

# AN ANALYSIS OF THE CHARTER SCHOOL FACILITY LANDSCAPE IN COLORADO

MARCH 2018



COLORADO LEAGUE of  
CHARTER SCHOOLS  
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NATIONAL  
CHARTER SCHOOL  
RESOURCE CENTER  
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## EXECUTIVE SUMMARY

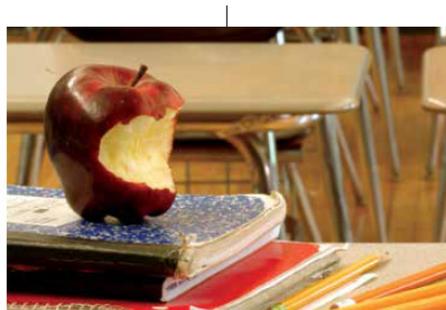
IN THE SPRING OF 2017, THE NATIONAL CHARTER SCHOOL RESOURCE CENTER (NCSRC), the Colorado League of Charter Schools (the League) and the National Alliance for Public Charter Schools (the Alliance) collaborated to collect data and information about charter school facilities and facilities expenditures in the state of Colorado. The data collection in Colorado was supported by the Charter School Facilities Initiative (CSFI), which is a national project developed by the League to research charter school facilities and facilities expenditures across the country. Colorado was first surveyed for the CSFI project during the 2007-08 school year. The current 2016-17 survey is intended to, in part, shed light on recent changes in the state's charter sector.

The CSFI team identified 223 brick and mortar Colorado charter school facilities that were eligible to participate in this project. Of these, 206 eligible charter school facilities completed the Charter School Facilities Survey (92 percent).<sup>1</sup> The sample of brick and mortar charter schools is representative of the state in terms of region, school type/grade configuration, and management type. The survey methodology used for the report was designed to address Colorado-specific facility and policy related issues, including shared use information, facility amenities, ownership, financing, grade levels and waiting lists. For more information on survey methodology, please see Appendix A.

The information contained in this report is based on the Charter School Facilities Survey and enrollment data collected for the 2016-17 school year.<sup>2</sup> In addition, we compare current findings with those from the prior state survey conducted in 2007-08.<sup>3</sup> The policy conclusions are based on the charter school facility landscape in Colorado, the national facility landscape, and the collective expertise of the NCSRC, the League, and the Alliance.

In 2016-17, Colorado charter schools served over 114,000<sup>4</sup> students – or nearly 13 percent of the roughly 905,000 public school students statewide.<sup>5</sup> In 2016-17, 38 percent of Colorado charter school students were eligible for free or reduced-price lunch, as compared to 44 percent of students enrolled in traditional public schools across the state.<sup>6</sup>

Charter schools in Colorado serve a diverse student population – **47 percent** of students enrolled in charter schools in 2016-17 were students



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<sup>1</sup> The number of facilities does not necessarily reflect the number of charter schools in the state. For example, some charter schools have multiple campuses operating as one school, such as an elementary and middle school that are not on the same facility site. Also, multiple separate schools may operate in one common facility.

<sup>2</sup> Enrollment data was obtained from the Colorado Department of Education.

<sup>3</sup> The Colorado League of Charter Schools, "Shortchanged Charters: How Funding Disparities Hurt Colorado's

<sup>4</sup> Colorado Department of Education, 2016-17 Charter School Enrollment, (<https://www.cde.state.co.us/cdechart/2016-17-charter-school-enrollment>)

<sup>5</sup> Colorado Department of Education, 2016-17 Pupil Membership by School, and Grade, (<https://www.cde.state.co.us/cdereval/2016-17-pm-school-grade-pdf>)

<sup>6</sup> Colorado Department of Education, 2016-17 K-12 Free and Reduced Lunch Eligibility by District, and School, (<https://www.cde.state.co.us/cdereval/2016-17-pm-school-frl-k12-excel>). Note that due to data privacy restrictions, FRL data was unavailable for some schools in the 2016-17 school year.

of color, as compared to approximately **46 percent** of students enrolled in traditional public schools.<sup>7</sup>

## Key findings include:

### 1. Colorado charter schools spend operating dollars on facilities and this spending varies across different ownership situations.

- In 2016-17, charter schools in the state spent an average of \$725 per pupil, or **9.8 percent** of pupil funding.<sup>8</sup>
- Charter schools that owned their buildings (**43 percent**) paid an average of \$835 per pupil, or **11.3 percent** of per pupil funding.
- Charter schools that occupied district facilities (**26 percent**) paid an average of \$489 per pupil, or **6.6 percent** of per pupil funding.
- Charter schools that rented from for-profit organizations (**12 percent**) paid an average of \$760 per pupil, or **10.2 percent** of per pupil funding.
- Charter schools that rented from non-profit organizations (**14 percent**) paid an average of \$908 per pupil, or **12.2 percent** of per pupil funding.
- The remaining schools (**5 percent**) occupied other governmental facilities not owned by school districts or were in facilities with mixed ownership structures.

### 2. Colorado's charter sector is poised for continued growth, but state facility funding is not keeping pace with rising enrollment and real estate costs.

- **65 percent** of charter schools indicated they plan to increase enrollment over the next five years, and of these schools, 44 percent do not have the adequate space to accommodate their anticipated enrollment.
- **48 percent** of charter schools in the state had waitlists in 2016-17, and more than 24,000 students were on charter school waitlists in the 2016-17 school year.
- The per pupil funding available to brick and mortar charter schools via the state's Charter School Capital Construction program is expected to decline by **8.5 percent** in 2017-18 as the state's Charter School Capital Construction funding program remains capped at \$25 million despite continued enrollment growth in the charter sector.

<sup>7</sup> Colorado Department of Education, 2016-17 K-12 Free and Reduced Lunch Eligibility by District, and School, (<https://www.cde.state.co.us/cdereval/2016-17-pm-school-racethn-gender-grade-excel>).

<sup>8</sup> Unless otherwise noted, all facilities costs presented in this report deduct state facility funding provided by the Charter School Capital Construction funding program to arrive at a net facility expense.



### 3. Facility costs for Colorado charter schools are increasing.

- In 2016-17, the average facility expenditure for charter schools in Colorado was \$725 per pupil, or roughly **9.8 percent** of per pupil funding. This equates to a compound annual growth rate (CAGR) of **4.7 percent** from 2007-08, which is well above the pace of normal inflation.
- Without the implementation of the Charter School Capital Construction funding program, average facility expenditures for charter schools in 2016-17 would be significantly higher at \$966 per pupil, or **13 percent** of per pupil funding. This would equate to a CAGR of **8.1 percent** from 2007-08.
- **17 percent** of charter schools indicated that the school had to delay its opening date due to facilities-related issues, such as financing, acquisition of property or land, construction, or the lack of available facilities in the desired geographic area.

### 4. More districts in Colorado are sharing bond revenue with their authorized charter schools, but charter schools continue to lack access to state grant funding.

- **46 percent** of charter schools have received bond revenue from district bond elections over the past five years, up from **19 percent** in 2007-08.
- Of the **54 percent** of charter schools that did not receive bond revenue, **71 percent** were in districts that have not passed a bond over the past five years.
- While charter schools account for nearly **13 percent** of statewide enrollment, they have received only **1.6 percent** of Building Excellent Schools Today (BEST) facilities grants over the past five grant cycles.

### 5. Many Colorado charter schools continue to lack the facility amenities, technology, and specialized instructional spaces they require to best implement their educational programs.

- One-third of charter schools in the state were in facilities that were not originally intended to be schools.
- **34 percent** of surveyed charter schools indicated they lacked the amenities and specialized classrooms required to best implement their educational program.
- **17 percent** of charter schools reported facility challenges that prevent the installation of sufficient broadband to access high quality digital content.
- Roughly twice the proportion of rural charter schools (**34 percent**) reported difficulties accessing sufficient broadband capacity.
- **46 percent** of charter schools did not have a dedicated library/media center.
- **26 percent** of charter high schools did not have a dedicated science lab.

**6. Physical education and recreational options may be limited for Colorado charter school students.**

- **46 percent** of charter schools did not have an athletic field on campus.
- **25 percent** of charter schools did not have a gym on campus.

**7. Serving meals can be a challenge for many Colorado charter schools.**

- **55 percent** of charter schools lacked a full-preparatory kitchen facility.
- **67 percent** of charter schools had lunch services brought in by outside caterers (including school districts).

The Charter School Facilities Survey found that Colorado charter schools face challenges in obtaining equitable access to facilities and facilities funding. The Conclusions section further expands on the policy solutions that can be utilized to address the facilities challenges of Colorado's charter schools.

# TABLE OF CONTENTS

Introduction

Key Findings

- #1: [Colorado charter schools spend operating dollars on facilities and this spending varies across different ownership situations](#)
- #2: [The state's charter sector is poised for continued growth, but state facility funding is not keeping pace with rising enrollment and real estate costs](#)
- #3: [Facility costs for Colorado charter schools are increasing](#)
- #4: [More districts are sharing bond revenue with their authorized charter schools, but charter schools continue to lack access to state grant funding](#)
- #5: [Many Colorado charter schools continue to lack the facility amenities, technology, and specialized instructional spaces they require to best implement their educational programs](#)
- #6: [Physical education and recreational options may be limited for Colorado charter school students](#)
- #7: [Serving meals can be a challenge for many Colorado charter schools](#)

[Additional Evidence and Findings](#)

[Conclusions](#)

[Appendices](#)

[Appendix A: Survey Methodology](#)

## **WRITTEN BY**

Ben Lindquist,  
Colorado League of Charter Schools

Kevin Hesla,  
National Alliance for Public Charter Schools

Dan Schaller,  
Colorado League of Charter Schools

Lorna Beckett  
Colorado League of Charter Schools

## **PUBLISHED BY**

National Charter School Resource Center  
Colorado League of Charter Schools

National Alliance for Public Charter Schools

## INTRODUCTION

### Charter School Facilities Initiative Background

Since 2011, the League's work through the CSFI has been supported by the U.S. Department of Education's Charter School Program through a subcontract with the NCSRC.<sup>9</sup> This work is the result of a Task Force launched by the League in 2007.<sup>10</sup> To date, the League and the CSFI have collected charter school facility data in 18 states. The goal of the CSFI is to encourage public policy and private sector changes leading to a comprehensive, sustainable, and adequate public school facilities system. Colorado was the first state surveyed through the CSFI in 2007-08. The 2016-17 survey of Colorado marks the first time that a prior state survey has been updated.

The Charter School Facilities Survey (Survey) was developed as a means of collecting reliable charter school facilities data for research and policy development purposes. Over time, the Survey has evolved to account for changes in public school facilities design and construction, charter school financing, and other relevant policy developments and trends. This Survey is customized for use in each participating state to include state-specific questions that capture the local charter school facilities context. For more information on survey methodology please see Appendix A.

### Colorado Charter School Law

Colorado's first charter schools opened in 1993 with the passage of the state's charter school statute. The Charter Schools Act was established to:

- a) To improve pupil learning by creating schools with high, rigorous standards for pupil performance;
- b) To increase learning opportunities for all pupils, with special emphasis on expanded learning experiences for pupils who are identified as academically low-achieving;
- c) To encourage diverse approaches to learning and education and the use of different, innovative, research-based, or proven teaching methods;
- d) To promote the development of longitudinal analysis of student progress, in addition to participation in the Colorado student assessment program, to measure pupil learning and achievement;
- e) To create new employment options and professional opportunities for teachers and principals, including the opportunity to be responsible for the achievement results of students at the school site;
- f) To provide parents and pupils with expanded choices in the types of education opportunities that are available within the public school system;

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<sup>9</sup> <http://www.charterschoolcenter.ed.gov>

<sup>10</sup> In 2007, the League developed the Colorado Charter School Facilities Survey in partnership with a national leader in school facilities, Paul Hutton, AIA, of Cuninghame Group Architecture, and experts in school planning, Wayne Eckerling, Ph.D. and Allen Balczarek

- g) To encourage parental and community involvement with public schools;  
(g.5) To address the formation of research-based charter schools that use programs that are proven to be effective;
- h) To hold charter schools accountable for performance through the “Education Accountability Act of 2009”, including but not limited to meeting state, school district, and school targets for the measures used to determine the levels of attainment of the performance indicators;
- i) To provide an avenue for citizens to participate in the educational process and environment; and
- j) To provide citizens with multiple avenues by which they can obtain authorization for a charter school.<sup>11</sup>

There are two types of charter authorizers in Colorado – local school districts and the Charter School Institute (CSI).

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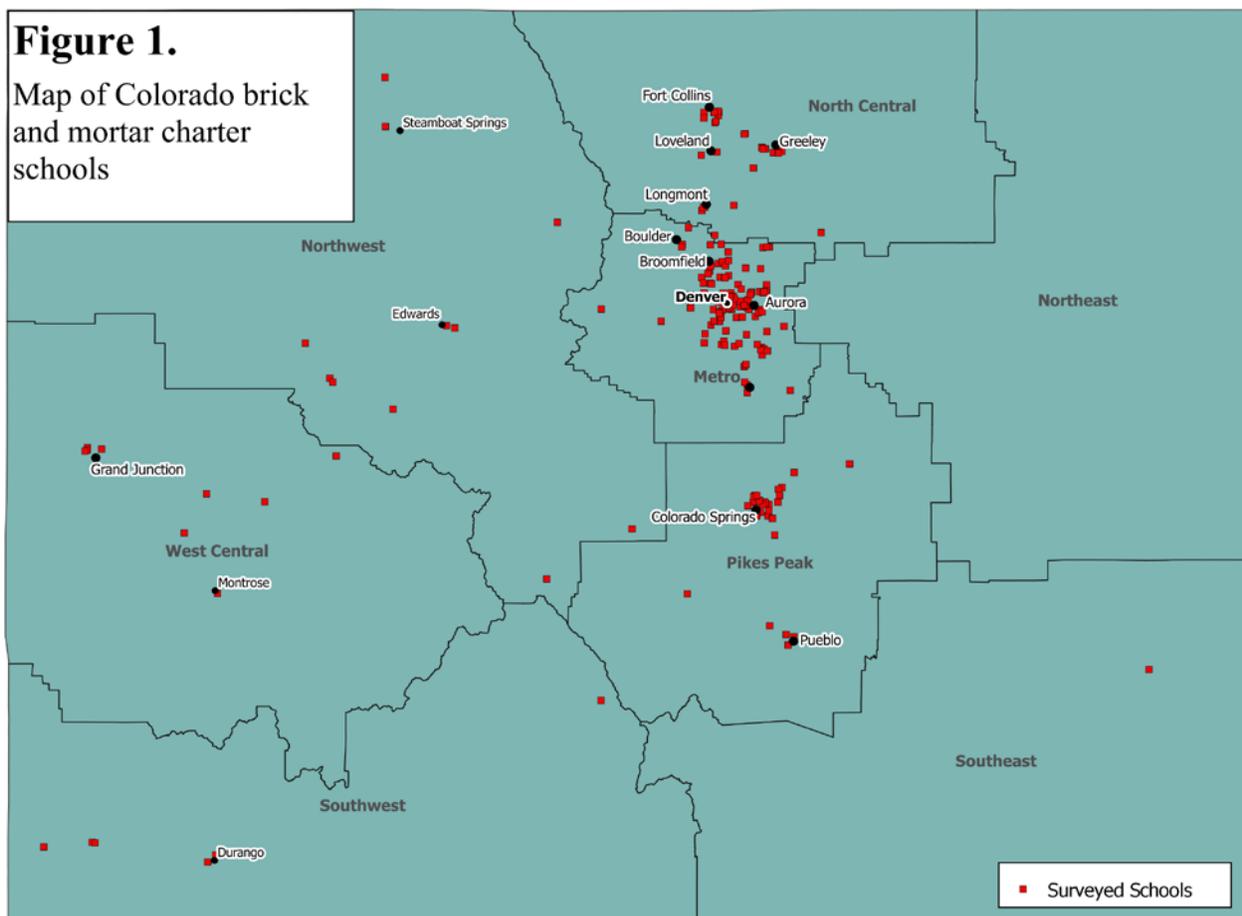
<sup>11</sup> Colorado Revised Statutes, 22-30.5-102. Legislative declaration ([http://www.cde.state.co.us/cdechart/csact\\_part1](http://www.cde.state.co.us/cdechart/csact_part1))

## Colorado Charter School Overview

Site-based public charter schools, commonly called brick and mortar schools, are those in which students physically attend classes. The CSFI team identified 223 brick and mortar Colorado charter school facilities that were eligible to participate in this project in 2016-17. Online schools were excluded because the goal of this report is to focus exclusively on facilities that students physically attend for all, or part, of the school day.

Eligible brick and mortar charter schools were authorized by 43 entities across the state including 42 local school districts and CSI. The majority (57 percent) were in the Denver-Boulder metropolitan area, the state's largest metropolitan area. Charter schools are also well-represented in the state's other urban centers, including Colorado Springs, and areas of north central Colorado. In all, the geographic distribution of charter schools in the state is broad, with brick and mortar charter schools present in seven of the state's eight regions (see Figure 1).

Figure 1  
Map of Colorado brick and mortar charter schools



Regional definitions are based on those utilized by the Colorado Department of Education.<sup>12</sup>

<sup>12</sup> <https://www.cde.state.co.us/cdeedserv/rgmapage>

In 2016-17, **19 percent** of Colorado charter facilities were elementary schools, **9 percent** were middle schools, **15 percent** were high schools, **36 percent** were K-8 schools, **7 percent** were 6-12 schools, and **14 percent** were K-12 schools (see Figure 2).

In 2016-17, **25 percent** of charter school facilities were managed by charter management organizations (CMOs) and **3 percent** were managed by educational management organizations (EMOs).<sup>13</sup> The remaining **72 percent** operated independently of a CMO or EMO (See Figure 3).

Figure 2  
Colorado Charter Schools by Grade Configuration

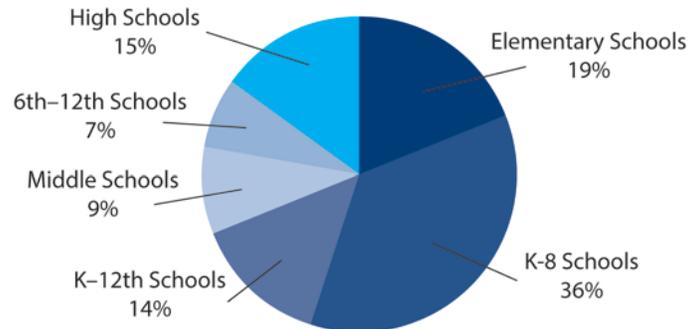
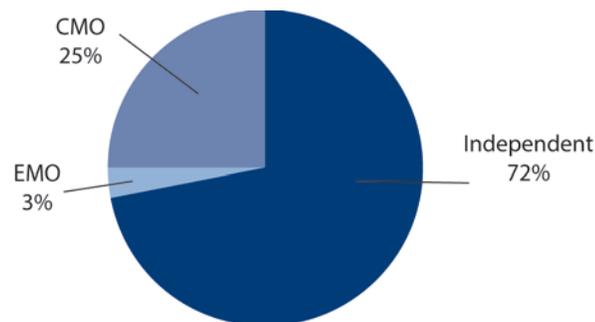


Figure 3  
Colorado Charter Schools by Management Type



<sup>13</sup> Charter Management Organizations (CMOs) are non-profit entities that manage three or more charter schools. CMOs often provide back office functions for charter schools to take advantage of economies of scale, but some also provide a wider range of services – including hiring, professional development, data analysis, public relations and advocacy. Education Management Organizations (EMOs) are for-profit entities that manage charter schools and perform similar functions as CMOs.

## KEY FINDINGS

### Key Finding #1: Colorado charter schools spend operating dollars on facilities and this spending varies across different ownership situations.

In 2016-17, **43 percent** of Colorado charter schools owned their buildings, **26 percent** of charter schools were in district-owned facilities, **12 percent** rented from for-profit organizations, and **14 percent** rented from non-profit organizations. A small number of schools (**5 percent**) were in facilities with mixed ownership structures or were in buildings owned by a government entity other than a school district.

Brick and mortar charter schools are eligible for a per pupil facilities payment via the state's Charter Schools Capital Construction funding program. For schools located in non-district owned facilities, capital construction assistance was set at \$277.66 per FTE pupil in 2016-17. Meanwhile, charter schools located in district-owned facilities received half of this per pupil allocation (\$138.83 per FTE) in 2016-17.<sup>14</sup>

In order to accurately account for true facility costs paid by the charter school, per pupil capital construction funding was deducted from the reported expenditures of each school to arrive at a net facility expenditure paid by the school.

On average, Colorado charter schools reported facilities expenses of \$725, or 9.8 percent of per pupil funding in 2016-17. However, facility expenditures varied greatly depending on the type of entity that owned the facility (See Figure 4).<sup>15</sup>

- **43 percent** of charter schools in the state owned their buildings. These schools reported slightly higher average facility expenses of \$835 per pupil, or **11.3 percent** of per pupil funding.
- Schools located in district-owned facilities constituted **26 percent** of surveyed schools. On average, these schools paid \$489 per pupil, or **6.6 percent** of per pupil funding. It should be noted that state statute prohibits districts from charging rent to charter school tenants. Thus, the \$489 expenditure represents the amount charged by districts for facility operations and maintenance overhead.
- Of the 53 charter schools located in district-owned facilities, approximately **72 percent** were in Denver Public Schools (DPS), the state's largest school district. On average, schools located in DPS facilities (**19 percent** of all schools) paid an average of \$638 per

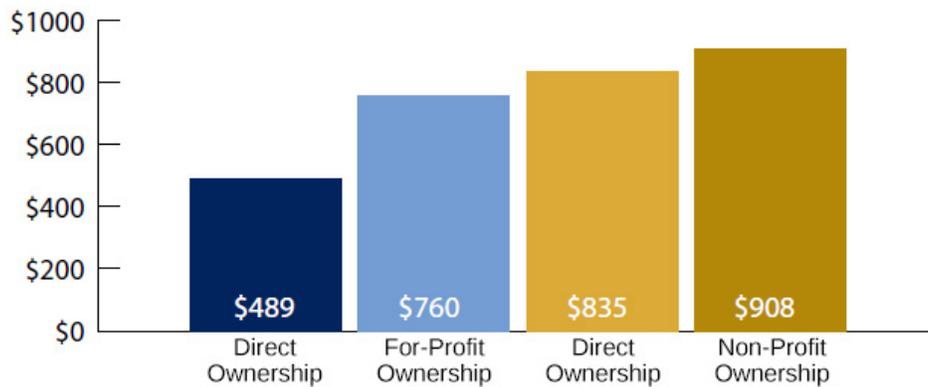
<sup>14</sup> Colorado Department of Education, School Finance Division, CSCC FY 2016-17 Fund Distribution (<https://www.cde.state.co.us/cdefinance/csccdistfy16-17>).

<sup>15</sup> While ownership type is an important factor in charter facility costs, it should be noted that there are many other factors that may impact costs, such as geographic location, building condition, and available amenities. For example, schools renting from non-profit organizations report higher facility costs than those renting from for-profit organizations in this Survey, which is not the case in many states and likely results from differences in facility quality and location among the two sets of surveyed schools.

pupil,<sup>16</sup> as compared to an average facility cost of \$111 per pupil reported by charter schools located in non-DPS district-owned facilities (**7 percent** of all schools).<sup>17</sup>

- Charter schools renting facilities from for-profit organizations constituted **12 percent** of schools. On average, these schools paid \$760 per pupil or **10.2 percent** of per pupil revenue.
- Charter schools renting from non-profit organizations (**14 percent** of schools) paid \$908 per pupil, or **12.2 percent** of PPR.

Figure 4  
Average Facilities Expenditures by Ownership Type



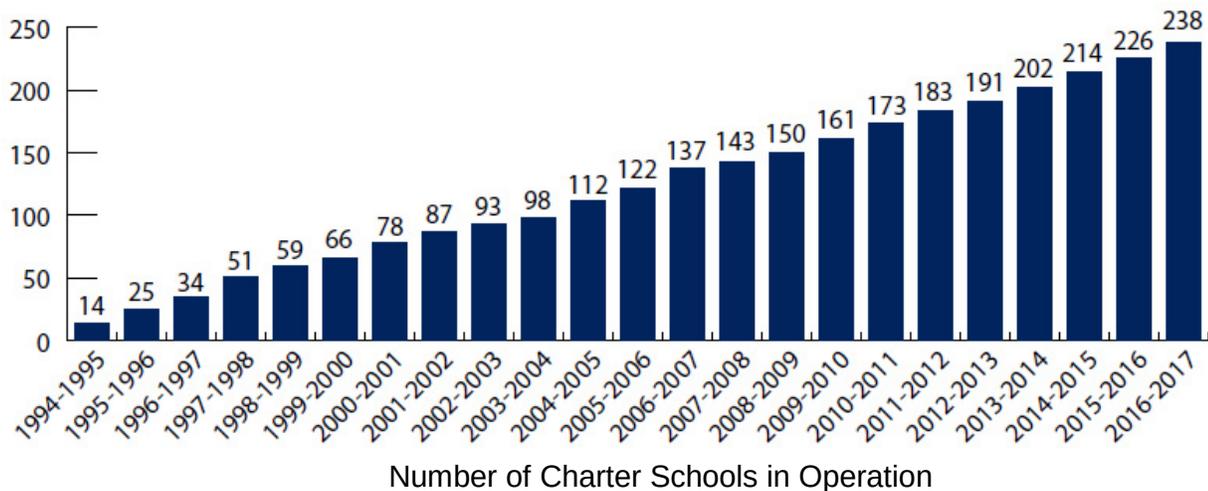
<sup>16</sup> In the 2016-17 school year, DPS charged a \$776.82. per pupil operations and maintenance fee to each charter school located in a district facility. The figure of \$638 reported here accounts for the \$138.83 in capital construction funding that was provided by the state.

<sup>17</sup> Lower fees in non-DPS district facilities result partially from the fact that it is not uncommon for districts in lower cost areas to lease surplus facilities to charter schools free of charge. In those cases, however, the charter school is typically responsible for utilities, facilities maintenance, property insurance, and other overhead. The results of this Survey indicate that costs for utilities, facilities maintenance, and property insurance for Colorado charter schools costs approximately 4.3 percent of PPR.

## Key Finding #2: The state's charter sector is poised for continued growth, but state facility funding is not keeping pace with rising enrollment and real estate costs.

Unmet demand for charter schools is a nationwide issue. The first charter school law was passed 25 years ago in Minnesota. According to the National Alliance for Public Charter Schools, between 1992 and 2016, the number of charter schools has gone from zero to nearly 7,000 in 42 states and D.C., enrolling more than 3 million students. Over the past 10 years, enrollment in charter schools has nearly tripled, climbing from 1.2 million students in 2006-07 to more than 3 million in 2016-17.<sup>18</sup> The growth in Colorado's charter sector has been particularly impressive with over 100 new schools opening over the past decade (see Figure 5).

Figure 5  
Growth in Colorado's Charter Sector



Sources: Colorado Department of Education<sup>19</sup> and League database

More than 24,000 Colorado students remained on charter school waiting lists in 2016-17 – indicating strong demand for Colorado charter schools.<sup>20</sup> The Survey results indicate that a majority of Colorado charter schools plan to grow their enrollment over the next five years to meet the demand for additional charter school seats. In addition, many charter schools may need to acquire a new facility or renovate and expand their current facility to meet the growing desire for charter school seats. Acquiring low cost facility space and accessing funding for facilities to meet the demand is a challenge for charter school operators, and as a result, students wishing to enroll in a Colorado charter school may not have the opportunity.

- **65 percent** of schools indicated that they planned to increase enrollment over the next five years.

<sup>18</sup> National Alliance for Public Charter Schools, Estimated Public Charter School Enrollment 2016-17, ([http://www.publiccharters.org/wp-content/uploads/2017/01/EER\\_Report\\_V5.pdf](http://www.publiccharters.org/wp-content/uploads/2017/01/EER_Report_V5.pdf)).

<sup>19</sup> Colorado Department of Education, State of Charter Schools in Colorado, 2016 (<http://www.cde.state.co.us/communications/20160719stateofcharterupdated>), Estimated Public Charter School Enrollment 2016-17, ([http://www.publiccharters.org/wp-content/uploads/2017/01/EER\\_Report\\_V5.pdf](http://www.publiccharters.org/wp-content/uploads/2017/01/EER_Report_V5.pdf)).

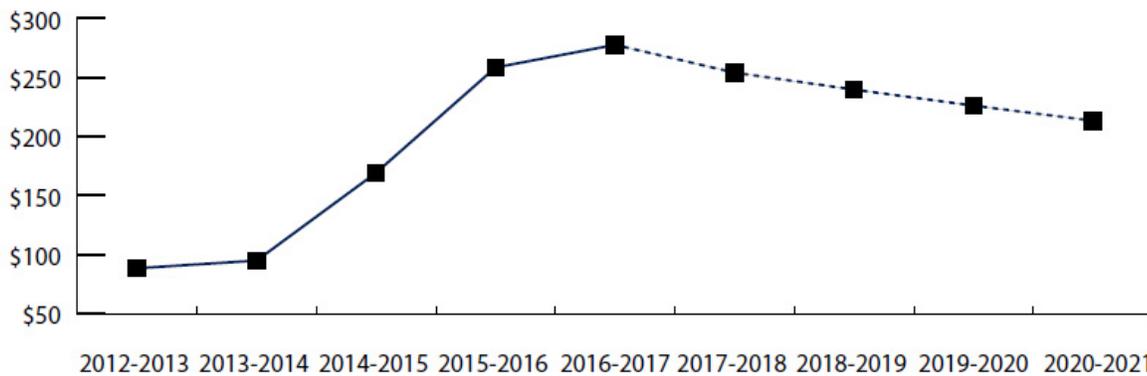
<sup>20</sup> This figure is based on the self-reported waitlist numbers provided by individual schools. Waitlist numbers may overstate aggregate demand due to the possibility for duplication (i.e., a single student may be waitlisted by more than one school). Even with the potential for duplication, the numbers provide clear indication that there is significant unmet demand for charter school seats across the state.

Of schools with plans to expand, **44 percent** did not have the adequate space to accommodate this projected enrollment growth.

**48 percent** of charter schools in the state had waitlists in 2016-17.

While the sector continues to expand, state facilities assistance offered through the Charter School Capital Construction funding program is not keeping pace. In 2017-18, 22 per pupil capital construction funding is expected to decline by 8.5 percent. Since capital construction funding is currently capped at \$25 million for all charter schools in the state, as enrollment increases in the sector, per pupil facilities funding automatically declines.

Figure 6  
Per Pupil Capital Construction Funding Forecasts



### Number of Charter Schools in Operation

Sources: Colorado Department of Education<sup>21</sup> and League database.

If the current cap of \$25 million is not increased, per pupil capital construction funding is expected to fall by 23 percent by 2020-21.<sup>22</sup>

<sup>21</sup> Colorado Department of Education, Finance Division, CSCC FY2017-18 Fund Distribution (<https://www.cde.state.co.us/cdefinance/capconstcharterscls>).

<sup>22</sup> Based on CDE's forecasts for the 2017-18 school year and assuming 6 percent annual enrollment growth in the charter sector from 2018-19 through 2020-21,

### Key Finding #3: Facility costs for Colorado charter schools are increasing.

Colorado has experienced significant demographic and economic growth in recent years, which has propelled real estate prices and rental rates upward in many portions of the state, particularly in Colorado's more populous areas, where much of the state's charter schools are concentrated. A comparison of facility expenditures from 2007-08, when the CSFI survey for Colorado was first conducted, versus 2016-17 reveals that facility expenditures have increased dramatically for Colorado's charter schools.

- In 2007-08, the average facilities expenditure for charter schools in Colorado was \$480 per pupil, or roughly **7.5 percent** of per pupil funding.
- In 2016-2017, the average net facilities expenditure for charter schools in Colorado was \$725 per pupil, or **9.8 percent** of per pupil funding. This equates to a compound annual growth rate (CAGR) of 4.7 percent since 2007-08, which is well above the pace of normal inflation.
- Without the Charter School Capital Construction funding program, average facility expenditures for charter schools in 2016-17 would be significantly higher - \$966 per pupil. This would equate to a CAGR of **8.1 percent** from 2007-08.

Anecdotally, new school operators continue to express challenges in obtaining facilities in areas where real estate costs continue to rise. The results of the Survey indicate that obtaining facilities continues to present a significant obstacle for new school developers:

- **17 percent** of schools indicated that the school had to delay its opening date due to facilities-related issues, such as financing, acquisition of property or land, construction, or the lack of available facilities in the desired geographic area. In addition, many schools approved by districts each year never open due to facility-related issues.

## Key Finding #4: More districts are sharing bond revenue with their authorized charter schools, but charter schools continue to lack access to state grant funding.

Many local school districts can finance construction of new school facilities and renovations of existing facilities through voter-approved bond financing. These bonds have provided additional tax revenue to help support local district facilities and other capital needs. Between 2012 and 2016, voters approved over \$4.1 billion in bonds in for capital construction projects in Colorado school districts with charter schools.<sup>23</sup>

In 2016-17, many charter schools in Colorado had invested in improving or expanding their existing facilities in recent years.

- **61 percent** of charter schools had spent \$20,000 or more on major capital improvement projects over the past five years.
- The median cost of these capital projects was \$1 million.
- **22 percent** of these charter schools constructed a facility within the past five years.
- **30 percent** of these charter schools constructed an addition to an existing facility.
- **64 percent** of these charter schools renovated or upgraded a facility.<sup>24</sup>

Between 2012-13 and 2016-17, less than half of Colorado charter schools (**46 percent**) benefited from district bond money. However, this represents a marked improvement from 2007-08, when just **19 percent** of surveyed charter schools had received bond funds from their respective districts. Forty-two percent of schools were in districts that have not passed a bond over the past five years, while **13 percent** of schools did not receive bond dollars despite successful bond elections in those districts within the past five years.

Another major source of capital construction funding for Colorado schools is the Building Excellent Schools Today (BEST) state facilities grant program. BEST provides an annual amount of funding in the form of competitive grants to school districts and charter schools.

Over the five grant cycles ending in 2016-17, BEST awarded nearly \$420 million in grants to Colorado schools. However, of the 60 charter school applicants, only 9 were awarded (**15 percent** award rate) and these awards amounted to only about **1.6 percent** of total BEST funding. In contrast, the BEST board awarded **63 percent** of district applicants during that time.<sup>25</sup>

<sup>23</sup> Based on analysis of local bond election data compiled by the Colorado School Finance Project (<http://www.cosfp.org/CoSFPElections.html>).

<sup>24</sup> Note that numbers for the type of capital construction project completed do not sum to 100 due to the possibility for multiple selection in this question.

<sup>25</sup> Based on analysis of BEST awards from 2012-13 through 2016-17, (<https://www.cde.state.co.us/cdefinance/capconstbest>).

**Key Finding #5: Many Colorado charter schools continue to lack the facility amenities, technology, and specialized instructional spaces they require to best implement their educational programs.**

Many charter schools lack the traditional amenities and specialized instructional spaces enjoyed by traditional public schools because so many charter schools in the state occupy non-traditional spaces.

- One-third of charter schools in the state were in facilities that were not originally intended to be schools.
- **34 percent** of surveyed charter schools indicated they lacked the amenities and specialized classrooms required to best implement their educational program.
- **17 percent** of charter schools reported facility challenges that prevented the installation of sufficient broadband to access high quality digital content.
- A larger proportion of rural charter schools (**34 percent**) reported difficulties accessing sufficient broadband capacity.
- **46 percent** of charter schools did not have a dedicated library/media center.
- **26 percent** of charter high schools did not have a dedicated science lab.



## Key Finding #6: Physical education and recreational options may be limited for Colorado charter school students.

Physical education options may be limited for Colorado charter school students due to a lack of dedicated indoor facility amenities and outdoor spaces. The majority of Colorado charter schools serving elementary students reported the presence of a playground (**93 percent**). However, many charter schools reported their facility did not have a gymnasium or an athletic field on campus. While it is true that not all public schools have the need for a full range of athletic facilities, for some charter schools the lack of these amenities may make it harder to offer a variety of physical education programs and organized athletic activities for their students.

- **46 percent** of charter schools did not have an athletic field on campus. This represents a significant increase from 2007-08, when only **33 percent** of surveyed schools lacked an athletic field.
- **25 percent** of charter schools did not have a gym on campus. This represents a marked improvement from 2007-08, when **39 percent** of surveyed schools lacked a gym.

## Key Finding #7: Serving meals can be a challenge for many Colorado charter schools

Kitchen facilities are commonly considered a given in traditional public school buildings. However, kitchen facilities are an amenity that many charter schools do without. This is because adding a federally-compliant kitchen is often cost prohibitive when a charter school is building a new school facility or utilizing a nontraditional facility that has been converted into functional educational space. In Colorado, with only **26 percent** of charter schools in district facilities, most charter schools have had to address this issue.

In Colorado, only **78 percent** of charter schools have a lunchroom. Further, a majority of Colorado charter schools (**55 percent**) did not have a full preparatory kitchen in which to prepare hot meals that qualify for reimbursement under the National School Lunch Program. This does, however, represent an improvement from 2007-08, when **72 percent** of schools lacked a full preparatory kitchen.

To cope with the lack of full preparatory kitchens, charter schools that participate in the federally subsidized meal program regularly provide food services by using contracted caterers – which often has additional costs. **Sixty-seven percent** of charter schools in Colorado reported they met this need by purchasing meals from compliant external catering companies (including school districts). These outside service vendors often cost more than the federally subsidized reimbursement rate. Thus, charter schools must find other ways of covering this additional expense, either through operating funds or outside resources.

## ADDITIONAL EVIDENCE AND FINDINGS

**School Environment**

Studies conducted by Uline and Tschannen-Moran,<sup>26</sup> Tanner,<sup>27</sup> Nielson and Zimmerman,<sup>28</sup> and Lumpkin<sup>29</sup> demonstrate a link between the quality of the physical environment within a school facility and students' educational outcomes. Facility characteristics that are believed to have an impact on student learning are: windows and lighting, thermal comfort, acoustics, and indoor air quality. The Survey asked Colorado charter school leaders to rate the physical environment of their school. Many of the schools reported deficiencies with the quality of the school facility and a belief that those deficiencies negatively impact the learning environment for their students:

- **30 percent** of charter schools indicated that noise generated in other classrooms or corridors was disruptive to learning.
- **23 percent** of charter schools reported that classroom temperatures were not reasonably comfortable throughout the school year.
- **27 percent** of charter schools indicated they did not have insulated (thermal pane) windows.
- **15 percent** of charter schools reported that the school has experienced air quality problems.

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<sup>26</sup> Cynthia Uline and Megan Tschannen-Moran, (2008) "The walls speak: the interplay of quality facilities, school climate, and student achievement," *Journal of Educational Administration*, Vol. 46 Issue: 1, pp. 55–73.

<sup>27</sup> C. Kenneth Tanner, (2009) "Effects of school design on student outcomes," *Journal of Educational Administration*, Vol. 47 Issue: 3, pp. 381–399.

<sup>28</sup> Christopher Nielson and Seth Zimmerman, (2014) "The effect of school construction on test scores, school enrollment, and home prices," *Journal of Public Economics*, Vol 120, pp. 18-31.

<sup>29</sup> Ronald B. Lumpkin, (2013) "School Facility Condition and Academic Outcomes," *International Journal of Facility Management*, Vol. 4, No. 3.

## CONCLUSIONS

Colorado's facility landscape has changed significantly over the past decade, which is not surprising considering the rapid growth of the state's charter sector. As of 2016-17, there were nearly **100 more charter schools operating in Colorado than when the first CSFI survey was conducted** in 2007-08. A comparison of the two surveys indicates that a larger percentage of charter schools in 2016-17 had access to some key amenities, such as lunch rooms and gymnasiums, than in 2007-08. In addition, district sharing of bond revenue with charter schools has become much more prevalent. Between 2012-13 and 2016-17, nearly half (**46 percent**) of charter schools had received bond revenue from their district, as compared to **19 percent** in 2007-08.

Despite these improvements, the results of the latest Survey continue to underscore the persistent shortcoming of facilities equity for charter schools. A large proportion of charter schools in Colorado continue to lack the amenities, technology, specialized instructional spaces, and overall facility quality enjoyed by traditional public schools.

Meanwhile, facilities costs are continuing to rise for Colorado's charter schools. In 2016-17, charter schools spent **9.8 percent** of per pupil funding on facilities, which represents a significant increase from 2007-08, when facilities expenses represented **7.5 percent** of per pupil funding. Facilities costs would have increased even more dramatically if not for the Charter School Capital Construction funding program. In the absence of the program, average per pupil costs would have stood at **13 percent** in 2016-17.

Rising facilities costs and the lack of available and affordable real estate, particularly in metropolitan Denver, continue to create challenges for developers seeking to open new schools, for current operators seeking to expand, and CMOs attempting to replicate. A scarcity of available facilities presents a real challenge for meeting the significant pent-up demand for charter schools that exists statewide. Sixty-five percent of charter schools plan to expand enrollment over the next five years. However, meeting this demand proves to be a real challenge as 44 percent of schools with plans to expand enrollment lack the available space to do so.

Attaining facilities equity between Colorado's charter schools and its traditional public schools will require both legislative changes and funding models to support the expenses required for acquisition and renovation. By helping charter schools meet their facilities challenges, Colorado lawmakers will enable charter schools to better serve their students by allocating more operational dollars toward core educational outcomes – rather than directing these critical funds to the continual demands of facility modification and rental costs.

There is no single way to resolve the facilities challenges that Colorado charter schools face. The National Alliance for Public Charter School has developed a Model Law that provides a menu of solutions that may be considered to help mitigate these challenges:

1. A per-pupil facilities allowance that annually reflects actual average district capital costs.
2. A state grant program for charter school facilities.
3. Equal access to existing state facilities programs available to non-charter public schools.
4. A requirement for districts to provide school district space or funding to charter schools if the majority of that school's students reside in that district.

5. Right of first refusal to purchase or lease at or below fair market value a closed, unused, or underused public school facility or property.
6. A state loan program for charter school facilities.
7. Equal access to tax-exempt bonding authorities or allowing charter schools to have their own bonding authorities.
8. Pledging the moral obligation of the state to help charter schools obtain more favorable financing terms.
9. The creation and funding of a state charter school debt reserve fund.
10. The inclusion of charter schools in school district bonding and mill levy requests.
11. A mechanism to provide credit enhancement for charter school facilities.
12. Charter schools allowed to contract at or below fair market value with a school district, a college or university, or any other public or for-profit or nonprofit private entity for the use of facility for a school building.
13. Certain entities allowed to provide space to charter schools within their facilities under their preexisting zoning and land use designations.
14. Charter school facilities exempt from ad valorem taxes and other assessment fees not applicable to other public schools.<sup>30</sup>

Colorado law already addresses some of the components laid out in the Model Law:

- Colorado law provides a per-pupil charter facilities funding program. The state provided \$25 million in 2016-17, which translated into roughly \$250 per student.
- Colorado law allows charter schools to apply for competitive grants from the state's public school facility financing program, the Building Excellent Schools Today (BEST) program.
- Colorado law established the creation of the "Charter School Matching Moneys Loan Program," which was set up to provide a state loan for qualified schools (i.e., investment grade schools) to meet any required matches under the state's public school facility financing program (i.e., BEST).
- The law requires school districts to invite charter schools to discuss their capital construction needs before the district submits a bond request or floats a bond for facilities funding. Districts are not required, however, to include charter schools as part of their requests or bonds.
- The law requires school districts to include at least one charter representative on any long-term mill levy planning committees, invite each charter to participate in ballot submission discussions, and, if the district doesn't include a charter's needs, provide a written justification as to why these needs weren't included. The law requires the creation of an

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<sup>30</sup> <http://www.publiccharters.org/get-the-facts/law-database/states/nh/>

annual report by the Colorado Department of Education that compiles the amount of mill levy revenue in each school district and the amount of the mill levy shared with charters in each school district. The law requires school districts to share mill levy override revenue with charter schools proportionally based on student enrollment.

- Colorado law provides a mechanism for limited credit enhancement for eligible, highly rated bond transactions for charter schools by using the state's moral obligation to back up to \$500 million in charter school debt.
- Colorado law provides that the Educational and Colorado Cultural Facility Authority (CECFA) may issue bonds on behalf of charter schools. The charter school debt reserve fund, backed by the moral obligation pledge of the state, enhances charter schools' ability to borrow funds from CECFA and to obtain more favorable rates.
- The law specifies that a charter school may not be charged rent for using space in a school district facility, although other costs for facilities operations and maintenance must be negotiated between the charter school and the school district. The law explicitly allows charter schools to lease or purchase land from the state.



- The law requires that each school district that authorizes a charter school must prepare a list of any vacant or underused buildings and land and provide the list, upon request, to charter schools authorized by the school district, charter school applicants, and other interested persons, and must also post on their website. Within 45 days after the list is made available, charter schools or applicants may apply to use the building or land as the location for the charter school, and districts must make decisions in a public meeting held no later than 90 days after the list is posted, including public disclosure of reasons for any disapproval.

- Charter schools in the state are exempt from ad valorem property taxes.

Colorado could better support the demand and anticipated growth of its charter school sector over the next few years by focusing on the following components:

- Increase funding for the state's Charter School Capital Construction funding program. Current projections for 2017-18 indicate that charter schools will see an 8.5 percent decline in per pupil facilities assistance. Under the current projections, per pupil facilities assistance will decline by **23 percent** by 2020-21 and continue declining thereafter.
- Improve access to surplus district and other public space. Facilities legislation to provide charter schools access to district and other public space should include both transparency mechanisms and levers available for efficient implementation of the law. While Colorado law currently allows charter schools or interested third-parties to obtain a list of vacant or underutilized district facilities, Indiana law builds on this transparency to offer greater access to facilities to charter schools by allowing a charter school that wishes to use a school building on the list the option to lease the building for a \$1 a year for a term at the charter school's discretion or to buy the building from the school district at a cost of \$1.
- Provide loans to charter schools for their facilities costs. One option is to create a state loan program for charter school facilities. For example, Utah law provides a charter school revolving loan fund that provides loans to charter schools for the costs of constructing, renovating, and purchasing charter school facilities. This fund is capitalized at \$6,000,000.
- Create a separate state grants program for charter schools. While charter schools are eligible to participate in the state's capital construction grant program (BEST), a very small number of charter schools have been awarded capital construction dollars — less than two percent of awarded funds have gone to charter schools over the past five years. Similar findings were reported in 2007-08 under the state's previous capital construction grant program. There was a significant amount of unmet need for charter school facilities, in 2016-17; approximately \$39 million in unmet capital construction need from charter school BEST applicants.<sup>31</sup> Furthermore, this number understates the unmet facility needs of Colorado charter schools as 55 percent of charter schools in the state have facility needs but have not applied to the program, according to the results of this Survey. Creating a separate grant program for charter schools would help ensure that the charter sector receives a proportional share of available capital construction dollars.
- Require districts to share revenue generated from bond elections with charter schools. While districts are increasingly sharing bond revenue with their charter schools, there is currently no requirement that they do so. By accessing public bond funds, charter schools in the state could make necessary facility improvements and grow to meet the demand demonstrated by long waitlists.

The results of the Survey indicate that Colorado charter schools face challenges in obtaining equitable access to facilities and facilities funding. Ensuring facilities equity for all Colorado public

<sup>31</sup> Colorado Department of Education, BEST FY 2016-17 Grant Cycle, (<https://www.cde.state.co.us/ccabest16-17grantcycle>).

schools by allowing them to widen programming options, optimize educational experiences, and increase the number of available quality seats to satisfy unmet demand would directly benefit the students attending charter schools.

## APPENDIX A

### Survey Methodology

All eligible Colorado charter schools were asked to complete the Charter School Facilities Survey (Survey).

Although the Survey was carefully constructed to obtain data about a broad range of charter school facility related issues in Colorado – it was not designed to address every possible issue faced by charter schools in their search for high-quality and affordable facilities. The League led the data collection effort and provided supplemental data, as necessary. Additional enrollment and demographics data was obtained from the Colorado Department of Education. As necessary, the CSFI team provided technical assistance to schools completing the Survey and each Survey was reviewed for accuracy and completeness.

The original version of the Survey was created by the League’s facility task force, League staff, and others with expertise in school construction and education policy. Further revisions to the Survey have been made based on feedback from all participating charter schools and charter support organizations. The Survey administered in Colorado was revised to address Colorado-specific facility and policy-related issues. Topics addressed include the following:

- Grades served, year of inception, and waiting lists;
- Future facility plans;
- Shared use information;
- Facility age and information technology resources;
- Facility ownership, financing, and annual payments;
- Facility amenities such as gymnasiums, lunchrooms, libraries, and playgrounds; and
- Facility adequacy, condition, and maintainability.

*Charter School Facilities Initiative: An Analysis of the Charter School Facility Landscape in Colorado*, was prepared by the National Charter School Resource Center, the Colorado League of Charter Schools and the National Alliance for Public Charter Schools on behalf of the state's charter schools and the students they serve.

Additional copies of this report can be obtained by contacting the Colorado League of Charter Schools, the National Charter School Resource Center, or the Charter School Facilities Initiative. Please visit the Charter School Facilities Initiative website at (<http://www.FacilitiesInitiative.org>) to obtain additional state reports, additional information on data presented in this report, or for general charter school facilities questions.

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