Legislation & Bylaws Committee Workshop

STATE CHARTER SCHOOL FUNDING

JANUARY 27, 2010

Agenda

- Overview of ConnCAN funding proposal
  - Concerns/Questions
  - Impact on State & Districts
- Overview of Proposal to Increase State Charter School Grant to Comparable Statewide Average Per Pupil Rate
  - Impact on State & Districts
  - Analysis of State Charter Per Pupil Expenditures

State Charter School Funding: Current Law

- Currently, State Charter Schools are funded as follows:
  - $9,300 per pupil grant from the state.
  - State charters are eligible for federal grants, to the same extent as local districts, and many state grants.
  - Local districts are responsible for special education costs.
  - Local districts are required to pay for transportation if they are sending students to a state charter school that is located in the sending district.
  - State Charter Schools have the flexibility to:
    - Carry forward unused state funds
    - Raise private funds

Charter School Enrollment

- For the 2009-2010 school year, there are currently 5,214 students from 85 districts enrolled in 18 charter schools across the state.
- Currently, Connecticut law restricts state charter school growth by:
  - Allowing the State Board to grant new charters only to the extent that there is funding available for those schools; and
  - Placing enrollment caps to limit growth in those schools.
- On January 6, 2010, the State Board voted to approve a legislative proposal to amend Connecticut statutes to allow for additional growth in state charters.

ConnCAN Proposal:
Transition to Money Follows the Child Funding Model

- Overview:
  - Proposal seeks to **transition to a "money follows the child"** funding model for state charter schools beginning in the 2011-2012 school year (Fiscal Year 2012).
  - Each sending district would be required to pay to state charter schools, on a per pupil basis:
    - An amount equal to the **Adjusted Net Current Expenditure Per Pupil** for the sending district, including special education costs (an amount still yet to be calculated); and
    - A **per pupil school facilities "allowance."**
  - **Payments** to the charter schools would not flow directly from the sending districts to the charter schools but would be **deducted from a district's ECS payment.**

ConnCAN Proposal:
Transition to Money Follows the Child Funding Model

- Overview (cont'd):
  - **Transitional** funding would be provided by the state to assist districts in shifting to this model:
    - Year 1: 100% of costs covered by the state
    - Year 2: 60% of costs covered by the state
    - Year 3: 40% of costs covered by the state
  - In addition to the facilities "allowance", **charter schools would be eligible for school construction funding** "on equivalent terms as traditional public schools."
  - Charter schools would be responsible for the cost of special education students.

Details of Massachusetts Funding Model

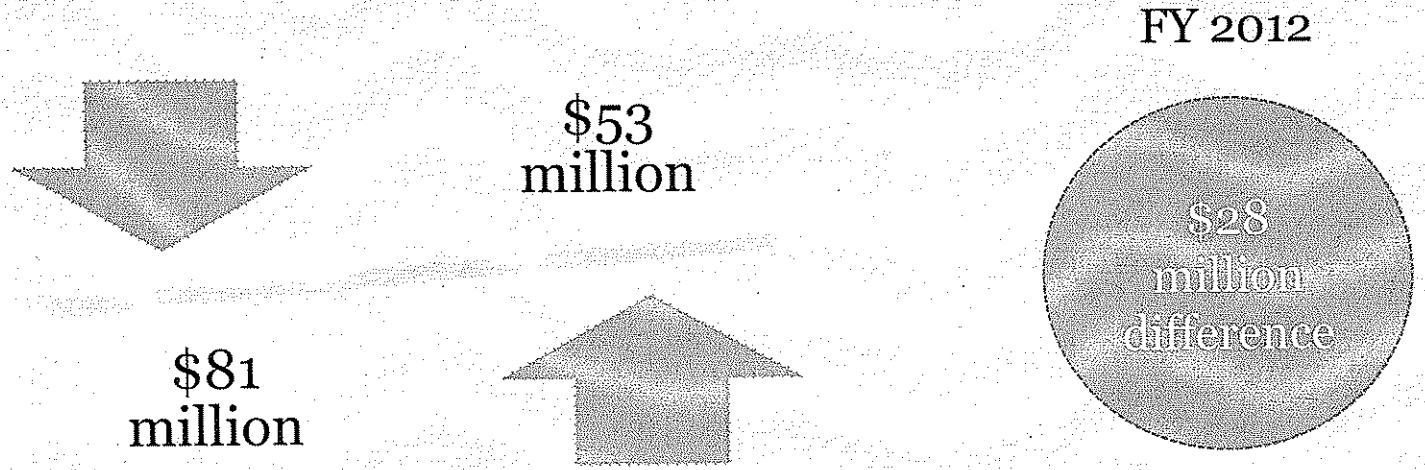
- Transitional Aid: Provided by the state to districts *each year* that a district's total charter school tuition amount is greater than the previous year.
  - Recently, Massachusetts statute was amended to provide transitional aid for 6 years rather than just 3 (100% of the increase for year 1 and then 25% of the increase for 5 years).
- School Facilities: A per pupil fee is included in the tuition rate to cover a portion of the per pupil capital needs component, however:
  - The state reimburses the sending district for this cost; and
  - Charter schools are NOT eligible for school building assistance funds.

Details of Massachusetts Funding Model

- "Foundation Rate" v. Adjusted Net Current Expenditure:
  - While Massachusetts does have a "money follows the child" funding model, the amount of money a district owes to a charter school is based on a *statutory formula*, known as the foundation rate, which represents the minimum spending level needed to provide an adequate education in that district.
- Caps on Charter School Growth: Massachusetts has a number of provisions in statute which limit state charter school growth, including:
  - Effective caps on the number of students from a single district that may enroll in state charter schools;
  - Limits on the number of state charter schools that may be approved in high-performing districts; and
  - Limits on the number of state charter schools that may be approved in a community with a population of less than 30,000.

ConnCAN Proposal: State Impact

- **Transitional Aid**
  - In 2011-2012, ConnCAN estimates that the transitional aid will cost the state nearly $81 million (not including special education costs).
  - For the 2010-2011 fiscal year, the General Assembly budgeted $53 million for charter schools. If this money is shifted to cover the costs of transitional aid, there is still a $28 million shortfall (at a minimum) that will need to be filled.



ConnCAN Proposal: State Impact

- **Transitional Aid (cont'd):**
  - ConnCAN suggests that Race to the Top funds might be available to fill this hole.
  - Connecticut is eligible to receive $175 million *over four years*, or $43 million a year. There are not adequate funds available through Race to the Top to meet all of the application requirements *and* to support the costs of the transitional aid.
  - Transitional aid will be required indefinitely, as long as state charter schools continue to expand.
- **ECS**
  - Districts do not currently receive ECS payments for the 5,214 students currently enrolled in state charter schools.
  - The majority of these students come from Hartford, Bridgeport, and New Haven which receive in ECS, on average, more than $7,800 per pupil.
  - If these students are added back into the enrollment count for their sending district in 2011-2012, this could lead to a potential cost to the state of an additional $40 million.

ConnCAN Proposal: Local Impact

- **Enrollment Growth:**
  - The impact of the ConnCAN proposal will vary from district to district, depending on the number of charter school students enrolled from that district.
  - ConnCAN's projected enrollment figures are quite conservative, especially if funding restrictions are removed.
  - In addition, ConnCAN's proposal only identifies enrollment growth in Hartford, Bridgeport and New Haven.
  - Figures obtained by the State Department of Education from State Charter Schools directly, project that the total enrollment for 2010-2011 could reach 6,012. ConnCAN projects that we will not reach this level of enrollment until 2012-2013.

ConnCAN Proposal: Local Impact

	Enrollment
2009-2010 Actual Charter School Enrollment	5,214
2010-2011 Enrollment Appropriated in FY 11 Budget	5,711
2010-2011 Projected Enrollment by Charter Schools	6,012
2011-2012 Projected Enrollment by ConnCAN	5,916

Town	SDE Projected Enrollment *2010-2011*	ConnCAN Projected Enrollment *2011-2012*	Difference
Bridgeport	1,451	1,386	65
Hartford	1,252	1,125	127
New Haven	1,865	1,732	133

ConnCAN Proposal: Impact on Districts

The table below provides a snapshot of how different districts will be impacted by the ConnCAN proposal, based on *current* charter school enrollment numbers.

Town	A Charter School Student Enrollment (2009-2010)	B Adjusted Net Current Expenditure Per Pupil (2008-2009)	C Facilities Fee	D Estimated Total Payment to Charters Deducted from ECS [A x (B+C)]	E % of ECS Projected to be Withheld in 2011-2012 (based on 2009-2010 appropriation)	F % of Total Net Expenditures Projected to be Withheld in 2011-2012
Litchfield	7	$10,566	$1,759	$86,275	5.8%	.5%
West Hartford	18	$9,782	$1,759	$207,738	1.2%	.16%
Bloomfield	63	$13,001	$1,759	$929,880	17.19%	2.8%
Stamford	266	$12,762	$1,759	$3,862,586	51%	1.6%
New Haven	1579	$14,002	$1,759	$24,886,619	17.4%	9.9%

Proposal: Increase State Charter School Grant to Comparable Statewide Average

- This proposal seeks to increase the charter school per pupil grant to a comparable statewide average that, for the 2008-2009 school year, was calculated at $10,386.
- **Local Impact**: This proposal will have no impact on local budgets.
- **State Impact**: Charter school enrollment is expected to grow to 5,711 students in the 2010-2011 school year, based on the current budget appropriation of $53 million. To increase the per pupil grant to $10,386 based on these enrollment figures would cost the state approximately $6 million in the 2010-2011 fiscal year.

Analysis of State Charter Per Pupil Expenditures

- Over 90% of the charter school students currently enrolled in state charter schools come from 11 districts: New Haven, Bridgeport, Hartford, Norwich, Stamford, Norwalk, Manchester, New London, Hamden, East Hartford, and Bloomfield.
- The average adjusted net current expenditure per pupil for these 11 districts is $11,774.
- The average per pupil expenditure by the 12 state charter schools that the students from those 11 districts are enrolled is $12,134.

Discussion