While state participation varies across the country, many states provide close to or more than half of all capital dollars for districts' facilities needs.¹¹

Unlike traditional school districts, public charter schools do not have municipal bonding authority. To raise money for facilities, charter schools rely on a range of other financing options. Most states allow charter schools to issue revenue bonds through a conduit bond issuer.¹² Although revenue bonds are tax-exempt, they have much higher interest rates because they are backed by the charter school's anticipated revenue, not by the full faith and credit of the government like the general obligation bonds issued by school districts. Charter schools also tap into traditional bank loans, as well as financing from nonprofit organizations such as community development financial institutions (CDFI) that specialize in providing credit and financing to underserved mar-

¹¹ "State capital spending on PK–12 school facilities," 21st Century School Fund and National Clearinghouse for Educational Facilities (November 2010), p. 3, accessed February 24, 2016, http://www.ncef.org/pubs/state_capital_spending_on_school_facilities.pdf.

¹² "2014 Charter School Facility Finance Landscape."

kets. Still, it is often difficult for charter schools to obtain facilities financing at a reasonable price, particularly for small, independent charter schools that are not part of large networks, and especially for charter schools in states that only offer short-term charter authorizations.

To ease the burden, many states provide charter schools access to other facilities programs and financing mechanisms.¹³ For example:

- Close to one-third of states with a charter school law provide aid to charters for facilities costs on a per-pupil basis, including Pennsylvania.¹⁴ In most states, this funding can be used to purchase, construct, renovate or lease a facility, though in Pennsylvania it may only be used for the cost of leasing a facility.
- Many states also directly finance charter school facilities projects through grant programs (10 states) and loan programs (10 states¹⁵) although Pennsylvania does not. For example, in 2015, Rhode Island created a new \$20 million revolving loan fund that all schools—including charter schools—can access.¹⁶
- Eight states provide credit enhancement programs to make loans more affordable for charter schools. Credit enhancement takes several forms, but in all cases the government backs charter schools to improve their credit ratings. Beginning in 2014, Texas allowed charter schools to access its Permanent School Fund, a pool of money that guarantees Texas school facilities bonds and thereby lends them a AAA credit rating.¹⁷ Pennsylvania does not include charter schools in its school credit enhancement program.
- Eleven states make district facilities available to charter schools by requiring districts to:
 - Provide space to charter schools;
 - Publish lists of unused space that charter schools can access; and/or
 - Offer charter schools the right of first refusal to lease or purchase unused district facilities.

Pennsylvania does not require districts to take any of these steps.

- Charter schools in many states also find relief in policies that allow long-term charter authorizations. For example, 10 states explicitly mandate or allow 10-year charter renewal terms.¹⁸ By contrast, Pennsylvania charters are up for renewal every five years. Long-term authorizations mean that revenue is more certain, which allows charter schools to acquire lower-interest loans.

These examples show that many states are taking concerted action to address the school facilities equity problem.

13 "2014 Charter School Facility Finance Landscape," and "Measuring up: A tool for comparing state charter school laws and movements," National Alliance for Public Charter Schools, accessed February 29, 2016, <http://www.publiccharters.org/get-the-facts/law-database/>.

14 In the tables that follow we show that Pennsylvania's per-pupil charter facilities funding mechanism is weak compared to other states.

15 Rhode Island's loan program was enacted in 2015 and is not reflected in the "2014 Charter School Facilities Finance Landscape" report.

16 Patrick Anderson, "R.I. School Building Authority launched to help finance school repairs," Providence Journal (August 11, 2015), accessed March 1, 2016, <http://www.providencejournal.com/article/20150811/NEWS/150819875>.

17 Brian Chappatta, "Charter Schools Borrow at Record Pace Led by Texas: Muni Credit," Bloomberg Business (October 20, 2014), accessed March 1, 2016, <http://www.bloomberg.com/news/articles/2014-10-21/charter-schools-borrow-at-record-pace-led-by-texas-muni-credit>.

18 The states are Alaska, Delaware, Georgia, Louisiana, Missouri, North Carolina, Oregon, South Carolina, Tennessee and Texas. See, "Measuring up: A tool for comparing state charter school laws and movements."

Pennsylvania context

3

In addition to issuing general obligation bonds, Pennsylvania school districts may finance school construction projects through the state's PlanCon program. PlanCon reimburses school districts for approved construction projects at a rate of \$4,700 for each elementary student and \$6,200 for each secondary student the new building can serve. For example, a district that constructs a secondary school with a rated capacity of 1,000 students is eligible to receive more than \$6 million in reimbursed funding.¹⁹ However, due to the Governor's veto of the Fiscal Code, PlanCon funding is currently stalled. Until a compromise is reached on PlanCon funding, all Pennsylvania schools will continue to suffer from a lack of state facilities funding.

The state also provides credit enhancement to school districts through the Pennsylvania State Intercept Program for School Districts. The Intercept Program requires the Secretary of Education to withhold funding to districts that fail to make debt service payments and to redirect that funding to the bondholders' agent.²⁰ This repayment guarantee enhances districts' credit ratings and supports acquisition of lower-interest debt.

Pennsylvania's public charter schools, on the other hand, have fewer options for facilities financing. Since capital and debt service expenditures are not included in the calculated per-pupil amount for charter schools²¹—an average \$1,500 shortfall relative to the amount spent by a district of residence²²—they must find other ways to cover facilities costs.

There is no state reimbursement or credit enhancement mechanism for charter schools that purchase, construct or renovate school buildings. Instead, charter schools may choose to save operational dollars until they have enough to cover the facilities costs, or they may seek out funding from nonprofit financiers or traditional bank financing.

19 "School Construction and Facilities (PlanCon): Reimbursable Projects," Pennsylvania Department of Education, accessed March 1, 2016, <http://www.education.pa.gov/Teachers%20-%20Administrators/School%20Construction%20and%20Facilities/Pages/Reimbursable-Projects.aspx#VtXwlywLw5>.

20 "The Pennsylvania State Intercept Program for School Districts - An Updated and Comprehensive Review," Janney Capital Markets (January 22, 2014), accessed March 1, 2016, http://www.janney.com/File%20Library/Fixed%20Income/PA-School-district-update_rev.pdf.

21 Pennsylvania School Code § 1725-A.

22 "Total and current expenditures per pupil in fall enrollment in public elementary and secondary education, by function and state or jurisdiction: 2012-13."

Did You Know?

Using per-pupil dollars to fund construction, renovation, and property purchases not only helps charter schools, it is a smart investment. The state is creating equity when it spends public dollars on capital investments, rather than sending those dollars to landlords.

However, due to Pennsylvania’s five-year charter contracts, any loan or bond contingent on the charter school’s long-term revenue is riskier for the lender, and therefore more expensive for the charter school borrower. Charter schools may also seek tax-exempt bond financing through the State Public School Building Authority, though these higher-interest bonds may not be affordable for many charter schools.

To avoid the need to purchase, build or renovate a facility, many charter schools lease their space. Charter schools may apply for reimbursement of rental costs through PlanCon. If approved, they are reimbursed at a rate of \$160 per pupil for elementary schools, \$220 per pupil for secondary schools and \$270 per pupil for vocational-technical schools.²³

Although PlanCon’s lease reimbursement program is important, a review of per-pupil charter facilities funding programs in other states reveals that PlanCon is weak by comparison. Table 1 shows the 11 other states (plus D.C.) that currently have per-pupil charter facilities funding programs. The data shows that Pennsylvania’s per-pupil funding level is smaller than many other states. Furthermore, most states disburse this per-pupil funding automatically, rather than requiring a reimbursement process, and most states allow the funding to be used for various facilities needs and not just property rental.

If Pennsylvania’s lease reimbursement program were coupled with other programs to support charter schools’ facilities needs, its weaknesses could be overlooked. However, Pennsylvania denies charter schools access to other facilities funding vehicles, many of which are commonly available in other states. For example, 13 states currently provide more than one of the following facilities support mechanisms to charter schools: per-pupil funding, capital grant funding, a loan program, credit enhancement or access to district facilities. Seven states combine per-pupil charter facilities funding with at least one other charter facilities support program.²⁴

Table 2 shows the 13 states (plus D.C.) that currently provide more than one key facilities support program to charter schools. These states represent every geographic region and are demographically diverse. For example, in Massachusetts—where charter schools make up 4.2 percent of public schools, similar to Pennsylvania’s 5.7 percent—the state provides per-pupil facilities funding to charter schools alongside a direct loan program and a credit enhancement program.²⁵

It is clear that Pennsylvania can be—and should be—doing much more to ensure public charter schools have equitable access to school facilities.

²³ “2014 Charter School Facility Finance Landscape,” p. 60.

²⁴ “2014 Charter School Facility Finance Landscape.”

²⁵ “2014 Charter School Facility Finance Landscape.”

TABLE 1 Per-pupil charter school facilities funding across the United States

TABLE 1 SOURCE “2014 Charter School Facility Finance Landscape.” For Massachusetts, see also, “Understanding district aid for commonwealth charter school tuition,” Massachusetts Department of Elementary and Secondary Education, accessed February 29, 2016, <http://www.doe.mass.edu/charter/finance/tuition/Reimbursements.html>.

STATE OR JURISDICTION	PER-PUPIL CHARTER FACILITIES FUNDING CAN BE USED FOR:				IS FUNDING DISBURSED AUTOMATICALLY OR THROUGH A REIMBURSEMENT PROCESS?	FY2014 PER-PUPIL AMOUNT
	RENTAL	PROPERTY PURCHASE	CONSTRUCTION	RENOVATION		
ARIZONA	●	●	●	●	Automatic	N/A*
CALIFORNIA**	●				Reimbursement	Up to \$750
COLORADO	●	●	●	●	Automatic	\$167
FLORIDA**	●	●	●	●	Automatic	\$414–\$628
IDAHO	●	●	●	●	Part automatic Part reimbursement	\$114 (growing to \$171 in FY2015)
MASSACHUSETTS	●	●	●	●	Automatic	\$893
MINNESOTA	●				Reimbursement	Up to \$1,200 (growing to \$1,314 in FY2015)
NEW MEXICO	●				Reimbursement	Up to \$740
OHIO	●	●	●	●	Automatic	\$100
PENNSYLVANIA	●				Reimbursement	\$160–\$270
TENNESSEE	●	●	●	●	Automatic	\$100–\$300
UTAH	●	●	●	●	Automatic	\$171
WASHINGTON, D.C.	●	●	●	●	Automatic	\$3,000

TABLE 1 SOURCE “2014 Charter School Facility Finance Landscape.” For Massachusetts, see also, “Understanding district aid for commonwealth charter school tuition,” Massachusetts Department of Elementary and Secondary Education, accessed February 29, 2016, <http://www.doe.mass.edu/charter/finance/tuition/Reimbursements.html>.

*Arizona charter schools receive per-pupil “equalization assistance” that can be used for any educational expenditure, including facilities financing. Therefore, it is not possible to calculate a specific per-pupil funding amount dedicated to charter facilities.

**Charter schools in California and Florida must meet certain criteria to qualify for per-pupil facilities funding. Note: Three additional states (AK, HI, IN) have statutes allowing for per-pupil charter facilities funding, but these statutes have not been funded in recent years.

TABLE 2 States with multiple charter facilities support programs

TABLE 2 SOURCE "2014 Charter School Facility Finance Landscape."

STATE OR JURISDICTION	PERCENTAGE OF CHARTER SCHOOLS TO ALL PUBLIC SCHOOLS, 2012-2013 ²⁶	THE STATE OR JURISDICTION PROVIDES CHARTER SCHOOLS WITH:				
		PER-PUPIL FACILITIES FUNDING	CAPITAL GRANT FUNDING FOR FACILITIES	A LOAN PROGRAM TO SUPPORT FACILITIES COSTS	A CREDIT ENHANCEMENT MECHANISM TO MAKE LOANS LESS EXPENSIVE	ACCESS TO DISTRICT FACILITIES
ARIZONA	24.5%	●		●		
ARKANSAS	3.0%		●*	●	●	
CALIFORNIA	10.7%	●	●	●	●	●
COLORADO	10.2%	●	●		●	
INDIANA	3.9%	●*		●		●
MASSACHUSETTS	4.2%	●		●	●	
NEW MEXICO	9.4%	●	●			
NEW YORK	4.5%		●			●
OHIO	10.4%	●		●*	●	
RHODE ISLAND ²⁷	4.8%		●	●		
SOUTH CAROLINA	4.6%			●		●
UTAH	9.3%	●		●	●	
WASHINGTON, D.C.	47.1%	●	●	●	●	
WYOMING	1.1%		●			●
PENNSYLVANIA	5.7%	●				

TABLE 2 SOURCE "2014 Charter School Facility Finance Landscape."

*Program is currently unfunded.

²⁶ "Charter School Data Dashboard," National Alliance for Public Charter Schools, accessed April 12, 2016, <http://dashboard.publiccharters.org/Home/?p=Home#state>.

²⁷ Rhode Island's loan program was enacted in 2015 and is not reflected in the "2014 Charter School Facility Finance Landscape" report.

Policy recommendations

4

Pennsylvania charter schools and their students face systemic inequities when it comes to facilities funding. The good news is lawmakers have several ready-made tools at their disposal to help fix the problem. Each of the recommendations below has a strong track record in other states that legislators can look to when crafting solutions for Pennsylvania. Our recommendations for lawmakers include:

1. *Strengthen per-pupil facilities funding for charter schools.* Whether the vehicle is PlanCon or another program,²⁸ lawmakers can use per-pupil funding to bridge much of the facilities inequity between school districts and charter schools. Specifically, lawmakers should ensure that charter schools' per-pupil facilities funding level at least matches the per-pupil facilities expenditures made by a charter school's district of residence—an average of \$1,500 statewide.²⁹ Additionally, per-pupil facilities funding should not be limited to lease reimbursements. Instead, funds should be on an automatically disbursed funding stream that charter schools can use to purchase property, construct or renovate facilities, or pay lease agreements.
2. *Include charter schools in the Pennsylvania State Intercept Program for School Districts.* Pennsylvania already has a credit enhancement program in place for districts that could be easily opened for charter schools. The state should help charter schools acquire more affordable facilities loans and join the eight other states (plus D.C.) that have incorporated charter schools into their credit enhancement programs.³⁰

²⁸ Jason Scott, "PlanCon moratorium, cutbacks resurface," Central Penn Business Journal (July 3, 2015), accessed March 1, 2016, <http://www.cpbj.com/article/20150703/CPBJ01/307029997/plancon-moratorium-cutbacks-resurface>.

²⁹ "Total and current expenditures per pupil in fall enrollment in public elementary and secondary education, by function and state or jurisdiction: 2012-13."

³⁰ "2014 Charter School Facility Finance Landscape."

EXAMPLE FROM THE FIELD

City Charter High School (Pittsburgh, PA)

City High leases its facilities for approximately \$1.3 million per year and spends another \$0.5 million on related facilities costs. This expense marks the second largest line item in City High's budget, after salaries and benefits, and accounts for about 18 percent of its operating expenditures. Still, the state only reimburses City High for roughly 5 percent of its \$1.3 million in lease payments, leaving the school to divert instructional dollars that should be going to classrooms to cover these costs. Furthermore, with no mechanism in place to build equity in this space neither the school, the city, nor the state will ever recoup this funding.

City High does not borrow money for facilities, noting that Pennsylvania's five-year renewal term for charter schools is perceived as a greater credit risk for lenders. School officials note that these and other policies affect their plans for growth "only in a negative manner," and describe the facilities funding problem as a top challenge they are facing. A school leader stated, "If our lease expense continues to increase with no appropriate state subsidies and ability to build equity in the space, the mission and vision of City High for urban youth will be negatively impacted."

3. *Create a capital grant program and/or a revolving loan fund.* Direct financing of school facilities through grants and loan programs is a common practice in other states.³¹ It also provides the state a means of incentivizing certain types of construction or prioritizing certain types of projects, while expanding access to capital for all schools—charter and traditional alike.

4. *Provide charter schools access to district facilities.* Across Pennsylvania—and especially in Philadelphia—districts have surplus space they must manage.³² Instead of allowing this space to remain vacant or selling it to the highest bidder, Pennsylvania has an opportunity to utilize it to enhance the education for public school students. Pennsylvania should join the 11 other states that require districts to make facilities available to charter schools, whether through the direct provision of space or by giving charter schools the right of first refusal to lease or purchase unused district facilities.

5. *Renew charter schools on terms longer than five years.* Pennsylvania charter schools receive an initial five-year contract, which is aligned to national best practices.³³ However, when a charter contract is renewed in Pennsylvania, the term is also typically restricted to five years. This requires our best charter schools to constantly seek re-approval, even if their track records show they are doing a great job serving families and students. It also means that a charter operator’s prospects of receiving a low-interest, long-term loan to purchase, build or renovate school facilities based on anticipated long-term revenue is slim. Pennsylvania should join the 10 states that explicitly mandate or allow 10-year

31 “2014 Charter School Facility Finance Landscape.”

32 “Philadelphia and Other Big Cities Struggle to Find Uses for Closed Schools,” The Pew Charitable Trusts: Philadelphia Research Initiative (February 11, 2013), accessed March 1, 2016, <http://www.pewtrusts.org/en/research-and-analysis/reports/2013/02/11/philadelphia-and-other-big-cities-struggle-to-find-uses-for-closed-schools>.

33 “Measuring up: A tool for comparing state charter school laws and movements.”

EXAMPLE FROM THE FIELD

Young Scholars Charter School (Philadelphia, PA)

Young Scholars Charter School (YSCS) spends more than \$400,000 annually on school facilities—13 percent of its total budget—approximately \$300,000 of which is to cover lease payments. Last year, the state reimbursed YSCS for 12.7 percent of its lease costs. YSCS leaders note that their leased space was not meant to house a school—it lacks a gym and an auditorium, and has low square footage per student—but they had to be creative given the lack of resources available from the state. For this reason, they have negotiated a short-term lease and face a high degree of uncertainty from year to year.

Describing the funding of facilities as a top problem facing YSCS, one school official stated that, “At YSCS, a short charter term, absence of suitable buildings and lack of facilities funding sources has prevented us from being able to grow. Longer charter terms for high-performing schools, greater predictability and transparency regarding performance standards for renewal, and a meaningful state source for facilities funding would significantly improve our ability to work with our landlord to improve the quality of our school.”

charter renewal terms.³⁴ This can be done in such a way as to reward the highest-performing schools, as in Delaware, where only charter schools that have an outstanding performance record can be renewed for 10 years. In fact, House Bill 530 which is currently sitting in the PA House of Representatives, included this very provision, allowing for charter schools that meet a quality benchmark established by the State Board of Education to be renewed on 10-year terms.³⁵

Taking one or more of these five steps would go a long way toward ensuring that all of Pennsylvania’s public schools—and their students—have equitable access to school facilities.

Conclusion

All public schools deserve to be adequately and equitably funded—both traditional public and charter schools. Unfortunately, the school funding debate in Pennsylvania has focused exclusively on the disparity between local school districts, obscuring the disparity between charter schools and traditional public schools. Governor Wolf’s 2016–17 budget proposal includes nearly half a billion dollars in funding cuts to charter schools, despite the fact that charter schools already receive around 70–75 cents on the dollar compared to traditional public schools. The biggest source of this funding gap is a charter school’s lack of access to the same facilities funding as traditional public schools. It is time for Pennsylvania to follow the lead of other states and implement policies that help ensure all students have access to the resources they need to be successful.

34 The states are Alaska, Delaware, Georgia, Louisiana, Missouri, North Carolina, Oregon, South Carolina, Tennessee and Texas. See, “Measuring up: A tool for comparing state charter school laws and movements.”

35 “House Bill No. 530,” The General Assembly of Pennsylvania Session of 2015, p. 82, accessed March 4, 2016, <http://www.legis.state.pa.us/CFDPCS/Legis/PN/Public/btCheck.cfm?txtType=PDF&sessYr=2015&sessInd=0&billBody=H&billTyp=B&billNbr=0530&pn=2696>.

About PennCAN

PennCAN: The Pennsylvania Campaign for Achievement Now launched in the Spring of 2012 as an education reform advocacy organization building a movement of Pennsylvanians with the political will to enact smart public policies so that every Pennsylvania child has access to a high-quality education regardless of their address. We are a branch of 50CAN: The 50-State Campaign for Achievement Now, a growing national network of state-based education reform advocacy groups with campaigns in Rhode Island, Minnesota, New York, Maryland, New Jersey and North Carolina.

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