



House Appropriations Subcommittee on Education

Charter School Finance Presentation
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January 2018 | 12439 N. 32nd St. | Phoenix, AZ 85032



Public School Choice Overview

- Charter schools have been part of the fabric of Arizona's K-12 education system for over 20 years.
- Arizona's parents and families have been continuing to exercise choice more and more each year.
- Nearly 1 in 2 students in Maricopa County are exercising some form of public school choice (open enrollment and charter schools).

Arizona Public School Enrollment

School Year		2012-13	2013-14	2014-15	2015-16	2016-17
Charter	Enrollment	145,273	155,545	163,673	175,535	185,900
	Percent Growth		7.1%	5.2%	7.2%	5.9%
District	Enrollment	950,747	946,323	952,217	948,970	941,686
	Percent Growth		-0.5%	0.6%	-0.3%	-0.8%

Source: Arizona Department of Education, October 1 Enrollment

Charter School Fast Facts



➤ CHARTER SCHOOL STUDENT ENROLLMENT

- About 185,000
- 17% of overall public student population

➤ NUMBER OF CHARTER SCHOOLS

- 556 charter schools.
- About 30% of all public schools

➤ DEMOGRAPHICS OF CHARTER SCHOOL STUDENTS

- 55% of charter students identify as non-white

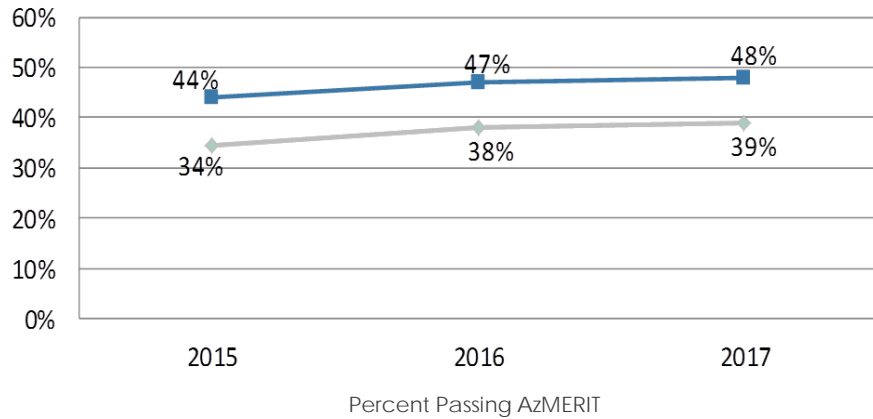
➤ CHARTER SCHOOL STUDENT ACHIEVEMENT

- For the last three years, public charter students in all racial and ethnic groups outperformed the state average for their group in Math and English.

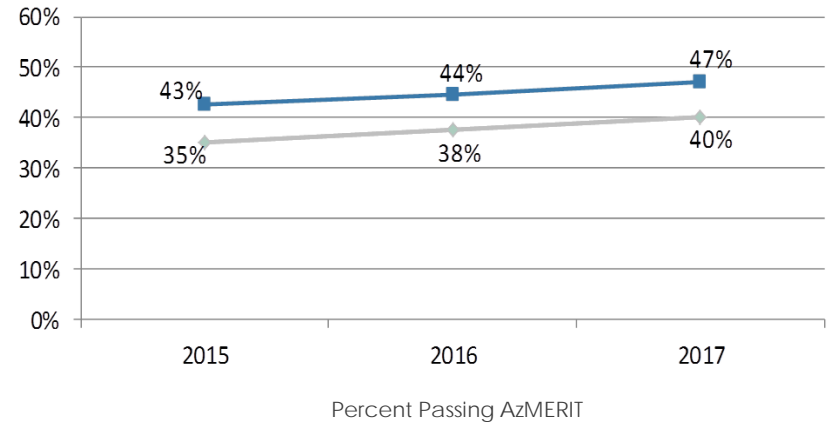
Public Charter School Performance

2015 - 2017 AZMERIT DATA

ENGLISH LANGUAGE ARTS



MATHEMATICS



■ Charter
◆ State

Introduction to Charter School Finance

- Charter school funding is similar to districts where it is generated based on the number and types of students you have in your schools.
 - Students are given the same weights as district students (Group A and B) based on their needs and grade level.
 - Charter schools are funded on current year student counts similar to district schools (change was made for districts in 2017)
- Funding Sources
 - Charter schools are completely funded out of the General Fund and have no access to any local property tax base.

Charter Funding Formula Components

BASE LEVEL

WEIGHTED STUDENT COUNT

\$3,683.27

FY 2018

CHARTER

ADDITIONAL ASSISTANCE

UNWEIGHTED STUDENT COUNT

\$1,775.05 \$2,068.79

Grades K-8

Grades 9-12

FY 2018

Charter School Formula Basics

Student
Counts



Student
Weights



Base Level
Amounts



Base
Funding

Student
Counts



Base Level
Amounts



Additional
Assistance
Funding

Base
Funding




Additional
Assistance
Funding



Total
Charter
Funding

Charter Additional Assistance

- 
- Similar to school districts charter schools receive additional assistance. This extra amount is differentiated based on grade level.
 - This funding is unrestricted and can be used by the charter school for maintenance and operations, capital, facilities, etc.
 - Charter additional assistance has historically received inflation to support the ongoing increases in operating and capital costs. Although it has not kept pace with construction inflation increases, it is important that this practice continues.
 - Charter schools use this funding to fund all of their capital and facility needs. They do not have access to any local bonds or overrides like school districts do.
 - Similar to school districts, charter schools have experienced ongoing suspensions to the additional assistance formula at \$18.656 million or about \$100 per charter student.

Charter vs. District Funding

Table 2: All Reported Funding

Item	School Districts		Charter Schools	
	Total	Per Pupil	Total	Per Pupil
Average Daily Membership (ADM) pupils	926,774		164,351	
Maintenance & Operations (M&O)	\$5,545,220,793	\$5,983		
Unrestricted Capital Outlay	255,921,742	276		
Classroom Site & Instruc Improv Funds	406,161,073	438		
School Facilities	24,294,093	26		
Adjacent Ways	29,194,163	32		
Debt Service	887,266,863	957		
Other	1,683,520,624	1,817		
Charter School - General Projects			\$1,290,264,377	\$7,851
Charter School - Federal Projects			76,207,265	464
Charter School - State Projects			1,205,822	7
Charter School - Classroom Site Project			78,263,539	476
Total	\$8,831,579,351	\$9,529	\$1,445,941,003	\$8,798

Notes:

1. Includes all reported Maintenance and Operation (M&O), Capital, and "Other" Funding from state, federal and local sources.
2. Funding and ADM data are from the ADE Annual Report for FY 2016.
3. Data for district sponsored charter schools are included in school district totals. Approximately 4,200 ADM pupils attended district sponsored charter schools in FY 2016.
4. Per pupil amounts have been computed by dividing funding totals by corresponding ADM counts and, therefore, represent statewide averages.

Source: [JLBC Staff Report, 6-26-17](#)

Charter vs. District Funding Components

CHARTER

- Base Support Level
- Charter Additional Assistance
- Classroom Site Fund

DISTRICT

- Base Support Level
- District Additional Assistance
- Transportation Support Level
- Classroom Site Fund
- Local M&O Overrides
- Local DAA Overrides
- Local Bonds (facilities)
- Teacher Additional Compensation
- Teacher Experience Index
- Desegregation Levies
- Adjacent Ways
- Dropout Prevention
- School Facilities Board Funding

Charter School Facilities

- Charter schools are required to fund facilities completely out of the funding they receive from the formula. They do not receive any dollars from the School Facilities Board.
- Charter schools go out into the market to secure debt financing and demonstrate why they should grow or build a facility.
- The credit enhancement program has allowed some charter schools to access better interest rates to save money.



Charter Funding Formula Components

POSITIVES

- Simpler and more straight forward.
- Market based approach.

CHALLENGES

- Inequities in access to funding.
- No child should be worth less than another because of the school they choose.
- Facilities financing.
- Growth and the General Fund.

Solutions in School Finance

- Governor's proposed education funding package
 - Moves the state forward in order to have broader conversation.
 - Restores charter additional assistance.
- Diversify charter revenue streams
- Focus less on the educational model and more on equitable funding for students.



QUESTIONS?

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