

# SHORTCHANGED CHARTERS:

HOW FUNDING DISPARITIES  
HURT COLORADO'S CHARTER SCHOOLS

*The Colorado League of Charter Schools*



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COLORADO LEAGUE of  
CHARTER SCHOOLS

*focus on achievement*

THE COLORADO LEAGUE OF CHARTER SCHOOLS is excited to be publishing the attached report entitled *“Shortchanged Charters: How Funding Disparities Hurt Colorado’s Charter Schools”* about the state of charter school facilities in Colorado.

This past summer the League launched its Facilities 2010 Initiative to develop a long-term blueprint for charter school facilities in our state. In order to ensure that the policy recommendations of this effort were research-based and supported by reliable data, the League contracted with Hutton Architecture Studio to undertake the nation’s most comprehensive assessment of a state’s charter school facilities. The following report is based on survey data collected during the 2007-08 school year.

**Key findings include:**

- **Charter schools are forced to spend operating funds on their facilities.**
  - On average, charter schools in Colorado spend \$480 per student from designated per-pupil operating revenue on facilities costs. For a school of 400, that translates into \$192,000, enough for at least four additional teachers.
  
- **Every year tens of thousands of Colorado students are denied a seat in a charter school because of a lack of available space.**
  - An estimated 41,000 students are on waiting lists to get into Colorado charter schools. A majority (55 percent) of charters would like to serve additional students but since most of these schools (79 percent) do not have sufficient space, thousands of children each year do not have this opportunity.





- **Most charter schools have limited capacity to serve federally-subsidized meals for students from lower-income families.**
  - Only 28 percent of charter schools have kitchen facilities that qualify them to provide federally-subsidized free and reduced-price meals for students from lower-income families, putting many charter schools at a disadvantage when trying to meet the needs of these students.
  
- **Charter school facilities are too small.**
  - More than 71 percent of charter school students in Colorado spend their days in classrooms smaller than local standards for new public school classroom space. About 80 percent of charter school students are in facilities where the total square footage per pupil is smaller than national and local new school standards when adjusted for school size.
  
- **Physical education and recreational options are limited for charter school students.**
  - More than a third (39 percent) of charter schools do not have a gym to hold regular physical education classes and a full third (33 percent) of charter schools do not have a functional athletic field.
  
- **State grant funding for public school facilities has provided little benefit for charters.**
  - Only 5 out of 138 charter schools (4 percent) have received state funding for facilities through grant programs.
  
- **Local bond elections are not a reliable source of funding for charter school facilities.**
  - Only 19 percent of charter schools have received bond proceeds through their authorizing school district.



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## BACKGROUND

### **Charter Schools in Colorado**

Colorado's charter school statute became law in 1993 and the state's first charter schools opened that same year. In response to parent and community demand, the numbers have grown to 138<sup>1</sup> schools currently serving nearly 57,000 students (just over 7 percent of Colorado's K-12 public school enrollment). Charter schools operate in communities across the state, including urban, rural and suburban areas. These schools are authorized by 48 different districts and the Colorado Charter School Institute.

### **Charter School Facilities**

As with charter statutes across the country, Colorado's law essentially puts the burden of obtaining and paying for facilities on the charter schools themselves. As a result, schools have struggled to find suitable and affordable facilities. Charter schools routinely identify facilities as their top challenge in an annual charter school needs assessment conducted by the Colorado League of Charter Schools.

Charter schools occupy all sorts of facilities – a handful have access to surplus school district buildings but the vast majority must venture into the commercial real estate market to find make-shift space. The typical progression for a charter school begins with leasing some sort of converted commercial space (supermarkets, office space, or modular facilities) at considerable expense from operating costs. Ideally, after a few years, some schools are able to purchase or construct their own buildings, often consuming an even larger part of their operating expenses. Even then, charter schools make many compromises like smaller facility size and fewer amenities.

In the summer of 2007 the Colorado League of Charter Schools launched its Facilities 2010 Task Force, established to identify prominent shortcomings in the current capital landscape and develop a blueprint of public policy and private sector changes leading to a comprehensive, long-range system of adequate public school facilities.

<sup>1</sup>Three charter schools operate exclusively on-line, bringing the total number of charter schools in Colorado to 141.

## KEY FINDINGS

### **Charter schools are forced to spend operating funds on their facilities.**

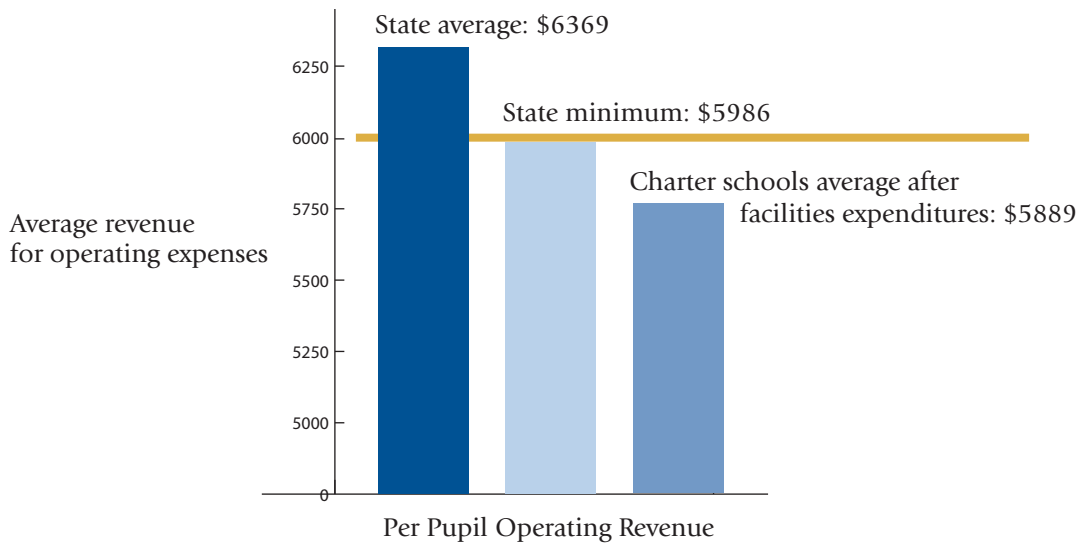
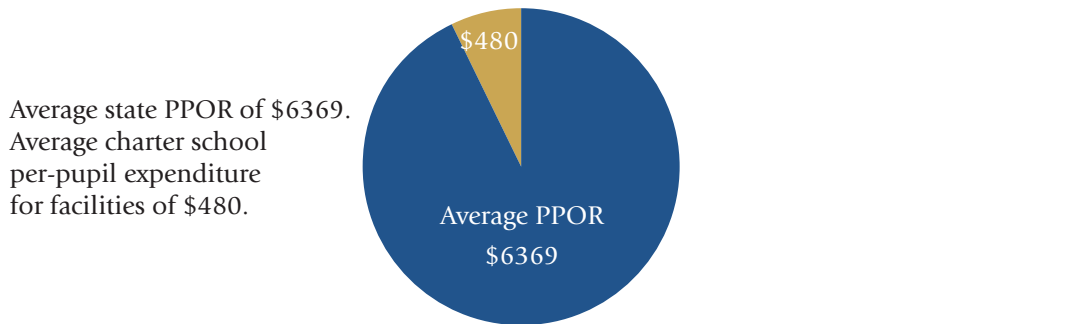
Charter schools are among the few public schools in Colorado that spend per-pupil operating revenue to cover the costs of their facilities. Since statehood, Colorado's public school finance system has relied on local property taxes to pay for public school facility needs. In recent years, the shortcomings of that arrangement have been exposed. Numerous school districts across the state with inadequate tax bases are sending their students to school in crumbling buildings. Both the settlement of the Giardino lawsuit and proposed "BEST" legislation (House Bill 08-1335) address the core problem by providing state funds where local property tax dollars are unavailable to pay for facilities needs.

Similarly, the property tax base to support charter school facilities is inadequate and as a result, charter schools across Colorado must spend operating dollars on their facilities needs. In many cases, this results in a drop in the funding available for operating expenses to a level significantly below comparable district funding. And in some cases, charter schools are left with operating funding that is, per student, lower than the state minimum per pupil operating revenue (PPOR).

- On average, charter schools in Colorado spend \$480 per student from designated per-pupil operating revenue (PPOR) on facilities costs.
- For schools renting space that figure is \$536.
- However, for schools that have bought or built buildings they now own, the figure increases to \$650.
- About a quarter (28 percent) of charter schools have access to school district buildings or land. These schools have lower facilities expenditures than charter schools that rent or pay debt service for facilities they own. These charters spend about \$189 per student on facilities.

In other words, charter schools are put into a position of spending less on their operations than what the state defines as the minimum required to meet educational program needs.

**Charter schools spend an average of \$480 out of operating expenses for facilities.**



**Every year tens of thousands of Colorado students are denied a seat in a charter school because of a lack of available space.**

Every year tens of thousands of Colorado families pursue enrolling their children in charter schools, but are denied enrollment because of a lack of space in charter school facilities. Unmet demand for charter schools is substantial – an estimated 41,000 students are on waiting lists to get into Colorado charter schools.

A majority (55 percent) of the schools surveyed would like to serve more children than they currently can, but since most charter schools (79 percent) are limited by facilities constraints, they cannot.

**Most charter schools have limited capacity to serve federally-subsidized meals for students from lower-income families.**

Cafeteria facilities are commonly considered a given in public school buildings. In the world of charter schools, however, kitchen facilities are a luxury. Because charter schools frequently have to find existing facilities that can be converted into functional educational space, for most schools, it is difficult and costly, if not impossible, to renovate a space to include a suitable kitchen and cafeteria that meets federal standards. Whether a charter school is building a new facility or renovating an existing one, it is cost prohibitive to spend operating funds on a kitchen and cafeteria that meets appropriate standards.

The federal government subsidizes the cost of providing school lunches to low and moderate income families. However, in order for a school to qualify to receive these subsidies, meals must be prepared in a kitchen facility that meets federal standards. Only 28 percent of charter schools have kitchen facilities that meet those federal standards. This puts many charter schools at a disadvantage when trying to meet the needs of low-income families. Schools without adequate facilities are left with limited options. Some offer free and reduced lunches through district food service programs that prepare meals offsite. Others purchase higher-priced meals for eligible students from private food vendors and cover the difference with operating funds, while some cannot offer meals to eligible students.





**Charter school facilities are too small.**

While Colorado has not identified standards for minimum square footage per pupil for classrooms or buildings, many Colorado school districts do have applicable standards (as do many states across the country). When measured against any of the standards reviewed for this study, charter school buildings and classrooms are considerably smaller. This is true even for charter schools that have recently built new school buildings.

- About 80 percent of charter school students are in facilities where the total square footage per pupil is smaller than local school district standards when adjusted for school size.
- More than 71 percent of charter school students in Colorado spend their days in classrooms smaller than the applicable local school district standards.



**Three quarters of charter school students are in schools smaller than applicable district standards.**

**Physical education and recreational options are limited.**

Physical education and opportunities to participate in sports, both in extracurricular activities and during school time, are an important component of any student's educational program. According to the President's Council on Physical Fitness and Sports, "Physical education in school provides the best opportunity for a child to learn and develop lifelong health and fitness skills. Without opportunities for school physical education, many children have no access to safe, supervised physical activity of any kind."

However, gymnasiums dedicated to physical education and safe, functional athletic fields are, for many charter schools, an extravagance they must do without.



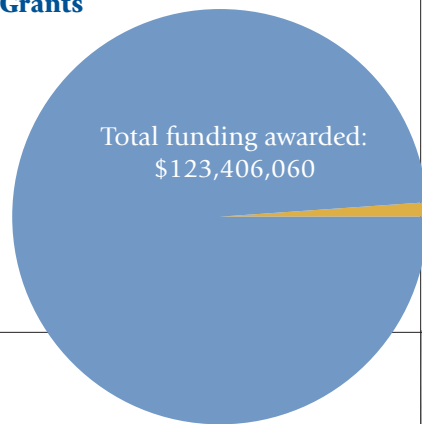
- Only 61 percent of charter schools in Colorado have a gym on-site or access to a gym, and only 49 percent have a dedicated gym rather than gym-lunchroom combination.
- Only 67 percent of charter schools have an athletic field. Of those with athletic fields, 48 percent report that the field is inadequate for normal activities or is not covered by grass.

**State grant funding for public school facilities has provided little benefit for charters.**

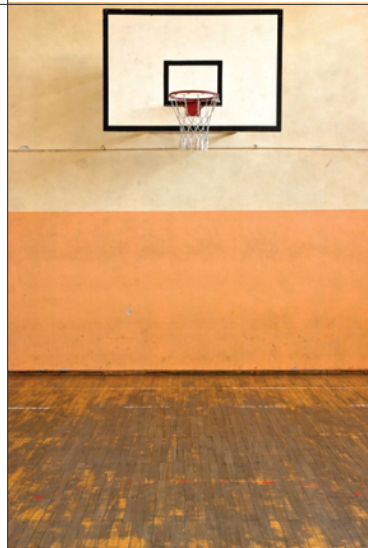
In 1998, the state of Colorado reached a settlement with plaintiffs challenging Colorado’s school finance laws who claimed that the existing system led to inadequate public school facilities in mostly rural, poor school districts (commonly referred to as the Giardino case). The settlement agreement for that case, reached in 2000, established a funding stream to provide grants and loans for capital improvements to public school facilities that is administered by the State Board of Education.

Although charter schools are technically eligible for Giardino funding, only five of the 30 charter schools that have applied for funding actually received any funds. Of the total funding awarded under Colorado Department of Education facilities grants, only one percent has gone to charter schools.

**Colorado Department of Education  
Facilities Grants**



Charter school funding: \$959,127  
(less than one percent)



**Local bond elections are not a reliable source of funding for charter school facilities.**

Many local school districts are able to finance construction of new school facilities and renovations of existing facilities through voter-approved bond financing. These bonds have provided additional tax revenue to help support local district facility and other capital needs. Voters have approved over \$2.73 billion in bonds in the last five years for school district capital construction in Colorado school districts with charter schools.

In the last five years, some Colorado charter schools (19 percent) have benefited from district bond money, but most (81 percent) have not. Of that 81 percent, approximately half are in districts that have had a bond election pass in the last five years, and the other half are in districts that have not passed a bond election in the last five years or are authorized by the Charter School Institute.

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**CONCLUSION**

The results of the analysis of data provided by 64 charter schools across Colorado demonstrate what schools have reported anecdotally for years. Current sources of funding for charter school facilities and many of the facilities themselves are inadequate. Unlike most district schools, charter schools are forced to spend a large portion of operating funding on facility costs.

And were charter schools to operate out of facilities that were comparable to district facilities in terms of quality, space and resources, the loss of operating funds would be even greater.

As waiting lists continue to grow and as charter schools that operate in modular classrooms (almost 30 percent) seek more durable, long-term facilities, the need for a reliable revenue source for charter school facilities will become even more serious.

## APPENDIX A

### Methodology

A critical first step in our analysis of charter schools was to develop the best possible set of data and information about charter school facilities and their needs.

To accomplish this, the League commissioned Hutton Architecture Studio. The firm's lead architect, Paul Hutton, has designed a variety schools and is known for his creative, cost effective and environmentally conscious facilities. He has designed numerous new charter schools and charter school additions. Mr. Hutton chose Wayne Eckerling and Allen Balczarek, who together have more than 60 years of experience in public school teaching and administration, to help him with the project.

Dr. Eckerling is a former assistant superintendent in the Denver Public Schools with responsibilities for supervision of charter schools, planning and research. Mr. Balczarek was a planning and research director for the Denver Public Schools with responsibilities for new school and program implementation. Both have experience with general obligation bond planning and implementation.

The questionnaire distributed to all charter schools in the state included more than 230 items. Some items required multiple responses meaning that, for each charter school, more than 1500 pieces of information might be provided, depending primarily on school size. The questionnaire addresses topics that include the following:

- Demographic information including grades served, year of inception and number of students on any waiting lists;
- Future facility plans;
- Facility information including year of construction and site size;
- Facility ownership, financing and annual payments;
- Facility and classroom size and information technology resources;
- Facility amenities such as gyms, lunchrooms, libraries and playgrounds;
- Facility adequacy, condition and maintainability; and
- General obligation bond elections and requests for state facility funds.

Questions were reviewed by the League facility task force, League staff and others with expertise in school construction and educational policy. A draft questionnaire was then field tested with a small group of charter schools to ensure clarity and comprehensiveness of the items. Based on this, as well as visits to a number of charter schools, further revisions to the questionnaire were made.

Demographic information from schools that completed the questionnaires was compared to demographic information from all charter schools statewide. Schools that completed the questionnaires were comparable to all charter schools in the percentage of student body qualifying for free or reduced-price lunch (a poverty indicator) and per pupil funding, as well as other factors.

Completed questionnaires were reviewed at least twice to check for accuracy and completeness. Follow-up was done with the schools as necessary. While the completed questionnaires are the primary source of information for this study, information from the Colorado Department of Education was used to provide data on membership, per pupil funding, general obligation bond elections, free and reduced price lunch eligibility, Capital Construction Expenditure Reserve requests and awards, and School Construction and Renovation Fund requests and awards. Overall, of the 138 charter schools that are not on-line schools, 46 percent were included in the preceding analyses.

## APPENDIX B

### School Facility Standards

As part of our analysis, we compared charter school buildings and classrooms to standards developed by three metro-area school districts (Denver, Douglas County and Jefferson County) and national standards developed by the Council of Educational Facility Planners International (CEFPI) where available. Standards for total building square footage per student are shown below.

School Building Standards by Square Footage per Student					
School Level	Douglas	Jefferson County	Denver	CEFPI	Standard Used for Comparison
Elementary	107	94	110	111	94
Middle	135	132	151	154	132
High	121	143	157	160	121

For each school level, we selected the smallest of the four standards for our comparisons to charter schools. The metro-area standards are based on enrollments of about 600 students at the elementary level, 900 students at the middle school level, and 1500 to 2000 students at the high school level.

Typically, small schools need more square feet per student because some spaces, like a gym, cannot be reduced proportionately as enrollment decreases. We calculated small school adjustments in square foot standards based on the methods used in Wyoming to adjust for small enrollment. These enrollment-based adjustments to the Denver metro-area standards are shown in the table below.

Enrollment-Adjusted School Building Standards by Square Footage per Student								
	Student Capacity							
School Level	<150	151-200	201-300	301-400	401-500	501-600	601-700	700+
Elementary	125	125	120	107	96	94	94	94
Middle	264	264	242	198	158	154	141	132
High	242	242	222	178	151	134	121	121

For example, a charter high school with 310 students enrolled would be compared to the standard of 178 square feet per student.

Because standards are not well established for schools with non-traditional grade configurations such as K-8, K-12, and 6-12, these standards were developed by averaging the school level standards shown above. For example, for a K-8 school, the standard of 94 square feet per student for elementary schools was averaged with the standard of 132 square feet for middle schools.

For classroom standards, we used the lowest standard among the three metro-area school district standards shown in the table below.

Classroom Standards by Square Feet per Student				
Grade Level	Jefferson County	Denver	Douglas	Standard Used for Comparison
ECE	NA	63	80	63
K	42	48	52	42
Grades 1-6	38	36	35	35
Grades 7-8	30	31	31	30
Grades 9-12	32	32	32	32

Where multiple grade levels were served in a single classroom, the highest grade level standard was used.

Adjustments were made to both classroom and total building square footage for schools with Montessori and Expeditionary Learning programs to reflect that they typically require more space.

## THE COLORADO LEAGUE OF CHARTER SCHOOLS

The Colorado League of Charter Schools is a membership organization working on behalf of the state's charter schools and the students they serve. The League is committed to demonstrating higher levels of student performance and school success.

The League of Charter Schools serves three broadly defined functions:

1. As a clearinghouse for information and resources that charter school groups can draw upon;
2. As a technical support group, providing everything from legal advice to assistance in writing a charter proposal; and
3. As an advocate for the overall charter schools movement — whether through contact with the media, maintaining a presence in the political realm, or improving community exposure — we serve the needs of charter schools in areas where their interests are best served by collective action.

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