



NATIONAL RESOURCE CENTER ON

**CHARTER  
SCHOOL**

**FINANCE & GOVERNANCE**

**A GUIDE FOR STATE  
POLICYMAKERS**

# Helping Charter Schools Tap Categorical Funding for Specialized Services

OCTOBER 2009

## ABOUT THE NATIONAL RESOURCE CENTER ON CHARTER SCHOOL FINANCE AND GOVERNANCE

The National Resource Center on Charter School Finance and Governance was established in fall 2006 with funding from the U.S. Department of Education's Office of Innovation and Improvement (Grant No. 0282N060012) under the Charter Schools Program National Leadership Activities Grant Program. The National Resource Center (NRC) develops and disseminates tools, information, and technical assistance to help charter leaders at all levels—operators, authorizers, and state policymakers—take steps to improve charter school finance and governance.

For more information, visit the NRC website at [www.CharterResource.org](http://www.CharterResource.org) or e-mail NRC at [info@charterresource.org](mailto:info@charterresource.org).

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## A GUIDE FOR STATE POLICYMAKERS

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## PREFACE

This report, which explores state policy that impacts access to funding for specialized services for charter schools, is one in a series of state policy guides on charter school finance and governance created by the National Resource Center on Charter School Finance and Governance (NRC). The policy guides were developed in response to research conducted by the NRC between January and August 2007. Charter school laws in 40 states and the District of Columbia<sup>1</sup> were reviewed to gain a better understanding of the policies affecting charter school finance and governance. In addition, approximately 80 interviews were conducted with administrators from charter school offices in state departments of education and with leaders of state charter school associations, resource centers, and technical assistance centers.

The policy guides aim to help state policymakers understand the national legislative and policy landscape for charter school finance and governance, the range of approaches available to states, and the opportunities and constraints these approaches present for strengthening charter school finance and governance practices. Each guide begins by identifying the challenges posed in a particular area of charter school finance or governance. A subsequent exploration of policy options showcases the strategies that different states are pursuing to meet these challenges and highlights specific examples in charter school law and practice. The NRC does not advocate one policy option over another; rather, the guides provide pros and cons of each option so states can decide for themselves what course to take. Finally, additional resources are identified in each finance and governance area, so that policymakers can learn more about topics of importance to their state.

<sup>1</sup> Hereafter referred to as 41 states.





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## SUMMARY

Many charter schools offer specialized academic and nonacademic services to help their students succeed. These services can include specialized instructional programs; tutoring and academic support targeted to students' learning needs; special education services; out-of-school time learning and enrichment programs and activities; health, social and mental health services for students and their families; guidance and career counseling; transportation services; and food and nutrition programs. Most of these services seek to address the needs of students who, without support, are at risk of failure or of dropping out of school.

48 percent of charter school students qualify for free and reduced lunch, compared to 45 percent in all non-charter schools.<sup>2</sup> Because a number of charter schools, particularly those in urban and rural areas, serve a large number of students labeled "at risk", they also frequently offer supports targeted to the special needs of these students and their families. The most common of these supports are special education services, transportation to and from school, out-of-school time programs, and specialized services for "at-risk" and/or English language learner (ELL) students.<sup>3</sup>

Currently, 41 states have enacted legislation to guide the establishment, operations, oversight, and funding of charter schools. Yet very few states have charter school laws that address the funding of specialized supports and services for charter school students. In some states without specific provisions, charter schools may receive the same funding from the district as traditional public schools. However, in other states where provisions are not clearly detailed in state law, charter school leaders must either tap their general operating funds to cover the costs of specialized supports and services or find alternative sources of funding.

At present, few states have charter school laws that address funding for transportation, ELL instructional programs, and other essential supplemental or alternative services. States with these statutory provisions can serve as useful models for states interested in developing similar charter school laws.

Statutes related to transportation services, for example, generally address responsibility for funding and delivering these services to charter school students. Charter laws in nine states hold the charter school responsible for funding and/or delivering transportation services, while 10 states hold the local school district primarily responsible. Ten

<sup>2</sup> "Public Charter School Dashboard 2009." Washington, DC: National Alliance of Public Charter Schools, 2009.

<sup>3</sup> Special education is a categorical service provided by many charter schools and is commonly addressed in charter school legislation. However, given the complexity of funding and delivering special education services and the large number of publications and other resources that address this topic in detail, special education is not discussed in this guide.

states have charter laws that provide state aid to cover the costs of transporting charter school students to and from schools, and 10 states require that a transportation plan be included in a school's charter application. Several states combine these policies to better facilitate the funding and delivery of transportation services for charter school students.

Charter school laws in six states establish formulas for funding instruction for English language learners, and four states have legislative provisions to address the funding of programs for students labeled "at risk". Statutes in four states speak to the funding of supplemental and alternative learning opportunities, including nonclassroom-based instruction and enrichment programs for students.

This guide highlights charter school legislative provisions governing the funding and delivery of transportation services, programs for "at-risk" and ELL students, and supplemental and alternative learning opportunities. The guide outlines the benefits and challenges of alternative policy options and presents considerations for state policymakers who want to explore the development of legislative provisions and policies for these specialized programs and services. The findings are drawn from a comprehensive review of state charter school laws and regulations as well as interviews with representatives of state departments of education, state charter school associations, charter school resource centers, and technical assistance centers.

## INTRODUCTION

To help their students succeed, many schools offer an array of academic and nonacademic services to address both the personal and educational needs that affect students' ability to learn, their motivation to stay in school, and their ability to graduate on time. These include specialized instructional programs; tutoring and academic support targeted to students' learning needs; special education services; out-of-school time learning and enrichment programs and activities; health, social and mental health services for students and their families; guidance and career counseling; transportation services; and food and nutrition programs. Most of these services seek to address the health and social service needs of students who, without support, are at risk of failure or of dropping out of school.

Because charter schools commonly serve a large number of students labeled “at-risk”, they also frequently offer supports and services targeted to the special needs of these students and their families. The most common of these supports and services are special education and transportation services, out-of-school time programs, and specialized services for “at-risk” and/or English language learner (ELL) students. To support high academic achievement among all their students, school leaders often must provide supplemental instructional and noninstructional programs and services to ensure their students are able and prepared to actively engage in the learning process.

In many states, funding for these specialized services is delineated in separate categorical budget lines to ensure the resources are used for authorized purposes.<sup>4</sup> The range of specialized services offered may vary significantly, depending on available funding and the needs of the student population within a charter school or school district.

This policy guide focuses on three categories of services that are specifically identified in state charter school laws, including:

- **instruction and specialized services for English language learners and students labeled “at risk”**, which can include bilingual services for ELL as well as other specialized programs specifically designed to support these unique populations; and
- **supplemental and alternative learning opportunities**, which can include academic and enrichment activities, either within the school day or during out-of-school time (OST), that build on the lessons students receive in the traditional classroom setting and help improve their academic performance. Schools may also employ other less common initiatives designed to help students and teachers meet academic goals, such as:
  - nonclassroom-based instruction;
  - distance learning;
  - summer school programs;
  - residential programs;
  - early childhood education; and
  - recognition and professional development for teachers and staff.

Special education is also a categorical service provided by many charter schools, and it is commonly addressed in charter school laws. However, discussion of special education is beyond the scope of this document, given the complexity of funding and delivering special education services and the large number of publications and other resources that address this topic in detail.

## Challenges in Funding Specialized Programs and Services

Transportation services, instructional programs for English language learners and “at-risk” students, and other supplemental or alternative programs and services can be critical components of charter school programming. They also can be difficult to fund adequately. Charter school leaders often face particular challenges in accessing funding for these specialized programs and services. These challenges include problems in

<sup>4</sup> Howard F. Nelson, Edward Muir, and Rachel Drown, *Venturesome Capital: State Charter School Finance Systems* (Washington, D.C.: U.S. Department of Education, Office of Educational Research and Improvement, December 2000), <http://www.ed.gov/rschstat/eval/choice/charterfin.pdf>.

accessing proportional allotments of federal and state categorical funding that flows through state and local education agencies.<sup>5</sup>

### Administrative Barriers

In cases where charter school operators are able to receive funds from federal and state categorical programs, school leaders may find themselves subject to stringent bureaucratic controls governing the application for resources, receipt and use of funds, and reporting processes.<sup>6</sup> By design, charter schools are granted significant autonomy in their operations. Compliance with the myriad rules and regulations that commonly govern the allocation of federal and state funding and the provision of specialized services these programs support can be a significant administrative burden for charter school operators. It can also lead to confusion among authorizers, school districts, and charter school leaders about who is ultimately responsible for funding and delivering specialized services.

Some state charter school laws include detailed language on the funding of specialized programs and services. Other states have established only minimal regulations and guidelines governing matters such as student eligibility, the types of programs and services that can be provided, contracting, data collection, and reporting requirements. In still other states, charter schools are prohibited from accessing categorical funding separate from their proportional allocation of operating funds. As one state respondent explained, “*Charters [in his state] are not eligible to apply for certain categorical funds that are separate from...state aid formula. Districts can, charters can’t...It’s the way the law was set up.*”

In cases where no categorical funding is available for specialized services, charter school operators either must use some of their operating funds or find additional public or private funding to cover the costs of essential services, such as transportation and instruction for special student populations. When neither of these alternatives is an option, some charter school leaders opt not to offer these programs and services. As one state respondent noted, “*When no categorical funding is available, charters may have to do without providing a service [at all].*”

### Organizational Capacity Barriers

Many organizations, including charter schools and other nonprofit organizations, lack the capacity to effectively access and manage state and federal categorical funding programs, particularly those targeting students labeled “at risk”. Such programs commonly have stringent application and reporting requirements and require significant staff resources and knowledge beyond the capacity of some charter schools.

State respondents note that charter schools are well served by state laws that facilitate access to categorical funding. A few states have enacted such laws, which range from providing technical assistance and tools for charter school leaders to requiring state and local education agencies to complete applications for categorical funding for which local charter schools are eligible and ensuring these funds are passed through to charter school operators. Such statutes can help provide charter schools access to a wider range of funding opportunities for programs targeting special populations, even as those funds often arrive with specific constraints on how to spend them.

### Legal Status Barriers

The legal status of a charter school significantly impacts its leaders’ ability to access categorical funding streams and can determine funding eligibility, amounts, and flow (see *The Flow of Categorical Funding* on page 9). Legal status also dictates the level of responsibility that a charter school has for funding and delivering transportation services, instructional programs for ELL students, and supplemental or alternative programs and services. Charter schools that are designated as their own local education agency (LEA) can often access categorical program funding directly from state and federal agencies and are then responsible for funding and delivering specified services to students. In some cases, charter schools are identified as LEAs solely for specific funding purposes and can receive funding as an LEA only for particular categorical programs. The implications of charter schools’ legal status can add additional complexity to the process of accessing and using categorical funds.<sup>7</sup>

<sup>5</sup> S. Sugarman, “Charter School Funding Issues,” *Education Policy Analysis Archives* 10, no. 34 (2002), <http://epaa.asu.edu/apaa/v10n34.html>.

<sup>6</sup> Ibid.

<sup>7</sup> To learn more about the implications of charter schools’ legal status, see [http://www.uscharterschools.org/cs/spedp/view/sped\\_aud/2?x-t=bkgd.view](http://www.uscharterschools.org/cs/spedp/view/sped_aud/2?x-t=bkgd.view).

## The Flow of Categorical Funding

The way categorical funding flows to charter schools can significantly affect their ability to access a proportionate share of resources to support specialized programs and services. Funds can flow in one of five ways across four levels of organization:

- from a federal agency to a local charter school;
- from a federal agency to a state education agency to a local charter school;
- from a federal agency to a school district to a local charter school;
- from a state education agency to a local school district to a local charter school; or
- from a federal agency to a state education agency to a school district to a local charter school.

The more directly funds flow to a charter school from the original funding source, the more likely the charter school will receive a share of funding that is proportional to the needs of its students. The more agency channels through which funds must flow, the less likely the charter school will receive a proportionate share of funding. This disparity largely reflects the increased number of decisionmakers and competing priorities that influence the allocation of limited resources.

Five<sup>8</sup> states have established charter laws governing how categorical funding for specialized programs and services should be allocated to charter schools. In these five states, two basic approaches are used, depending on the legal status of the local charter school (i.e., whether the charter school falls under the auspices of a local school district or serves as its own LEA). In most cases, when a charter school has the legal status of a LEA, either generally or specifically for the purposes of receiving categorical resources, funding flows from federal and state agencies directly to the charter school. When a charter school lacks the legal status of a LEA, funding flows through the school district to the charter school. Consider these examples.

- **New Jersey** charter school law mandates that LEAs must pay directly to charter schools any categorical aid attributable to charter school students, provided the student is “receiving appropriate categorical services” (Section 18A:36A-12.b).
- **Colorado** law states that “the proportionate share of moneys generated under federal or state categorical aid programs, other than federally required educational services, shall be directed to charter schools” (Section 22-30.5-112.III).

In some states, this approach works well for both charter schools and districts. Charter schools commonly

receive a proportionate share of funding for categorical services, and they successfully work through issues related to the allocation of funds as they arise. One state charter school expert commented, “*That’s handled very well, and when there is a concern by charter schools that they’re not receiving their due portion of some of those funds, then they let our office know and we try to mediate a solution...For the most part, it’s been handled very well by our LEAs.*”

In other states, however, charter school operators face significant challenges in their efforts to obtain a reasonable share of categorical funds from the school district. As one respondent explained, “*Because the state education agency (SEA) and LEA are the same entity within their state, federal funds often do not flow down to charter schools, because the SEA/LEA keeps certain programmatic dollars at the administrative level (e.g., Safe and Drug-Free Schools).*”

In states where charter schools are authorized to serve as LEAs, federal and state categorical funding can flow directly from state agencies to local charter schools, without going through the local school district. In effect, these charter schools enjoy the status of school districts. Consider this example.

- **California** law mandates that “a charter school that elects to receive its funding directly ...may apply individually for federal and state categorical programs... For purposes of determining eligibility for, and allocations of, state or federal categorical aid, a charter

<sup>8</sup> California, Colorado, Mississippi, New Jersey, and South Carolina have laws governing how categorical funding for specialized programs should be allocated to charter schools.

school that applies individually shall be deemed to be a school district [or LEA]” (Section 47636 (a) (1)). Charter schools that do not wish to receive direct funding can apply for federal and state categorical funding “in cooperation with [their] authorizing local educational agency” (Section 47636 (a) (2)).

In cases where charter schools are designated as LEAs, the full burden of identifying relevant categorical funding sources, applying for funds, managing grants, and reporting back to state and federal agencies falls on the schools themselves, along with any benefits that may arise from more direct access. For charter schools with experienced grant writers and the administrative capacity to properly manage and account for funds they receive, this may be a very desirable arrangement. However, for charter schools that lack the resources to access and properly manage multiple grants and contracts, the option to become an LEA may not be desirable, unless the state education agency or an intermediary organization provides technical assistance and administrative support.

To address these issues, some states pool categorical funding for specialized programs and services into a single consolidated funding stream and allocate resources to charter schools as block grants from their school districts. The intent is to facilitate access to funds and increase local flexibility in the use of funds by eliminating the need for charter schools to apply separately to each categorical program.<sup>9</sup> Consider this example.

- In **California**, charter law states, “The Superintendent shall annually compute a categorical block grant for each charter school” (Section 47634.a). Under provisions of the law, the Superintendent determines grant awards by determining the average amount of categorical funding traditional public schools in the district receive. This figure is calculated by taking the “statewide average amount of funding for other state categorical aid per unit of average daily attendance received by school districts for each of four grade level ranges: kindergarten and grades 1, 2, and 3; grades 4, 5, and 6; grades 7 and 8; and grades 9 to 12, inclusive” (Section 47634.a). This block grant provision is meant to cover all specialized services, including facilities, special education (in some cases),

transportation, and other categorical services. Local charter school operators then have discretion to determine the specific programs and services for which their share of funding is to be used.

## Purpose of This Guide

State charter laws can play an important role in facilitating or inhibiting charter school leaders’ ability to adequately fund and deliver specialized programs and services for students, including transportation services, programs for English language learners and students labeled “at risk”, and other supplemental or alternative activities. Accordingly, this guide is intended to assist state policymakers seeking to learn more about how other states have approached the funding and delivery of specialized services in ways that help meet both state education goals and the needs of charter school students. It highlights both the challenges and opportunities shared by the charter school community nationwide. The guide also looks specifically at state laws and policies that facilitate and/or restrict access to funding and other resources for charter school operators.

Ideally, the exploration of these policy options will inform future policy and practice. The charter school laws explored in this guide can serve as models for state policymakers to consider and can be used to steer policy decisions involving the provision of key support and resources to sustain the wide range of specialized services that charter school operators provide to their students. The information and observations contained in the guide can be used to recommend changes and updates to current state law, or to develop new legislation that effectively supports charter schools’ ability to improve education outcomes for their students.

Data for this guide were obtained through a review of the charter school laws in each state and the District of Columbia—a total of 41 states as of August 2009—as well as interviews conducted in each state with charter school leaders to identify common financing challenges and opportunities. Nearly 80 interviews were conducted with administrators from charter school offices in state departments of education and with leaders of state charter school associations, resource centers, and technical assistance centers.

<sup>9</sup> Thomas B. Fordham Institute, Progress Analytics Institute on Public Impact, *Charter School Funding: Inequities Next Frontier* (Washington, D.C.: Thomas B. Fordham Institute, 2005).

## TRANSPORTATION SERVICES

Transportation services are vital to the successful startup and ongoing operation of many charter schools and are a key component in enabling families to fully exercise their educational choice option.

### The Challenge

Providing students with safe and reliable transportation to and from school is one of the more challenging fiscal issues that charter school leaders face. Transportation is one of the largest categorical expenses for many charter schools, second only to special education.<sup>10</sup> Transportation services can be costly, both in the time required to transport children and the monetary cost of paying for school buses, public transportation (city buses and subways), or private vans. When charter schools cannot offer reliable transportation services to their students, interested families may become discouraged from enrolling, because the burden of obtaining transportation to and from school generally falls on students and their families. This challenge is particularly salient for students from low-income households who disproportionately depend on school bus transportation and are more apt to forgo the option of attending a charter school when transportation services are not provided.<sup>11</sup>

According to several state respondents, transportation can be especially challenging when charter schools serve students who live outside district boundaries. Because charter schools commonly are funded by per-pupil allocations, charter school leaders must ensure student enrollment reaches a number sufficient to adequately maintain charter school operations. As a result, charter school leaders often recruit students across district boundaries and beyond and, in many cases, are responsible for making sure these students have transportation to and from school. Because of the added expense, several states do not require school districts or charter schools to provide transportation to students outside district boundaries. Consequently, families are left to find ways to transport their students to and from school.

Transportation can also present a challenge as schools seek to upgrade and expand their facilities. As one state respondent explained:

*The inability to provide transportation services also affects the ability of charter schools to meet [another significant] challenge—facilities. Often schools are required to move multiple times in their initial years due to an expanding enrollment. With the limited number of suitable sites, this move can often send a school a few miles away from its original location. This is a significant distance, especially to those schools in urban areas. Without the ability to transport their current students to a new site, a charter will have enrollment and student performance difficulties (on top of facility difficulties) during its initial years.*

A key issue in providing transportation for charter school students centers on whether local school districts or individual charter schools are primarily responsible for bearing the financial costs and logistical burdens of delivering and/or arranging for transportation.<sup>12</sup> Transportation is generally addressed in state charter school laws. However, states address this matter differently and policies vary significantly. In some states, school districts are responsible for funding and delivering transportation services for charter school students, while charter schools are responsible in other states. Some states provide additional aid for transportation, and in others, charter school laws contain no provisions for transportation services. In still other states, charter school laws only vaguely refer to transportation planning during the charter application process.

- At present, 10 of the 41 states with charter school laws give the local school district the responsibility for funding and delivering student transportation.
- Charter school laws in nine states explicitly mandate that the charter school is responsible for student transportation.
- Ten states offer state aid for charter schools that provide transportation services.
- Ten states require a transportation plan to be included in the charter application.

<sup>10</sup> Nelson, Muir, and Drown. *Venturesome Capital: State Charter School Finance Systems*. American Federation of Teachers, 2000.

<sup>11</sup> *Ibid.*

<sup>12</sup> *Ibid.*

Each of these legislative options for funding and delivering transportation services can result in both opportunities and challenges for students, charter schools, and school districts. For example, according to some state respondents, the provision of state aid for transportation can be especially helpful as charter schools and school districts seek to find funding for transportation services. Other respondents noted the administrative and bureaucratic challenges that charter school leaders frequently face when they try to access this state aid in a timely manner.

## What States Can Do

Because of differences in state policy and practice regarding transportation for both charter schools and traditional public schools, states vary in how they assign responsibility for funding and delivering transportation services to charter school students. State interviews and legislative scans revealed four primary policy options through which state policymakers currently address transportation services for students in charter schools:

- hold school districts responsible for transportation funding and service delivery;
- hold charter schools responsible for transportation funding and service delivery;
- provide transportation aid to charter schools; and
- require a transportation plan to be included in the charter application.

Several states combine these policy options to facilitate the funding and delivery of transportation services for local charter schools.

### Policy Option: Hold School Districts Responsible for Transportation Funding and Service Delivery

In 10 states,<sup>13</sup> the law holds local school districts responsible for funding and delivering transportation services to charter school students. In most cases, districts are required to make transportation services

available for charter school students in the same manner they serve traditional public school students in their district. In these instances, funding flows from the state directly to the local school district providing the transportation services. For example, in **Connecticut, Illinois, Massachusetts, New Hampshire, New Jersey, Oregon, and Pennsylvania**, students who reside within the school district in which the charter school is located receive transportation to that school by the district in the same manner as students attending other public schools in the district.

- In **Massachusetts**, state charter school law mandates, “The children who reside in the school district in which the charter school is located shall be provided transportation to the charter school by the resident district’s school committee on the same terms and conditions as transportation is provided to children attending local district schools. In providing such transportation, said school committee shall accommodate the particular school day and school year of the charter school” (Section 89.ff).
- In **Oregon**, “The school district within which the public charter school is located shall be responsible for the transportation of students attending the public charter school...in the same manner as students attending nonchartered public schools if the student is a resident of the school district. However, a school district may not be required to add or extend existing bus routes or other transportation services...” (Section 338.145(2)).

According to one Oregon respondent, however, “*Districts are not required to transport students if a new route is required.*” In such cases, charter schools become responsible for ensuring students have adequate transportation. “*Charter schools typically either inform parents that they need to transport their students themselves, or some have contracted with external service providers to transport the students.*”

- **Illinois** charter school law states, “The school board of any school district that provides any school

<sup>13</sup> Connecticut, Illinois, Massachusetts, New Hampshire, New Jersey, Oregon, and Pennsylvania explicitly give the school district responsibility. Georgia, Kansas, and the District of Columbia require school districts to provide transportation only for specialized populations. (See State Variations in District-Funded Transportation Policy on page 14.) Delaware, Illinois, Minnesota, Ohio, and Tennessee offer charter school operators the option of having school districts fund and deliver services (see Charter Schools Have Options in Some States on page 20).

bus or conveyance for transporting pupils to and from the public schools shall afford transportation, without cost, for children who attend a charter school or any school other than a public school, who reside at least one and one-half miles from the school attended” (Section 29-4).

Study participants noted that charter schools and districts often are both well served when districts use allotted state and local funding to provide or arrange transportation services for charter school students. One respondent commented that under this type of policy, “*transportation is not an issue*” for charter schools any more than it is for traditional public schools in the district. This policy option “*works pretty well,*” said another state expert. “*The bottom line is we feel that we are getting treated fairly around the issue of transportation. We are not getting treated any differently than any other public school.*”

Although holding local school districts responsible for funding and delivering transportation services can relieve charter schools of much of the financial and administrative burden, districts must contend with increased costs and the challenge of providing transportation for students who live outside traditional attendance areas, and, especially, outside the district. Accordingly, in some states, the law simply requires the charter school to cover any additional costs incurred for the provision of transportation services. In other states, districts are permitted to restrict transportation services to charter school students within district boundaries.

- In **Connecticut, Delaware, Minnesota, and New Hampshire**, for example, school districts are not required to provide transportation services for students who live outside of their local boundaries. Often, when school districts do not provide transportation services, parents are responsible for transporting their children to and from school without district or state reimbursement. As one charter school association representative explained, it is not uncommon for students outside of a charter school’s district to be denied transportation. In some cases, charter schools may decide that it is most cost-effective to restrict enrollment to students within district boundaries. This respondent noted:

*Under the state charter law...a charter school is located within the bounds of a particular school district. It’s the responsibility of the host district to transport [district] kids, and there are some charter schools whose charter says basically that they only accept kids from the district in which they’re located, and in which case, transportation is something that the host district provides completely. But there’s a whole other kind of charter school, which ...works more like a magnet school, and they may be located in a particular district, but they may have kids coming from 10 or even 20 districts in the surrounding area, and in those cases, those kids are on their own. There’s no special transportation funding for them, and their districts that are sending them are not required to support their transportation at all.*

Another state respondent shared similar challenges in his state. “[T]ransportation is provided by the host district and all its costs. Where it is lacking is in a situation where a student is enrolled at a charter school from outside the district. In that instance...the child and a caregiver of that child are responsible for getting the child to and from school and bear the costs of that.” In cases where parents are unable to provide transportation, students may have to transfer to a school within their district or to one that offers busing to all families.

- In **Connecticut**, state policymakers attempted to alleviate this challenge by including a legislative provision stating that local or regional boards of education can choose to provide transportation to students outside of their district boundaries and can be reimbursed by the state “for the reasonable costs of such transportation” (Section 10-66ee(f)).<sup>14</sup> According to one state leader, this reimbursement only amounts to approximately \$1,000 per student and, at present, “*only one district actually takes advantage of that.*” Most simply do not provide transportation for charter school students outside of their district.
- To alleviate the financial burden on families that must provide transportation, **Minnesota** charter school law provides funding for parents who are

<sup>14</sup> In some states, such as Connecticut, charter school legislation includes numerous provisions regarding transportation.

## State Variations in District-Funded Transportation Policy

Three states have established unique variations to district-funded transportation policies and only require the delivery of transportation services to specialized populations.

In **Kansas**, “The board of education of any school district in which a charter school is being operated shall provide transportation to and from the school for pupils who qualify for free meals under the national school lunch act and who live two and one-half or more miles from the school” (Section 72.1908).

**Georgia** charter school law mandates, “The local school system shall provide transportation for students in Title I schools in accordance with the requirements of federal law” (Section 20-14-41.a.6.D). The statute, however, does not require the school district to provide transportation for students in schools not classified as Title I and states, “The local school system may provide transportation for students in non-Title I schools” (Section 20-14-41.a.6.D).

In **District of Columbia** Public Schools (DCPS), the school district provides school bus transportation for students with special needs for both charter and traditional public schools. All other students receive “reduced fares for public transportation” that can be used for travel on local buses or the Metro system (Section 38-1702.11).

required to transport their students to and from school. The charter school law specifically states, “For pupils who reside outside the district in which the charter school is located, the charter school is not required to provide or pay for transportation. A parent may be reimbursed by the charter school for the costs of transportation if the pupil is from a family whose income is at or below the poverty level. The reimbursement may not exceed the pupil’s actual cost of transportation or 15 cents per mile traveled, whichever is less” (Section 124D.10.Subd. 16 (b)).

- Alternatively, in some states, charter school law mandates that sending districts pay the cost of transporting their students outside district boundaries. In **Illinois**, for example, school districts that offer transportation receive reimbursement from the sending district “for the cost of furnishing transportation for any child who is not a resident of the district” (Section 105 ILCS 5/29-4.29-4).

Some state respondents also noted that charter school leaders may face challenges when attempting to access funds and services from districts responsible for transportation. As one state representative explained, “[T]here have been issues and there currently are issues now with local districts who do not want to comply with that provision, or do not want to provide transportation at the

*time that the charter school wants it...Our law says that the local district must accommodate the schedule of the charter school, but we’ve gotten resistance [from the district] sometimes.”* In such cases, charter school leaders may be able to use state aid to fund and deliver their own transportation services.

### Policy Option: Hold Charter Schools Responsible for Transportation Funding and Service Delivery

Charter school leaders can face several challenges when they are responsible for funding and delivering transportation services for students. Directly providing transportation not only entails obtaining vehicles for transportation, but also paying for gas, vehicle maintenance, and staff to drive the buses or vans. In many cases, it is unrealistic for individual charter schools to purchase and maintain vehicles and employ their own drivers, so they often contract with school districts and private service providers to ensure their students have transportation to and from school. To meet these challenges, states have adopted a number of policy options to facilitate the funding and delivery of transportation services.

Currently, charter laws in nine states<sup>15</sup> hold charter schools responsible for funding, arranging, and/or delivering transportation services to their students. In some states, charter schools receive funding from the school

<sup>15</sup> Florida, Louisiana, Missouri, New Mexico, New York, North Carolina, Oklahoma, Texas, and Utah hold charter schools responsible for funding, arranging, and/or delivering transportation services to their students. Delaware, Illinois, Minnesota, Ohio, and Tennessee offer charter school operators the choice of having school districts fund and deliver services (see Charter Schools Have Options in Some States on page 20).

district but must ensure the provision of safe and reliable transportation services to their students. Consider this example.

- In **Florida**, charter schools are responsible for delivering, but not funding, transportation services. Charter school law states, “Transportation of charter school students shall be provided by the charter school” (Section 1002.33.20.c). Charter school leaders may “provide transportation through an agreement or a contract with the district school board, a private provider, or parents” (Section 1002.33.20.c). State funding for these services flows through the district to charter schools. Charter school leaders are then responsible for ensuring students have access to proper transportation to and from school. For most students, this means school bus transportation. For students with disabilities, charter schools often have to contract with special van service providers.

In other cases, charter school law simply states that charter schools are responsible for the provision of transportation and makes no mention of funding for these services. In most of these cases, charter schools are not eligible to receive categorical transportation funding; often they must tap their general operating funds to pay for transporting their students. Consider these examples.

- In **Texas**, the law requires an open-enrollment charter school to “provide transportation to each student attending the school to the same extent a school district is required by law to provide transportation to district students” (Section 12.109).
- **Oklahoma** charter school law states, “Transportation shall be provided by the charter school . . . and only within the transportation boundaries of the school district in which the charter school is located” (Section 3-141).
- In **North Carolina**, the law allows charter school leaders to choose whether they will provide transportation to students. It states that charter schools “may provide transportation for students enrolled at the school” (Section 115C-238.29F(h)). The law also states that the “local school board may contract with the charter school to provide

transportation in accordance with the charter school’s transportation plan to students who reside in the local [school district]” (Section 115C-238.29F(h)).

In each of these cases, the law makes no mention of the source of funding for the delivery of transportation services.

Other states are less explicit in their assignment of responsibility to charter school operators. For example, in **Louisiana, Missouri, New Mexico, New York,**

“Under the state charter law...a charter school is located ...within the bounds of a particular school district. It’s the responsibility of the host district to transport [district] kids, and there are some charter schools whose charter says basically that they only accept kids from the district in which they’re located, and in which case, transportation is something that the host district provides completely. But there’s a whole other kind of charter school, which ...works more like a magnet school, and they may be located in a particular district, but they may have kids coming from 10 or even 20 districts in the surrounding area, and in those cases, those kids are on their own. There’s no special transportation funding for them, and their districts that are sending them are not required to support their transportation at all.”

—State charter school association representative

and **Utah**, charter schools can negotiate contracts for transportation services, implying that charter schools are ultimately responsible for arranging for the delivery of services. Yet the laws in these states make little or no reference to the source of funding for these services.

- In **New Mexico**, charter law states, “A locally chartered charter school shall negotiate with a school district to provide transportation to students eligible for transportation” (Section 22-8B-4(1)). As is the case in the first policy option, where the state holds the school district responsible for transportation services, when negotiating

## Several Federal Programs Can Fund Transportation Services

Charter schools can try to access several federal programs to fund transportation services for their students.

- **21st Century Community Learning Centers:** LEAs, community-based organizations, and other public or private entities are eligible to apply for this program, which supports the creation of community learning centers that provide academic enrichment opportunities during nonschool hours, primarily for students attending low-performing schools. Funds can be used to cover the costs of transportation to and from the enrichment activities.
- **Special Education: Grants to States:** Charter schools must partner with their SEA to access these funds, which help states provide free, appropriate public education for all children with disabilities. Funds can be used to provide transportation to special education students.
- **Title I Grants to Local Education Agencies:** LEAs and SEAs are eligible to apply for these funds, which help LEAs and schools improve the teaching and learning of children who are failing, or who are most at risk of failing, state academic standards. Grants are targeted to LEAs and schools with high concentrations of children from low-income families. Charter schools can use these funds to cover “choice-related” transportation costs.
- **Title I Supplemental Educational Services:** LEAs and SEAs are eligible to apply for these funds, which support supplemental educational services (SES) for eligible children in failing schools. Charter schools can use these funds to cover transportation costs for students participating in SES programs at the school.

To learn more about these and other federal programs that can fund transportation services for charter school students, please visit the NRC’s Federal Funding Catalog available online at <http://www.charterresource.org/index.cfm?page=5>.

contracts, districts may establish transportation boundaries beyond which they will not transport students. **North Carolina** law allows school districts to refuse to provide transportation altogether, if they can justify that the provision of such services would not be “practically feasible” (Section 115C-238.29F (h)).

**“There is no money... It just isn’t provided. That has to come out of their other general fund revenues. Charter schools... do not have to provide transportation...They do just because it’s the reality of the game. They need to get students there...”**

**—State department of education official**

When the law holds charter schools responsible for funding and delivering transportation services, in some cases, states offer aid to cover all or a portion of transportation costs. In other cases, charter schools

may not receive any financial support for delivering transportation services. State respondents explained:

*“Charter schools, we don’t get transportation funds. We have to rely on the district to get those for us. There are not many districts that really work with their charter schools on transportation. I find...that this is one of our biggest disequalizers.”*

*“We get no transportation dollars either. The school districts do. It’s based on some formula that...we can’t figure out and they won’t let us know.”*

*“Many charters provide transportation, but there is no specialized funding for that.”*

*“One thing charters don’t get is... they don’t get transportation funds.”*

*“If you want to do transportation, and if you want to contract with the [local school district], you pay extra for that. You pay them back for that. So there is no transportation [money] that is provided [to charter schools].”*

## Other Policy Options for Covering Charter School Transportation Costs

In the face of rising transportation costs and declining state revenues, some states and charter schools have developed innovative strategies to ensure they can meet students' transportation needs.

### Charging Transportation Fees

In **Colorado**, charter schools do not receive funding or any other type of assistance from the state or district for transportation services. However, the law does permit charter school leaders to charge students and families a transportation fee for bus rides to and from school to recoup costs. "A contract between a charter school and the chartering local board of education approved on or after July 1, 2002, shall specify... [w]hether, and the circumstances under which, the local board of education delegates to the charter school the authority to impose a transportation fee on students who are enrolled in the charter school and, if so, the procedures for imposition of the fee" (Section 22-30.5-105 (2)(c)(V)). Charging nominal transportation fees can relieve some of the financial burden for school leaders who see the importance of providing transportation for their students. Families can be penalized by this option, however, as they must absorb the extra expense for the service.

### Using Capital Outlay Funds

In **Florida**, charter schools are primarily responsible for providing transportation services to students. State charter school law enables school leaders to use a portion of their capital outlay funds to purchase vehicles to transport students to and from the school. Capital outlay funds are a viable source of funding for categorical services. However, using these funds for transportation services reduces the amount available for the acquisition, operation, and maintenance of school facilities—another daunting expense for charter school operators.

### Establishing a Transportation Collaborative

Through an innovative initiative intended to alleviate the strain caused by transportation expenses, a group of charter schools in **Minnesota** worked cooperatively to meet the needs of students within the district. Several schools decided to develop a transportation collaborative and worked together to obtain lower rates from bus companies. Schools shared the buses and, subsequently, the cost of transportation. As one respondent explained, however, this option can come with challenges. "We have set up a transportation collaborative in St. Paul. Four charters are working together to try to get lower rates, and that worked for a year, but now the bus company is saying [it will] give each school the same rate regardless of whether [all four] collaborate, and so the schools are not going to collaborate for the coming year because they all have different start times and different calendars and getting everybody to agree [is difficult]."

*"There is no money... It just isn't provided. That has to come out of [charter schools'] other general fund revenues... Charter schools do not have to provide transportation... They do just because it's the reality of the game. They need to get students there..."*

In most states where charter schools receive no resources or support for transportation, the state simply omits any reference to funding for transportation services in state charter school law. However, charter school laws in **Indiana**, **Michigan**, and **Utah** clearly state that charter schools are ineligible to receive any

funding from the state or district for providing transportation services for their students.

- **Utah** law clearly asserts that "a charter school is not eligible to receive state transportation funding" (Section 53A-1a-513.7(a)).
- State respondents in **Indiana** and **Michigan** explained that neither charter schools nor traditional public schools currently receive transportation funding. In **Michigan**, "There is no money for transportation for general ed students, be they in traditional public schools or charter schools. It just isn't provided. That has to come out of their general fund

revenues.” In **Indiana**, state law asserts that charter schools receive “zero dollars.” As a result, one respondent noted, “If the state were to begin to provide transportation funding for traditional public schools, charters would be ineligible.”

“How can a charter school really be serving “at-risk” students if they don’t offer transportation? And yet the funding isn’t there to do that.”

—State department of education official

When the state holds charter schools responsible for transportation services without providing a reasonable share of funding to support these efforts, many charter school leaders meet this financial burden by seeking additional funding from private sources (e.g., community philanthropy and corporate partnerships) or by using a portion of their operating funds to cover transportation costs. Some charter school leaders, however, may decide that the cost of supplying transportation is simply unaffordable and decline to provide services to students—an approach adopted in a number of states. Deciding not to offer transportation services can be a particularly difficult trade-off for charter schools that serve a large number of students from at-risk communities. Schools often are torn between a scarcity of funds for instructional and other programs to boost student achievement and the need to ensure students have safe and reliable transportation to and from school. As one state representative commented, “How can a charter school really be serving at-risk students, if [it doesn’t] offer transportation? And yet the funding isn’t there to do that.”

### Policy Option: Provide Transportation Aid to Charter Schools

To alleviate the financial burden on charter schools responsible for funding and delivering transportation services to their students, 10 states<sup>16</sup> have provisions in their charter school laws offering categorical aid

to cover all or a portion of transportation costs. The specifics of the provisions vary. (See, also, Wisconsin Provides State Aid for Transporting Students with Disabilities on page 19.) For example, **Delaware** and **Idaho** provide funds to charter schools to cover a specific portion of their student transportation expenses. States typically calculate this funding amount based on a proportion of estimated per-pupil costs. When states provide a portion of transportation funding, the remaining financial responsibility falls to the charter school.

- In **Delaware**, for example, when charter school leaders choose to provide transportation services, schools “receive from the State a payment equal to 80 [percent] of the average cost per student of transportation within the district in which the charter school is located” (Section 508).
- In **Idaho**, the charter school [law] states, “Support shall be paid to the public charter school... Each public charter school shall furnish the department with an enrollment count as of the first Friday in November, of public charter school students living more than one and one-half (1½) miles from the school...The state department of education is authorized to include in the annual appropriation to the charter school eighty percent (80%) of the estimated transportation cost. The final appropriation payment in July shall reflect eighty-five percent (85%) of the actual cost” (Section 33-5208 (4)).

In both cases, charter schools are responsible for the remaining 15 percent to 20 percent of transportation costs. Charter school leaders must either use general operating funds to cover the remaining expenses or pursue other strategies for generating public and/or private support.

Although the charter school laws in these states help cover a significant portion of transportation expenses for charter school operators, some states have chosen to defray the full cost of transporting charter school students to and from school.

- In **Minnesota**, for example, charter law states, “Transportation revenue must be paid to a charter school that provides transportation services...”

<sup>16</sup> Arkansas, California, Delaware, Idaho, Massachusetts, Minnesota, Missouri, Pennsylvania, Tennessee, and Wisconsin offer categorical aid to cover all or a portion of charter school transportation costs.

Transportation aid shall equal transportation [expenses]” (Section 124D.11).

Charter laws in **Massachusetts** and **Pennsylvania** also allow for the full payment of charter school transportation expenses. Although school districts technically are responsible for transportation, the state will provide funds for schools to which the district does not provide requisite services.

- In **Massachusetts**, state law states, “Charter schools whose students are not transported by the district of residence, but who would be eligible for transportation to and from such charter school based on the same terms and conditions as students attending local district schools shall receive the entire average transportation cost per student amount, as calculated by the department of education, for each such student, regardless of any transportation costs at such charter school” (Section 89 (ff)). Charter schools can choose to provide transportation themselves and collect transportation funding directly from the state equal to what the district would have received.
- A similar statute in **Pennsylvania** provides funding for charter schools that have difficulty accessing transportation services from their school district. Under the terms of the law, “In the event that the Secretary of Education determines that a school district is not providing the required transportation to students in the charter school, the Department of Education shall pay directly to the charter school

funds for the costs incurred in the transportation of its students” (Section 17-1726-A.(b)).

In each of these cases, the state provides full funding for the transportation of charter school students, even if the local school districts do not fulfill their responsibility to deliver transportation. This support helps ensure that when districts are unable or unwilling to pay for essential transportation services, charter schools are not held fiscally responsible.

The additional funding these full and partial payments provide can help cover the substantial costs of providing transportation to charter school students. However, one state respondent noted that the timing of payments can be challenging for some charter school leaders. “I think that...the difficult thing has been the timing. I believe the law says you turn in your numbers in November, and the school year has already been under way for several months prior to that.” In these situations, charter school leaders must find other sources of funding to cover transportation costs during the months before their share of state transportation aid is allocated.

It is also common for state law to apportion funds for transportation aid without specifying a set allocation. In **Arkansas**, **California**, **Missouri**, and **Tennessee**, charter schools that provide transportation for their students are eligible for an unspecified amount of transportation aid from the state.

- **Missouri** law, for example, states, “A charter school shall be eligible for transportation state aid...and shall be free to contract...for the

### Wisconsin Provides State Aid for Transporting Students with Disabilities

In some cases, states provide reimbursements for transportation only under special circumstances, similar to the cases noted above in which state laws require the delivery of transportation services to specialized populations. In **Wisconsin**, for example, charter schools receive reimbursement from the state solely for transportation of special education students. “If the operator of a charter school ... transports children with disabilities and the state superintendent is satisfied that the operator of the charter school ... is complying with 20 USC 1400 to 1491o, the state superintendent shall certify to the department of administration in favor of the operator of the charter school a sum equal to the amount that the operator of the charter school expended during the previous school year for transportation under this subsection as costs eligible for reimbursement from the appropriations under s. 20.255 (2) (b) The state superintendent may audit costs under this subsection and adjust reimbursement to cover only actual, eligible costs” (Section 115.88(2)).

## Charter Schools Have Options in Some States

In **Delaware**, **Minnesota**, **Ohio**, and **Tennessee**, state law gives charter schools multiple options for deciding how best to finance and deliver student transportation services. Schools can choose to receive funding directly from the state and provide transportation themselves or elect to have the money allocated to their local school district, which is then responsible for service delivery. When charter schools receive the funding directly, they bear the final responsibility for covering any gap between costs and revenue. However, if the district receives the funding, it typically is liable for covering any difference between costs and the amount of categorical funding provided. Charter school leaders can choose the option that works best for their school and attending students.

### Delaware

**Option 1:** “The charter school may request to have the school district where [it] is located transport students residing in that district to and from the charter school on the same basis offered to other students attending schools operated by that district” (Section 508).

**Option 2:** Charter schools can choose “to receive from the state a payment equal to 80 [percent] of the average cost per student of transportation within the district in which the school is located (Section 508). The charter school then becomes primarily responsible for the transportation of its students.

**Option 3:** “If a charter school utilizes a contractor for school transportation, the charter school shall publicly bid the routes, and the State will reimburse the charter school for the actual bid costs only if lower” than 80 percent of the average cost per student for transportation within the district in which the school is located (Section 508).

### Minnesota

**Option 1:** “If a charter school elects to provide transportation for its pupils, the transportation must be provided by the charter school within the district in which the charter school is located. The state must pay transportation aid

provision of transportation to the students of the charter school” (Section 160.415.6).

- **California** charter law similarly states, “A charter school is eligible for funding pursuant to and shall comply with all requirements of this article” (Section 41857). However, the law makes no reference to the actual amount of funding or the vehicle through which these funds will be provided.
- In **Tennessee**, the charter law notes, “If a public charter school elects to provide transportation for its pupils” then the school will receive funding for said services (Section 49-13-114(a)). However, “if a public charter school elects not to provide transportation for its pupils, the school shall not receive the funds that would otherwise have been spent to do so” (Section 49-13-114(a)).

In some states, the lack of legislative specificity reflects the fact that charter schools simply receive the same allotment of transportation funding as traditional public schools. One state respondent explains, “*Supposedly, it’s the same rate for charter schools as the district [schools]. It is still a giant chunk of the charter school’s budget, probably more so than the district [school’s budget] simply because of the scale.*”

Funding from the state represents significant financial support for charter schools and can facilitate the provision of transportation services for students. In some cases, state funding is a more reliable and stable funding source than district support. Because this funding flows directly from the state to the charter school, the amount of aid is specified and the timing of payments is also usually clear. When state funding is insufficient to

to the charter school equal to transportation revenue” (Section I24D10.Subd.16 (a-b)). Schools are not required to provide transportation to students who reside outside the district in which the school is located.

**Option 2:** “If a charter school does not elect to provide transportation, transportation for pupils enrolled at the school must be provided by the district in which the school is located” (Section I24D10.Subd.16 (c)).

### Ohio

**Option 1:** “The board of education of each city, local and exempted village school district shall provide transportation to and from school for its district’s native students” (Section 3314.09(B)).

**Option 2:** “A school district is not required to provide transportation for any native student enrolled in a [charter] school if the district board of education has entered into an agreement with the [charter] school’s governing authority that designates the [charter] school as responsible for providing or arranging for the transportation of the district’s native students to and from the [charter] school” (Section 3314.091 (A)).

### Tennessee

**Option 1:** “If a public charter school elects to provide transportation for its pupils, the transportation shall be provided by the school or by agreement with the LEA within the district in which the school is located in the same manner it would be provided if the students were enrolled in any other school within the LEA” (Section 49-13-114.(a-d)).

**Option 2:** “If a public charter school elects not to provide transportation for its pupils, the school shall not receive the funds that would otherwise have been spent to do so” (Section 49-13-114(a-d)).

Whatever the decision, the state simply mandates that charter schools provide parent and guardians with information regarding transportation at the time of enrollment.

cover all transportation costs, however, local charter school leaders face the burden of filling the funding gap. As one state education agency representative explained, “We have heard that funding is a challenge, because the amount, the per-pupil allocation... is not sufficient to cover the necessary transportation costs. So even though there is a specific allocation, it is [insufficient] ...That is an area that [charter schools] really feel needs to be increased.”

### Policy Option: Require a Transportation Plan to Be Included in the Charter Application

In ten states,<sup>17</sup> charter school law requires charter school operators to submit a transportation plan for students with their charter application package. This policy option helps ensure charter schools begin

operations with an authorizer-approved plan for transporting students to and from school safely and reliably.

In **Idaho, Illinois, and North Carolina**, the charter school statutes require a plan for transportation funding and service delivery for charter students, regardless of whether the law clearly states who bears the legal responsibility.

- **Idaho** law simply states, “A proposal for transportation services is required.” (Section 33-5205 (3) (t)).
- **Illinois** law calls for “a description of how the charter school plans to meet the transportation needs of its pupils, and a plan for addressing the transportation needs of low-income and at-risk pupils” (Section 27A.7(13)). In this case, the statute is designed primarily to encourage the charter school

<sup>17</sup> Arizona, Colorado, Idaho, Illinois, Indiana, Iowa, Nevada, North Carolina, South Carolina, and Wyoming require charter school operators to submit a transportation plan for students with their charter application package.

and district to coordinate on the procurement of transportation services, particularly for students from low-income households. Illinois law further specifies, “As part of a charter school contract, the charter school and the local school board shall agree on funding and any services [including transportation] to be provided by the school district to the charter school” (Section 105 ILCS 5/27 A-11 (b)).

- **North Carolina** law requires the charter school to develop a transportation plan “so that transportation is not a barrier to any student who resides in the [district] in which the school is located” (Section 115C-238.29F (h)).

In **Arizona, Colorado, Indiana, Iowa, Nevada,** and **Wyoming**, charter school statutes require a transportation plan to be included in all charter applications, and this is the only reference to transportation in state charter law. Such a provision can help promote coordination between districts and charter schools.

- Charter law in **Colorado**, for example, requires charter schools and school districts to “collaborate in developing a transportation plan to use school district equipment to transport students enrolled in the charter school to and from the charter school and their homes and to and from the charter school and any extracurricular activities” (Section 22-30.5-112.5).

Requiring a transportation plan encourages collaboration and ensures that school leaders do not open the doors of new schools without having transportation arrangements in place for their students. However, when state law does not address responsibility for funding and delivering transportation services, charter schools and local districts are on their own to establish an agreement for student transportation that works best for all parties involved. In some cases, this happens relatively easily; in other cases, the process may prove challenging for one or both parties.

### Weighing the Options

Providing transportation services to charter school students often is a significant financial and logistical

challenge for local school districts and charter school operators. Confusion can result when there is no clear statutory designation of which party is responsible for paying the costs of transportation and arranging services. However, this challenge can be alleviated if state law clearly specifies the financial and logistical responsibility for transportation services for charter school students. (See Tables 1 and 2 on pages 24 and 25, respectively.)

- In states where local public school districts are responsible for transportation, charter schools often are relieved of the logistical and financial burden of providing services. State leaders viewed this policy option favorably, and many already following this course noted they had had few problems with transportation as a result. Several respondents pointed out, however, that charter school leaders run into difficulties when negotiating subsidies and service delivery with district officials. In general, developing clear policies concerning responsibility for funding and delivering transportation services can lessen conflict and confusion. They can also reduce the time and energy spent working out these arrangements.
- Holding charter schools responsible for providing transportation—but not giving them funding to cover the costs—can relieve some of the administrative burden on school districts and gives charter schools greater latitude to arrange transportation services that fit their program and scheduling requirements. However, this option can also cause a number of challenges for school leaders, particularly when charter schools are held responsible for funding. The costs of acquiring vehicles and paying for gas, maintenance, and bus drivers can represent a considerable and often overwhelming expense for smaller charter schools. Some of these challenges can be alleviated when charter schools have the option to contract with local school districts to deliver services or when they receive supplemental categorical aid from the state.
- Offering categorical aid to defray the costs of transportation can be helpful to charter school leaders who find it difficult to access district resources for transporting their students. When exploring this

option, state policymakers may consider combining state aid with clear language about who is responsible for funding and delivering transportation services, the amount of funding available to charter school operators, the process for obtaining funding, and the timing of payments.

- Requiring charter school developers to include a transportation plan in their charter application can help ensure that school leaders have a solid, authorizer-approved approach in place when they first open their doors. If the charter schools will rely on local school district resources, charter leaders and public school officials will have time to work out all necessary details. If charter schools will provide or contract for transportation services, they will have these arrangements in place and the projected costs in their budgets. In cases where the responsibility for providing transportation is left to the charter school's families, parents will clearly understand their obligations and have time to put in place transportation arrangements that meet their needs. As with the state categorical aid option, this policy seems to be most useful when developed in conjunction with language clearly establishing responsibility for funding and delivering transportation services.

- Whether transportation is funded and arranged by the local school district or by charter schools, students who live outside local school district boundaries may not receive services and may be responsible for arranging and paying the costs for their transportation. In these cases, low-income students may be at a particular disadvantage if their families are unable to manage the fiscal costs and logistical burden of transporting their students to and from school. In such situations, these families' option to choose the best educational setting for their child may be limited. To remedy this situation, states may consider legislative addendums that call for reimbursing districts that choose to transport students outside of traditional district boundaries, (See Connecticut charter school law on p. 13). States may also provide transportation subsidies or vouchers directly to families whose income is below the poverty level (See **Minnesota** charter school law on p. 13).

Table 1: Pros and Cons of State Policy Options Related to Transportation Services

| State Policy Option   | Pros   | Cons  |
|---|--|---|
| <b>Hold school districts responsible for transportation funding and service delivery.</b> | <ul style="list-style-type: none"> <li>Relieves charter schools of the financial burden of transportation costs.</li> <li>In some cases, districts are reimbursed for the extra cost of providing transportation for charter school students.</li> </ul>                         | <ul style="list-style-type: none"> <li>District often refuses to transport students from outside the district.</li> <li>In some cases, districts can refuse to provide transportation for charter school students if they demonstrate there is no available space on buses or it is impractical to provide said transportation.</li> </ul>  |
| <b>Hold charter schools responsible for transportation funding and service delivery.</b>  | <ul style="list-style-type: none"> <li>Schools do not have to rely on the district for funding or delivering services.</li> <li>In some cases, schools receive some aid or reimbursement from the state.</li> </ul>  | <ul style="list-style-type: none"> <li>In cases where there is no funding or insufficient funding, charter schools must use their operating funds or raise money from other sources (e.g., a partnership with a bus and/or subway system and/or individual and corporate contributions).</li> <li>Charter schools may choose not to provide transportation if they do not have adequate funding.</li> </ul> |
| <b>Provide transportation aid to charter schools.</b>                                     | <ul style="list-style-type: none"> <li>State funding can be more reliable and stable than district funding.</li> <li>Funding flows directly to the charter school.</li> <li>States relieve all or some of charter schools' financial burden for transportation costs.</li> </ul> | <ul style="list-style-type: none"> <li>In some states, the funding provided by the state is insufficient to cover transportation costs.</li> <li>Funding may be subject to state budget cuts.</li> </ul>  |
| <b>Require a transportation plan to be included in the charter application.</b>           | <ul style="list-style-type: none"> <li>Ensures charter school operators have a plan for transporting students before school doors open.</li> <li>Encourages collaboration between charter schools and school districts.</li> </ul>   | <ul style="list-style-type: none"> <li>In some states, the law requires a plan but makes no mention of responsibility for funding or delivery, leaving schools and districts to come to terms about who funds and provides transportation services.</li> </ul>  |

**Table 2: States with Policies Related to Transportation Services**

|                        | No Transportation Provisions | Hold District Responsible for Transportation Funding and Service Delivery | Hold Charter Schools Responsible for Transportation Funding and Delivery | Provide Transportation Aid to Charter Schools | Require a Transportation Plan To Be Included in Charter Application |
|------------------------|------------------------------|---|--|---|---|
| Alaska                 | ■                            |   |  |   |   |
| Arizona                |                              |   |  |   | ■   |
| Arkansas               |                              |   |  | ■   |   |
| California             |                              |   |  |   |   |
| Colorado               |                              |   |  |   | ■   |
| Connecticut            |                              | ■   |  |   |   |
| Delaware*              |                              | ●   | ●  | ■   |   |
| District of Columbia** |                              | ■   |  |   |   |
| Florida                |                              |   | ■  |   |   |
| Georgia**              |                              | ■   |  |   |   |
| Hawaii                 | ■                            |   |  |   |   |
| Idaho                  |                              |   |  | ■   | ■   |
| Illinois*              |                              | ●   | ●  | ■   | ■   |
| Indiana                |                              |   |  |   | ■   |
| Iowa                   |                              |   |  |   | ■   |
| Kansas**               |                              | ■   |  |   |   |
| Louisiana              |                              |   | ■  |   |   |
| Maryland               | ■                            |   |  |   |   |
| Massachusetts          |                              | ■   |  | ■   |   |
| Michigan               | ■                            |   |  |   |   |
| Minnesota*             |                              | ●   | ●  | ■   |   |
| Mississippi            | ■                            |   |  |   |   |
| Missouri               |                              |   | ■  | ■   |   |
| Nevada                 |                              |   |  |   | ■   |
| New Hampshire          |                              | ■   |  |   |   |
| New Jersey             |                              | ■   |  |   |   |
| New Mexico             |                              |   | ■  |   |   |
| New York               |                              |   | ■  |   |   |
| North Carolina         |                              |   | ■  |   | ■   |
| Ohio*                  |                              | ●   | ●  |   |   |
| Oklahoma               |                              |   | ■  |   |   |
| Oregon                 |                              | ■   |  |   |   |
| Pennsylvania           |                              | ■   |  | ■   |   |
| Rhode Island           | ■                            |   |  |   |   |
| South Carolina         |                              |   |  |   |   |
| Tennessee              |                              | ●   | ●  | ■   | ■   |
| Texas                  |                              |   | ■  |   |   |
| Utah                   |                              |   | ■  |   |   |
| Virginia               |                              |   |  |   |   |
| Wisconsin              |                              |   |  | ■   |   |
| Wyoming                |                              |   |  |   | ■   |

\* Denotes states that offer more than one transportation option for charter schools and districts.

\*\* Denotes states that require districts to provide transportation services only for special populations.

● Denotes other available options for charter schools in the state.

## SPECIALIZED SERVICES FOR ENGLISH LANGUAGE LEARNERS AND STUDENTS LABELED “AT RISK”

The term “at-risk” traditionally has been used to describe populations of children and families who historically have been underserved by social, economic, and educational systems. A variety of factors converge when students are placed “at risk,” including having a low family income, growing up in a single-parent household, living in an impoverished neighborhood, and speaking English as a second language.<sup>18</sup> These characteristics indicate a higher probability that students may be exposed to inadequate educational experiences in their schools and communities and, therefore, may be at increased risk of failing academically or leaving school altogether.<sup>19</sup>

To mitigate the effects of social, economic, and demographic risk factors on students’ academic performance, the federal and state governments have established several programs to provide support to schools that serve historically underserved or “at-risk” student populations. The federal Elementary and Secondary Education Act (ESEA), for example, was established to help ensure equitable educational opportunities for students from socially and economically disadvantaged communities. Both charter and traditional public schools commonly are eligible to receive categorical funding to support instructional programs and other activities designed to increase the academic performance and improve the educational experience of students at risk of academic difficulties.

Charter schools nationwide serve only a slightly larger percentage of “at-risk” students than traditional public schools.<sup>20</sup> Charter schools in rural and urban areas are more likely to serve more “at-risk” students.<sup>21</sup> The steadily increasing charter school

enrollment of students labeled “at risk” suggests the growing popularity of this educational choice option among underserved populations.<sup>22</sup>

### The Challenge

To overcome the risk factors that their underserved students face, charter schools frequently offer specialized programs and services to ensure young people are ready and able to successfully participate in the learning process. These programs and services can include tutoring and academic support, English language training for students who are not native English speakers, and mentoring and academic coaching to help students prepare for college or other postsecondary education. Yet charter school leaders often find it difficult to adequately fund needed instructional programs and student supports, despite the availability of federal and state funding programs. Gaining access to categorical funding for at-risk students in charter schools depends greatly on how state charter school laws are written and whether they make specific provisions for allocating such categorical funding to charter schools.

At present, four states have charter school laws that explicitly address the provision of categorical funding for programs and services for students labeled “at risk”. Under these statutes, charter schools are eligible to receive federal and state categorical funding for “at-risk” populations in one of two ways, largely determined by the school’s legal status. In most cases, local school districts are responsible for distributing these public funds to charter schools that are not designated as a local education agency (LEA). Charter schools that do have LEA status can receive funding directly from the state and/or the federal government.

Charter schools serving large populations of English language learners (ELLs) typically are eligible for federal categorical funding in addition to sources designated for

<sup>18</sup> Aaron Pallas, “Making Schools More Responsive to At-Risk Students,” *ERIC/CUE Digest* No. 60., ED316617 (New York, N.Y.: ERIC Clearinghouse on Urban Education, 1989).

<sup>19</sup> *Ibid.*

<sup>20</sup> According to the National Alliance for Public Charter School’s “Charter School Dashboard 2009”, compared with traditional public schools, charter schools serve approximately 11 percent fewer white students, 7 percent more black students, 3 percent more Hispanic students, and slightly higher percentages of students eligible for free or reduced-price lunches.

<sup>21</sup> Katrina Bulkley and Jennifer Fisler, “A Decade of Charter Schools: From Theory to Practice,” *Education Policy* 17 (2003).

<sup>22</sup> Lucretia Peebles, *Charter School Equity Issues: Focus on Minority and At-Risk Students*, Policy Brief (Aurora, Colo.: Mid-Continent Research for Education and Learning, 2000).

“at-risk” populations. ELLs are students who are gaining proficiency in reading, writing, and speaking in English and face the challenges of studying core content areas in math, science, language arts, and social studies at the same time they are learning the language. Typically, ELL students require additional instruction (e.g., in small group or one-on-one settings) and support to achieve the same academic performance as their classmates. Federal and state programs provide funding for specially trained staff and tutors, materials, and other resources to adequately support the learning needs of this population.

Despite the availability of federal and state funding for ELL and “at-risk” students, only nine states have laws that directly address the funding of these services for students in charter schools.<sup>23</sup> Existing legislative options most commonly address the issue in one of two ways: they provide a funding formula for distributing categorical funds to charter schools serving at-risk and ELL students, or they mandate the fair and equitable distribution of allotted funds to charter schools from the school districts where they are located.

## What States Can Do

States with charter school laws that address the funding of services for “at-risk” and ELL students usually:

- require LEAs to pass through categorical funding from state and federal programs for students labeled “at risk”; or
- establish specialized funding formulas for ELL instruction.

### Policy Option: Require LEAs to Pass Through Categorical Funding from State and Federal Programs for Students Labeled “At Risk”

Charter school laws in four states<sup>24</sup> require local school districts to distribute funds to charter schools from state and federal categorical programs targeting students labeled “at risk”. The statutes generally address the allocation of funds from the federal Elementary

and Secondary Education Act (ESEA), including Title I. Occasionally, they also specifically identify other relevant school-based programs targeting students at risk of educational failure, such as ESEA Title II, Safe and Drug-Free Schools and Communities, the National School Lunch Program administered by the U.S. Department of Agriculture, and **Michigan’s** State School Aid Fund. (See, also, *Federal Programs That Can Support Students Labeled “At Risk”* on page 28.)

- **Arkansas’** charter school law specifies that charter schools are to receive National School Lunch Act money and all Title I funds, but it does not identify a specific funding formula for distributing these funds. One state respondent explained, “*The federal government sends Title I allocations to the state for each LEA. The state then sends a survey to charter schools to obtain enrollment and poverty data. They must have at least 10 poverty students to qualify for funds. Then based on those numbers, we calculate the amount of funds that will be subtracted from the resident school district and distributed to the charter school.*”
- In **Ohio**, the charter school law simply states, “The department of education shall include [charter schools] in its annual allocation of federal monies under Title I of the ESEA” (Section 3314.081). No set amount of funding is earmarked for charter schools, and no formula exists for calculating a fair share of categorical funding for programs to support at risk students.
- **New Hampshire’s** charter school law states, “Any federal or other funding available in any year to a sending district...shall be directed to charter schools...on an eligible per pupil basis. This funding shall include, but not be limited to, funding under Chapters I and II of Title II, and Drug-Free Schools, in whatever form the funding is available in any year” (Section 194-B:11.IV). The Title II program supports initiatives designed to improve teacher and principal quality. The Safe and Drug-Free Schools and Communities program, alternately, supports drug and violence prevention activities focused on school-age youth. The state’s statutes also dictate

<sup>23</sup> Arkansas, California, Michigan, New Hampshire, North Carolina, Ohio, Oregon, Tennessee, and the District of Columbia address the funding of services for at-risk and ELL students in their charter school law.

<sup>24</sup> Arkansas, Michigan, New Hampshire, and Ohio

## Federal Funding Programs That Can Support Students Labeled “At Risk”

Charter schools can try to access several federal funding programs for at-risk students.

- **21st Century Community Learning Centers:** LEAs, community-based organizations, and other public or private entities are eligible to apply for this program, which supports the creation of community learning centers that provide academic enrichment opportunities, during nonschool hours, primarily for students attending low-performing schools. Charter schools can use these funds to cover the costs of out-of-school time programs for “at-risk” students.
- **Community Development Block Grant:** Charter schools in metropolitan statistical areas can partner with designated city agencies to access these funds, which support projects designed to develop viable urban communities by providing decent housing and a suitable living environment and expanding economic opportunities for students and families from low- and moderate-income households. Charter schools can use the funds for physical infrastructure improvements that promote community economic development, the provision of improved community facilities and services, the acquisition of real property, infrastructure upgrades, public service, energy conservation, and job creation and retention activities.
- **Consolidated Health Centers:** Public and nonprofit private entities, including tribal, faith-based, and community-based organizations, are eligible to apply for these funds, which are awarded to increase access to comprehensive primary and preventive health care and improve the health status of underserved and vulnerable students and families in the area to be served. Charter schools can use these funds to support school-based health centers.
- **Mentoring Grants:** LEAs, nonprofit organizations, and community-based organizations can apply for these funds, which can be used to support school-based mentoring programs and activities to serve children with the greatest need in one or more of grades 4 through 8 living in rural areas, high-crime areas, or troubled-home environments, or attending schools with violence problems.
- **Summer Food Service Program:** Schools, camps, government agencies, and private nonprofit organizations are eligible to participate as sponsors for this program, which provides free meals and snacks to low-income children during long school vacations when they do not have access to school lunch or breakfast. Charter schools can use these funds to provide meals, for students labeled “at risk”, during summer programs.

To learn more about these and other federal funding programs that can support students labeled “at risk”, please visit the NRC’s Federal Funding Catalog, available online at <http://www.charterresource.org/index.cfm?page=5>.

that “the commissioner of the department of education shall apply for all federal funding available to charter schools under the No Child Left Behind Act, Title I of the Elementary and Secondary Act (ESEA), or other federal source of funds” (Section 194-B:II.IVa).

Unlike **Arkansas** and **Ohio**, **New Hampshire’s** far-reaching requirements mandate districts to distribute to charter schools federal categorical funds the LEA already receives *and* commissioners to apply for any additional categorical funding for which charter schools might be eligible. When state statutes require the state and local school districts to make sources of federal

and state categorical aid for ELLs and “at-risk” students available to charter schools, it can help level the playing field between traditional public schools and those charter schools serving vulnerable populations, because, as one state respondent noted, it ensures that “[*charter schools*] get the same [*funding allotment*] as our traditional public schools.”

States also can choose to award additional funding to charter schools with qualifying students from low-income households. Consider this example.

- **Michigan’s** charter law requires categorical aid to be distributed from the State School Aid Fund for payments to eligible LEAs or charter schools based on the “number of actual pupils in [attendance] that

meet the income eligibility criteria for free breakfast, lunch, or milk in the preceding state fiscal year” (Section 388.1631a). As one state representative explained, “Funds support a wide variety of programming for “at-risk” students and can be used to provide both instructional programs and direct noninstructional services,” including:

- medical or counseling services for at-risk youth;
- school health clinics;
- school breakfast programs;
- child and adolescent health centers;
- hearing and vision screenings;
- afterschool tutoring for at-risk girls in grades 1–8;
- reduction of pupil-to-teacher ratios in kindergarten through grade 6 classrooms;
- adult high school completion;

- General Educational Development (GED) test preparation;
- adult English as a second language;
- adult basic education programs; and
- early intervening programs for students in kindergarten through grade 3.

Although these additional funds for disadvantaged children and youth can prove useful to charter schools serving a large number of students from low-income households, those serving middle- or low-middle-income students typically are not eligible for most means-tested categorical funding. As one charter school leader explained, though their students’ needs for academic support may be just as great, charter schools serving students from families with incomes just above the poverty level often are challenged to qualify for categorical aid programs because their students do not meet the

### Federal Funding Programs That Can Support ELL Students

Charter schools can try to access several federal funding programs that can support ELL students.

- **Even Start: Migrant Education Program:** Any entity can apply for these funds, which support efforts to improve the education opportunities of migrant families through family literacy programs that integrate early childhood education, adult literacy or adult basic education, and parenting education. Charter schools can use these funds for activities such as recruitment and screening of children and parents; design of programs; instruction for children and parents; staff training; support services; evaluation; and coordination with other programs. Parents must be migratory agricultural workers or fishers with children from birth through age 7. Parents must also be eligible for participation under the Adult Education Act or be within the state’s compulsory school attendance age range.
- **Hispanic-Serving Institutions Assisting Communities:** Charter schools can partner with colleges and universities considered Hispanic-serving institutions to access these funds, which help these schools expand their effectiveness in addressing community development needs. Charter schools and their partner universities can use these funds to develop, for example, educational support programs, youth centers, job training programs, and child care programs.
- **Migrant and Seasonal Farmworker Youth:** Charter schools can partner with local or state public agencies or private nonprofit organizations to access these funds, which support programs that provide educational opportunities, employment skills and life enhancement activities to at-risk youth, ages 14 to 21, from seasonal farmworker families. Activities should lead to these students’ development, academic success, and economic stability.
- **Tribal Youth Program (Title V):** Charter schools can partner with federally recognized Indian tribes, tribal coalitions, and native Alaska villages to access these funds, which support the development of tribal youth programs.

To learn more about these and other federal programs that can fund services for ELL students, please visit the NRC’s Federal Funding Catalog, available online at <http://www.charterresource.org/index.cfm?page=5>.

strict income criteria. This lack of specialized funding represents what one respondent termed an “ongoing challenge” for charter schools in less economically disadvantaged communities.

In states without charter laws or with laws that do not address the flow of categorical funds for students labeled “at-risk”, charter schools have varying success in accessing available funding sources. In some cases, charter schools receive the same funding as traditional public schools. For example, in one state without such statutes, a respondent noted, Title I dollars are “prorated on a per-pupil basis and that [amount follows students] into the charter schools.” In other states, however, charter schools do not receive a proportionate share of categorical funds that flow from the federal government or from the state. As one state expert explained, “federal funds don’t filter down to the charter schools. For example, the state keeps Safe and Drug-Free Schools money.”

### Policy Option: Establish Specialized Funding Formulas for ELL Instruction

Charter school laws in six states<sup>25</sup> provide categorical funding specifically for ELL services based on a specialized funding formula. State legislators have taken two primary approaches when determining how best to calculate these allotments. The first approach, adopted by **North Carolina** and **Ohio**, includes the development of a special formula specifically for ELL students. (See, also, Federal Funding Programs That Can Support ELL Students on page 29.)

- In **North Carolina**, the state provides “an additional amount for children with limited English proficiency attending the charter school, based on a formula adopted by the State Board” (Section 115C-238.29H.a.3). However, the state makes no specific determination about what that allotment should be.
- In **Ohio**, charter schools receive additional funding on a per-pupil basis for students identified as limited-English proficient. Specifically, “the amount [of general operating funds] received . . . as adjusted by any poverty-based assistance reduction factor of

that [charter school], is multiplied by the number of the district’s students enrolled in the [charter school] who are identified as limited-English proficient” (Section 3314.08.D.7).

Alternatively, charter law in **California**, **Oregon**, and the **District of Columbia** offers charter schools additional ELL funding by adding extra “weight” to existing per-pupil funding formulas to account for ELL students.

- **California** charter law states that when calculating additional per-pupil funds for students identified as educationally disadvantaged, students who are both eligible for subsidized meals and an English language learner “shall count as two pupils” (Section 47634.f).
- According to a state respondent, in **Oregon** charter schools, when calculating per-pupil funding for special populations/specialized services, “a student who is in an approved ESL program [counts as] 1.5 students.”
- In the **District of Columbia**, the charter school law states, “In addition to grade-level [per-pupil] allocations, supplemental allocations shall be provided on the basis of the count of students identified as entitled to and receiving English as a second language or bilingual education services” (Section 38-2905(a),(a)(2)). These supplemental allocations are calculated by applying “weightings” to the foundation-level, per-pupil allotment based on the hours of services received by qualifying students (Section 38-2905(c)).

A state respondent from **Tennessee** also noted that due to a recent reauthorization of charter school law, “They are increasing the amount of funding to ELL by decreasing the [student-teacher] ratio. They are delivering better quality [now].”

Each of these policy options provides key resources to charter schools serving ELL students. When charter schools’ eligibility to receive these allocations of federal and state funding is not established in statute, they may find it challenging to provide quality instructional programs and supports for these students. Leaders

<sup>25</sup> California, North Carolina, Ohio, Oregon, Tennessee, and the District of Columbia provide categorical funding for ELL services based on a specialized funding formula.

of charter schools that do not automatically receive categorical funding for ELL students are faced with the prospect of an annual negotiation with their local school district to access necessary funding. Although these funds are critical to serving this vulnerable student population, state respondents reported that charter school operators sometimes have a difficult time accessing these resources from their local school districts. As one state leader explained, charter schools seldom receive ELL funding from the district in a timely manner and the funding is rarely comparable to the amount provided to traditional schools. *“The funds are released later than charter schools would like. Also the method of counting pupils by the previous year’s enrollment causes problems, and finally, there are very few adjustments for [ELL] students, which traditional schools get.”*

When local school districts are unable or unwilling to allocate categorical funding to charter schools to serve ELL students, charter school leaders may be forced to tap their general operating funds, or seek funding from other public and private sources. Or, they may determine that they cannot provide the comprehensive array of instructional programs and student support services necessary to help ELL students succeed.

## Weighing the Options

Charter schools serving “at-risk” and ELL populations often provide specialized academic support and services to ensure these students can make the most productive use of their learning time and fulfill their academic potential. While state and federal funds for these services are consistently provided to traditional public schools, charter schools are not always able to access these resources. In nine of the 41 states with charter school laws, the statutes address the issue of distributing categorical funding to charter schools that serve at-risk and ELL students.

- Many charter schools lack the capacity to effectively access, maintain, and provide appropriate reporting for the federal categorical programs designed to support the delivery of specialized services to students labeled “at risk”. Charter school laws in **Arkansas, New Hampshire, and Ohio** provide

useful examples of statutes that facilitate charter schools’ access to such categorical funding through state and local agencies. **Arkansas and Ohio** simply require charter schools to be included in annual allocations of federal categorical dollars.

**New Hampshire** provides a more comprehensive mandate, requiring the SEA and LEAs to distribute a portion of existing categorical funding to charter schools and complete applications to all other relevant federal funding sources. By developing this type of detailed and inclusive statute, with clear guidelines for the state and districts regarding expectations of categorical funding, policymakers can afford charter school operators access to a wider range of support programs targeting special populations.

- To provide targeted instruction for ELL students, schools often need resources and materials, as well as trained staff, above and beyond that normally required for other students. Traditional public schools typically can look to their school district for resources to support ELL programs, but charter schools are not always guaranteed the funds necessary to provide these services. Charter school laws in **California, North Carolina, Ohio, Oregon, Tennessee, and the District of Columbia** provide models for the development of targeted legislation that uses funding formulas to calculate additional support for instructing ELL students in charter schools. Both options—a pass-through requirement for categorical funding and a specialized funding formula—may be effective strategies to help ensure charter schools receive an appropriate portion of funds to cover the supplemental costs of ELL instruction. (See Table 3.)

**Table 3: States with Policies Related to Services for At-Risk and English Language Learner Populations**

|                      | Require Distribution of Categorical Funding for At-Risk Students | Establish a Specialized Funding Formula for ELL Instruction |
|----------------------|--|---|
| Alaska               |  |   |
| Arizona              |  |   |
| Arkansas             | ■  |   |
| California           |  | ■   |
| Colorado             |  |   |
| Connecticut          |  |   |
| Delaware             |  |   |
| District of Columbia |  | ■   |
| Florida              |  |   |
| Georgia              |  |   |
| Hawaii               |  |   |
| Idaho                |  |   |
| Illinois             |  |   |
| Indiana              |  |   |
| Iowa                 |  |   |
| Kansas               |  |   |
| Louisiana            |  |   |
| Maryland             |  |   |
| Massachusetts        |  |   |
| Michigan             | ■  |   |
| Minnesota            |  |   |
| Mississippi          |  |   |
| Missouri             |  |   |
| Nevada               |  |   |
| New Hampshire        | ■  |   |
| New Jersey           |  |   |
| New Mexico           |  |   |
| New York             |  |   |
| North Carolina       |  | ■   |
| Ohio                 | ■  | ■   |
| Oklahoma             |  |   |
| Oregon               |  | ■   |
| Pennsylvania         |  |   |
| Rhode Island         |  |   |
| South Carolina       |  |   |
| Tennessee            |  | ■   |
| Texas                |  |   |
| Utah                 |  |   |
| Virginia             |  |   |
| Wisconsin            |  |   |
| Wyoming              |  |   |

## SUPPLEMENTAL AND ALTERNATIVE LEARNING OPPORTUNITIES

Extending opportunities for learning beyond the traditional classroom can help boost academic outcomes for many students, including those attending charter schools. Supplemental education programming, such as afterschool, summer, and other out-of-school time learning experiences, can increase academic achievement and school attendance, improve student effort and behavior in school, and result in social development and a positive self-image.<sup>26</sup>

Students can also benefit from alternative learning opportunities that provide classroom instruction in alternative settings. Some students are not able to reach their academic potential within the typical classroom environment and may perform better when given viable alternatives such as home schooling, distance learning, and computer-based instruction. Other students may thrive in an environment where they are deeply immersed in the instructional experience, such as that provided by residential learning programs.

### The Challenge

Supplemental and alternative learning opportunities aim to ensure that students in traditional public schools and charter schools receive the instruction, support, and

encouragement they need to be successful in school and in life. Accordingly, the federal government and several state governments have established categorical programs to help fund school initiatives to provide supplemental and alternative programming. As with other specialized services, however, charter schools often face greater challenges than traditional public schools in accessing categorical funding streams for these purposes. (See *Federal Programs That Can Support Supplemental and Alternative Learning Opportunities* on page 34.)

To alleviate some of these challenges, a few states have enacted specific statutes to regulate funding for supplemental and alternative learning opportunities for charter school students. Most states have not yet included such provisions in their charter school laws. However, the policies and practices of the small number of states that have addressed supplemental academic services in their charter school laws can serve as models for other states.

Legislative scans revealed that the services most commonly addressed in charter school statutes include opportunities for nonclassroom-based instruction (e.g., distance learning and residential learning programs), out-of-school time programming, and early childhood development and enrichment activities. A few states also include activities to support teacher and staff professional development (see *Funding Professional Development for Charter School Teachers and Staff* on page 36). Enacting charter school legislation that speaks to the funding of

### Mississippi Gives Charter Schools Special Preference

**Mississippi** has developed an initiative to provide targeted funding to charter schools for specifically delineated purposes, such as mentoring, classroom technology, school improvement initiatives, and alternative school programs.

- In **Mississippi**, “The State Board of Education may give charter schools special preference when allocating grant funds [from external sources] for alternative school programs, classroom technology, school improvement programs, mentoring programs, or other grant programs designed to improve local school performance” (Section 37-28-15 (2)).

This policy can reduce the competition between charter schools and traditional public schools for available categorical funds. It can also help ensure that charter schools receive a reasonable share of funding to support the specialized services for students.

<sup>26</sup> American Youth Policy Forum, *Helping Youth Succeed Through Out-of-School Time Programs* (Washington, D.C.: American Youth Policy Forum, January 2006).

## Federal Funding Programs That Can Support Supplemental and Alternative Learning Opportunities

Charter schools can try to access several federal funding programs to support supplemental and alternative learning opportunities.

- **21st Century Community Learning Centers:** LEAs, community-based organizations, and other public or private entities are eligible to apply for this program, which supports the creation of community learning centers that provide academic enrichment opportunities, during nonschool hours, primarily for students attending low-performing schools.
- **Carol M. White Physical Education Program:** LEAs and community-based organizations can apply for this program, which supports innovative approaches to health and physical activity that equip students with the knowledge to be healthy and physically active. Charter schools can use the funds to add, expand, or improve their physical education programs.
- **Community Outreach Partnership Center Program:** Charter schools can partner with local colleges and universities to access these funds, which seek to help universities harness their ample resources in the service of nearby communities. Charter schools and their university partners can use these funds to support youth mentoring programs.
- **Learn and Serve America: School and Community-Based Programs:** State education agencies, state commissions on national service, U.S. territories, Indian tribes, and public or private nonprofit organizations can apply for this program, which supports initiatives that encourage elementary and secondary schools and community-based agencies to create, develop, and offer service learning opportunities for school-age youth; educate teachers about service learning and incorporate service learning opportunities into classrooms to enhance academic learning; coordinate adult volunteers in schools; introduce young people to a broad range of careers; and encourage students to pursue further education and training. Charter schools may use the funds to support activities that engage youth in service learning projects to further their education and training. Funds can also be used for guidance counseling as well as for civic and vocational education.
- **Title I Supplemental Educational Services:** LEAs and SEAs are eligible to apply for these dollars, which support supplemental educational services for eligible children in failing schools.

To learn more about these and other federal programs that can support supplemental and alternative learning opportunities, please visit the NRC's Federal Funding Catalog available online at <http://www.charterresource.org/index.cfm?page=5>.

supplemental and alternative learning opportunities for students can help ensure that charter schools receive a reasonable share of available funding for key programs and supports.

### What States Can Do

State interviews and legislative reviews revealed two common policy options through which state policymakers currently address the funding of supplemental and alternative learning opportunities for charter school students:

- provide funding for nonclassroom-based instruction; and

- provide funding for enrichment and supplemental education programs.

### Policy Option: Provide Funding for Nonclassroom-Based Instruction

Some jurisdictions specifically allocate funding to charter schools for instructional programs that take place outside conventional academic settings. For example, charter law in **California** and the **District of Columbia** provides funding, in addition to general operating allotments, for formal instruction that takes place outside the traditional classroom.

- In **California**, “a charter school that has an approved charter may receive funding for non-

classroom-based instruction only if a determination for funding is made...by the State Board of Education...Non-classroom-based instruction includes, but is not limited to, independent study, home study, work study, and distance and computer-based instruction” (Section 476 .5 (1)-(2)).

- Charter law in the **District of Columbia** allots funding for summer school and full-time residential programs for charter school students.

- **Summer School**

“Supplemental per pupil allocations shall be provided for summer school instruction for students who do not meet literacy standards pursuant to promotion policies of the DCPS [District of Columbia Public Schools] or Public Charter Schools” (Section 38-2905(a)(3)).

- **Full-Time Residential Programs**

“Supplemental allocations shall be provided for each student in full-time residence at a residential DCPS or Public Charter School” (Section 38-1804.01 (b)(3)(B)(ii)(b)).

Additionally, virtual charter schools are an increasingly popular option that provides nonclassroom-based instruction (see text box below).

### **Policy Option: Provide Funding for Enrichment and Supplemental Education Programs**

At present, only three<sup>27</sup> of the 41 states with charter school laws have developed statutes that specifically allocate funding to support enrichment and supplemental education programs. In each of the three cases, the states offer unique options, including the allotment of federal funds for afterschool programs and support for early childhood education and enrichment programs. These options can serve as practical models for state policymakers considering the addition of similar provisions to fund enrichment and/or supplemental education services.

- In addition to its allotments for nonclassroom-based instruction, the **District of Columbia’s** charter law mandates the allotment of funding for afterschool programs and requires District of Columbia Public Schools (DCPS) to “distribute any TANF [Temporary Assistance for Needy Families]

## **Virtual Charter Schools**

Virtual charter schools, also called cyber charter schools, are schools in which students complete all or a portion of their coursework online. These online schools are an increasingly common phenomenon, currently operating in 17 of the 41 states with charter school laws across the country. Funding for these schools has begun to be addressed in state charter school laws, for example:

- In **Minnesota**, the charter school law requires the department of education to distribute funds to virtual charter schools based on the school’s reported average daily membership.
- In **Nevada**, students enrolled in virtual charter schools full-time generate 100% of per-pupil funding and written funding agreements between the local school district board, the charter school board, and the online provider is required for part-time students.
- **Pennsylvania** charter school law dictates that cyber charter schools send invoices to the student’s resident district, which is required to report average daily membership for all resident students to the state. The district receives funding from the state and is required to pay invoices to the cyber schools. The law specifies that any disputes between the district and cyber charters around enrollment are to be investigated by the Pennsylvania department of education.

*For more on virtual charter schools, see: Ahn, J. (forthcoming). “Policy, technology, and practice in cyber charter schools: Framing the issues,” Teachers College Record, 113(1).*

<sup>27</sup> Louisiana, Mississippi, and the District of Columbia allocate funding to support enrichment and supplemental education programs. To learn more about Mississippi’s legislation, see Mississippi Gives Charter Schools Special Preference on page 33.

## Funding Professional Development for Charter School Teachers and Staff

School faculty and staff at traditional public schools commonly receive professional development allotments from the school district. In most states, charter school law rarely provides for this categorical line item. Six states include provisions in their charter school laws for professional development for teachers and administrators; of these, five states mandate funding allotments for or responsibility for the provision of professional development.

- According to respondents, **Arkansas** legislators have also established policy that allots professional development funds to charter schools in the amount of \$42 per student. The state also is unique because of its incentive program for charter school teachers and schools. The Arkansas School Recognition Program provides financial awards to outstanding schools. Qualifying schools receive “\$100 per student who participated in the school’s assessment program” (Section 6-15-2107.c). Funds can be used for bonuses for faculty and staff, educational equipment or materials, and temporary personnel.
- **California** charter law (Section 47634 (3)-(36)) states, “The Superintendent shall annually compute a categorical block grant amount for each charter school [for]”:
  - the Beginning Teacher Support and Assessment System;
  - the California Mentor Teacher Program;
  - Mathematics staff development;
  - school personnel staff development and resource centers; and
  - the Mathematics and Reading Professional Development Program.
- **Colorado** charter school law mandates the provision of professional development for school staff solely as it relates to special education service provision.
- In **Delaware**, state policymakers have legislated Critical Needs Scholarships for charter school teachers. Scholarships are designed “to reduce the number of Delaware public school teachers who do not hold Standard Certification in their area of instruction by enabling and encouraging these teachers to pursue education that will enable them to become fully certified” (Section 3420 (a)).
- **Utah** charter law mandates that a “Quality Teaching Block Grant Program shall distribute money to school districts and charter schools to implement long-term professional development plans” (Section 53A-17a-124 (1)-(2)(a)).

In states that do not provide dedicated funding for teacher and staff professional development in their charter school law, charter school leaders must use general operating funds to provide continuing education opportunities, seek outside sources of support from partner organizations in their community (e.g., universities and community colleges), or solicit private contributions for these purposes. As one state respondent explained, “[Charter schools are] using their general per-pupil expenditure for [professional development]. So there’s like no extra pot of money. Sometimes they’re able to apply for some of the federal aid of state discretionary grants to help them with that, but that’s the major issue is that these poor schools have to use their education program budget in order to fund [their categorical services].”

or Health and Human Services funds designated for after-school programs, on an equitable basis, to DCPS and Public Charter Schools that receive funding based on the Uniform Per-Pupil Funding Formula” (Section 38-2931).

- **Louisiana** is the only state whose charter law allocates state and federal resources specifically to fund schools that provide “early childhood development and enrichment activity classes” to students (Section 17:24.10.A).

## Weighing the Options

Alternative and supplemental learning opportunities are important vehicles through which charter school leaders can provide additional instruction, guidance, and support for student learning. Nationwide, funding for these services may be difficult for many charter school leaders to access, unless specific provisions are included in state charter school laws allocating support for these purposes. The provision of funding for these nonclassroom-

based and supplemental education programs and services gives charter schools greater flexibility in serving their students; enables schools leaders to offer a comprehensive array of services to charter school students that promote academic, social, and emotional well-being; and allows for innovative off-site and out-of-school time instruction that facilitates and improves student learning. (See Table 4 on page 38.)

- When establishing policy to fund categorical services for charter school students, policymakers should consider the wide array of programming necessary to properly support various student populations. Funding for singular initiatives such as early childhood development (e.g., **Louisiana**) and nonclassroom-based instruction (e.g. **California**) can be quite useful to charter school operators. Yet more comprehensive policies (e.g., the **District of Columbia**) that speak to funding for the wide range of supplemental and alternative programming that charter schools offer can help ensure students receive the proper supports necessary to succeed in school. The federal government offers several categorical programs that states and local school districts can access to help fund these vital programs for students (see *Federal Funding Programs That Can Support Supplemental and Alternative Learning Opportunities* on page 34).

- As state policymakers examine promising policy options, it is important to consider how the flow of funding affects charter school leaders' ability to access funds for alternative and supplemental learning opportunities. In most cases where charter schools are not their own LEA, categorical funding must flow through state and/or local agencies to charter school operators. The more directly funding flows to a charter school, the more likely the charter school will receive a proportionate share of categorical resources. While some state respondents noted that they have had no difficulty accessing funding, others report that they have experienced significant problems obtaining their full allotment of funds from LEAs and the SEA. State law that clearly details the process for allocating categorical funds to charter schools can greatly facilitate their access to these resources.
- State policymakers may also want to consider how ensuring the allocation of funds for professional development for charter school teachers and staff can provide opportunities to increase their knowledge of both traditional and alternative instructional techniques, which may help further enhance the learning experience for students.

**Table 4: States with Policies Related to Alternative and Supplemental Learning Opportunities**

|                      | Nonclassroom-Based Instruction | Enrichment and Supplemental Education Programs |
|----------------------|--------------------------------|--|
| Alaska               |                                |  |
| Arizona              |                                |  |
| Arkansas             |                                |  |
| California           | ■                              |  |
| Colorado             |                                |  |
| Connecticut          |                                |  |
| Delaware             |                                |  |
| District of Columbia | ■                              | ■  |
| Florida              |                                |  |
| Georgia              |                                |  |
| Hawaii               |                                |  |
| Idaho                |                                |  |
| Illinois             |                                |  |
| Indiana              |                                |  |
| Iowa                 |                                |  |
| Kansas               |                                |  |
| Louisiana            |                                | ■  |
| Maryland             |                                |  |
| Massachusetts        |                                |  |
| Michigan             |                                |  |
| Minnesota            |                                |  |
| Mississippi          |                                | ■  |
| Missouri             |                                |  |
| Nevada               |                                |  |
| New Hampshire        |                                |  |
| New Jersey           |                                |  |
| New Mexico           |                                |  |
| New York             |                                |  |
| North Carolina       |                                |  |
| Ohio                 |                                |  |
| Oklahoma             |                                |  |
| Oregon               |                                |  |
| Pennsylvania         |                                |  |
| Rhode Island         |                                |  |
| South Carolina       |                                |  |
| Tennessee            |                                |  |
| Texas                |                                |  |
| Utah                 |                                |  |
| Virginia             |                                |  |
| Wisconsin            |                                |  |
| Wyoming              |                                |  |

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## CONCLUSION

School administrators in both charter schools and traditional public schools can be challenged to find sufficient resources to fund the wide range of categorical supports and services their students need. Charter school operators, however, often face distinctive challenges not commonly encountered by traditional public schools, largely due to:

- charter schools' position of relative autonomy within the school district;
- confusion surrounding whether the district or the charter school is ultimately responsible for funding categorical services;
- charter schools' legal status; and
- the process of accessing funding from local school districts.

Most state respondents in this study agreed that providing specialized services for charter school students is important. Currently, however, few states have charter school laws that help operators access the necessary support for these key services. States that have enacted such statutes for charter schools can serve as useful models as policymakers in other states consider which policy options may be best suited to the districts, schools, and students in their state.

The states highlighted in this guide demonstrate a number of variations in their policy approaches to helping ensure charter schools have adequate funding for specialized services for their students. Policies related to transportation services seem to be both the most prevalent and complex among the states with charter school laws, as transportation has proven to be one of the most expensive specialized services offered by charter school operators. In some states, districts and school leaders collaborate to provide transportation to charter school students. In others, however, state law plays a key role in streamlining the process, by establishing responsibility for funding and delivering charter school transportation services. State policy options include clearly delineating the entity responsible for funding and/or arranging for transportation services, providing additional transportation aid to charter school operators, and requiring charter school developers to include a transportation plan in their initial charter application. Each of these policy options can work independently, or in tandem with other options, to facilitate the funding and delivery of reliable transportation services to charter school students.

Other specialized services, including programs for students labeled “at risk”, services for English language learners, and supplemental and alternative learning opportunities, are less costly but still essential to successful student learning. Despite their importance, only a few states currently address the funding and provision of these services in their charter school statutes. Relevant statutory provisions are more simplistic than those for transportation. They simply address the availability of or require charter school access to categorical funding to support these services. The primary exceptions to this rule are provisions related to funding for ELL services, which provide funding through the assignment of weights or funding formulas.

State policymakers considering the inclusion of specialized services provisions in their state's charter school law may consider modeling their provisions after those addressing transportation services. Transportation provisions in existing charter school laws provide guidance on funding, the provision of additional state aid, and the inclusion of a plan for service delivery in initial charter applications to encourage charter school developers to begin thinking early about the best way to provide necessary specialized services to their students.

To obtain more information on state policy options for financing categorical services, or to learn more about other state policy guides developed by the National Resource Center on Charter School Finance and Governance, visit [www.CharterResource.org](http://www.CharterResource.org).

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## ADDITIONAL RESOURCES

Bierlein, L., and L. Mulholland. *Charter School Update: Expansion of a Viable Reform Initiative*, 1994.

Education Commission of the States. “State Policies for Charter Schools Database.” <http://www.ecs.org/html/offsite.asp?document=educationIssues%2FCharterSchools%2FCHDB%5Fintro%2Easp>.

National Alliance for Public Charter Schools. “US Charter Schools—Budget, Finance, and Fundraising.” [http://www.uscharterschools.org/pub/uscs\\_docs/r/budget.htm](http://www.uscharterschools.org/pub/uscs_docs/r/budget.htm). (See Section IV on Charter School Revenues.)

U.S. General Accounting Office. *Charter Schools: New Model for Public Schools Provides Opportunities and Challenges*. Washington, D.C., 1995

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