

SHORTCHANGED CHARTERS:

HOW FUNDING DISPARITIES HURT TENNESSEE'S CHARTER SCHOOLS



MAY | 2012



COLORADO LEAGUE of
CHARTER SCHOOLS
focus on achievement



National
Alliance
for Public
Charter
Schools



Tennessee
Charter School
Incubator



This report was created as a collaboration by the above organizations.

EXECUTIVE SUMMARY

THE TENNESSEE CHARTER SCHOOLS ASSOCIATION, THE TENNESSEE CHARTER SCHOOL INCUBATOR, the Colorado League of Charter Schools, and the National Alliance for Public Charter Schools have published this report entitled, *“Shortchanged Charters: How Funding Disparities Hurt Tennessee’s Charter Schools.”* This report details the state of charter school facilities in Tennessee.

In fall 2011, the above organizations worked to collect evidence that would accurately portray both the adequacy of charter school facilities¹ and the average spending for facilities out of charter schools’ operating budgets. Collectively, the results described in this report provide evidence that charter school students in Tennessee are not treated equitably, and will help drive the Tennessee Charter Schools Association and Tennessee Charter School Incubator’s policy agendas.

In order to ensure that the policy recommendations of this effort were research-based and supported by reliable data, Hutton Architecture Studio—a leader in educational facilities architecture—consulted on the project to provide a set of reasonable expectations for school facilities’ size and amenities (see Appendix B for detailed description). The Colorado League of Charter Schools (“the League”) is the pioneering organization behind the creation and development of the facilities survey. The League worked closely with the Tennessee Charter Schools Association and Tennessee Charter School Incubator (Tennessee CSOs, collectively) to collect the data to produce this report.

This report is based on survey, enrollment, and operating revenue data collected for the 2011-2012 school year². Results are based on data from the 87 percent of Tennessee’s charter schools that completed all or part of a comprehensive facility survey. Participating schools were representative of the state’s charter sector as far as size of enrollment, percent of minorities and low income students served, grade levels served and per-pupil operating revenue.



1. “Adequacy” for school facilities was derived from local, regional and national school construction data, as well as best practices in new charter school construction.

2. Enrollment and per-pupil funding were obtained from the Tennessee department of education.



KEY FINDINGS INCLUDE:

Tennessee charter schools are forced to spend operating dollars on facilities.

- On average, charter schools in Tennessee spend **\$805 per student** from designated per-pupil operating revenue on facilities costs. For the average charter school facility in Tennessee, with average enrollment of 256 students, this translates into \$206,080--**enough to hire more than five³ additional teachers (FTE).**

Tennessee charter school facilities are too small.

- **71 percent** of Tennessee charter school facilities are at least 20 percent smaller than the standard for gross square feet per student. Charter school students in Tennessee are likely to attend schools with smaller classrooms and/or facilities that do not have specialized instructional spaces such as a library, science lab, art, or music room that are part of a comprehensive educational program.
- **97 percent** of charter schools in Tennessee have little or no exterior space for the schools' exclusive use—no playgrounds, athletic fields, or dedicated parking lots.

Physical education and recreational options are limited for Tennessee charter school students.

- **61 percent** of Tennessee charter schools do not have their own gymnasium or access to one nearby.
- **50 percent** of Tennessee charter schools with elementary grades do not have their own playground or access to a nearby playground.
- **83 percent** of Tennessee charter schools do not have their own play or athletic fields or access to one nearby.

3. An analysis of the teacher pay schedules for the four major cities in Tennessee (Chattanooga, Knoxville, Memphis, and Nashville) was used to arrive at the average salaries of teachers with a BA and 2 years of teaching experience. This figure was used based on the research on charter schools that has shown that charter school teachers tend to be new teachers and is only an estimate.

Few districts are willing to share unused or underutilized facilities with charter schools.

- **Fewer than 20 percent** of Tennessee charter schools are in district facilities.
- **40 percent of charters** that are not sharing facilities with other public schools report unused or underutilized district facilities nearby.

Without comprehensive changes to policy, Tennessee charter schools will continue to have facility challenges and the situation will very likely get worse. More operating funds may be needed to address facility issues, and the growing number of charter school students will not benefit from the quality facilities that other public school students have come to expect.

- **100 percent** of the surveyed Tennessee charter schools plan to increase their enrollment by 2016, but more than 83 percent of these growing schools report that they do not have adequate space to serve their planned 2016 population.
- **36 percent** of Tennessee charter schools that have identified a future plan report that they do not intend to remain in their current facility beyond the end of the 2012-13 school year.
- **More than 88 percent** of Tennessee charter schools are in facilities that they do not own and for which they pay rent. These rent payments will go on forever without assistance to purchase or build a facility or gain access to a district school.

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INTRODUCTION

Charter School Facilities Initiative Background

In summer 2007, the Colorado League of Charter Schools (“the League”) launched its Facilities 2010 Task Force. The Task Force was established to identify prominent shortcomings in the charter school 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 or facility funding sources that are accessible to charter schools. At the direction of the Task Force, the League developed a comprehensive Charter School Facilities Survey in partnership with a national leader in school facilities, Paul Hutton, AIA, of Hutton Architecture Studio, and local experts in school planning, Wayne Eckerling, Ph.D., and Allen Balczarek.

In April 2008, the first report of the Colorado results was published. As a result of the report, the League was able to successfully obtain more capital construction funds for charter schools, make legislative changes that required school districts to include district authorized charter schools in bond election discussions, and provide for the inclusion of charter schools as eligible applicants in the Colorado Building Excellent Schools Today (BEST) program, a competitive grant program that provides funding to school districts and charter schools for capital construction projects.

Charter School Facilities Initiative Partnership

Seeing the success of the Colorado facilities initiative, the National Alliance for Public Charter Schools (“the Alliance”) partnered with the League to use the Colorado facilities survey model in other states to assess the charter facilities landscape across the country. In 2010-2011 the League worked with Georgia, Indiana, and Texas to pilot the initiative across multiple states simultaneously. Following the success of this multi-state initiative, data collection was started in late 2011 in New York and Tennessee.

The League, worked in conjunction with the Tennessee Charter Schools Association and Tennessee Charter School Incubator to collect and analyze the data used to produce this report. All Tennessee charter schools were asked to complete a survey and allow a charter support organization (CSO) representative to conduct an on-site measurement of the facility and all educational spaces. Thirty-one cases⁴ (36 schools), or 88 percent of Tennessee charter schools participated in some or all of the data collection effort. Schools that responded to the survey were representative of the Tennessee charter school landscape, with no differences in enrollment size, populations served, funding received, or location within the state.

Charter Schools in Tennessee

Tennessee’s charter school law was enacted in 2002, with the first three public charter schools opening in 2003. Only non-profit corporations could be sponsoring entities of public charter schools in Tennessee, and the charter schools had to exist in one of the four large urban centers (Memphis, Nashville, Knoxville

4. Some charter schools have multiple campuses, such as an elementary and a middle school, that are not on the same site. Others can have multiple campuses, whether related or not, on the same site. A case in this study, therefore, refers to a facility and the number of facilities does not necessarily reflect the number of schools in the state.

and Chattanooga). The law was subsequently revised in 2004, 2005, 2008, 2009, 2010, and 2011. In 2009, the legislative session raised the cap of charter schools allowing for a total of 90 charter schools to operate statewide. Subsequently, in the 2011 legislative session, the provision for a statewide cap was eliminated. However, a small provision was inserted in the law in 2011 to allow a Local Education Authority (LEA) to deny a charter based on substantial “negative fiscal impact.” The legislative intent was to protect small rural and suburban districts that have a small overall student enrollment.

Regarding enrollment, the original law passed in 2002 restricted enrollment to students previously enrolled in a school that had failed to make Adequate Yearly Progress (AYP), an individual student who had failed to make AYP, and students eligible for free and reduced lunch (in the four large urban districts). In 2009, student eligibility requirements were expanded to include students who were eligible for free or reduced-price lunch and who were enrolled in LEAs that had an average daily membership (ADM) of 14,000 students or more and three or more high priority schools. In addition, any LEA operating in the state had the option to choose by a two-thirds majority vote to allow students eligible for free or reduced-price lunch to be eligible to attend charter schools.

Tennessee now has 41 public charter schools serving nearly 10,000 students. This number represents approximately one percent of public school students in Tennessee. Tennessee’s charter schools serve a high proportion (88 percent, on average) of ethnic minority and low income students.

Charter School Facilities in Tennessee

Following the Colorado model, all Tennessee charter schools were asked to complete an extensive and thorough survey asking about their facilities (see Appendix A for a detailed description of the survey). The CSOs led this data collection effort⁵, and provided supplemental data on school enrollment, student demographics and funding. Data was collected between October, 2011 and March, 2012, prior to the implementation of the 2011 legislative act requiring LEAs to make publicly available a list of all vacant and unused public school buildings.

The standards cited throughout this report were derived from published regional and national new school construction data, as well as a limited sampling of local school facility data. Judgment based on professional experience with charter and public school design is also factored into these standards (see Appendix B). To ensure accuracy in data collection and interpretation, the League consulted with two industry experts; Paul Hutton, an architect and leader in school facilities design and planning and Wayne Eckerling, Ph.D., an expert on charter schools, facilities planning, research, and bond planning and implementation.

5. We would like to thank Erika Berry for her outstanding work collecting data and working with Tennessee’s charter schools to complete this project.

KEY FINDINGS

Key Finding #1: Charter schools are forced to spend operating dollars on facilities.

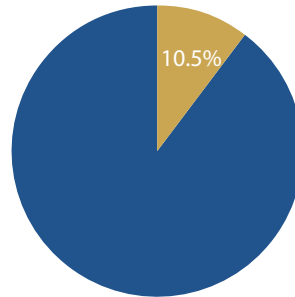
Charter schools are among the few public schools in Tennessee that must spend per-pupil operating revenue to cover the costs of their facilities. Most districts finance new school facilities through bonds that are repaid with revenue from local property taxes that are separate from operating dollars. However, charter schools do not receive access to these local property taxes for capital projects. As a result, charter schools across Tennessee are forced to spend operating dollars on their facilities needs, raise private dollars or borrow money from banks. In many cases, this results in a drop in the funding available for operating expenses to a level significantly below comparable school revenue.

Results from the facilities survey and Tennessee's 2011-2012 per-pupil revenue data indicate the following:

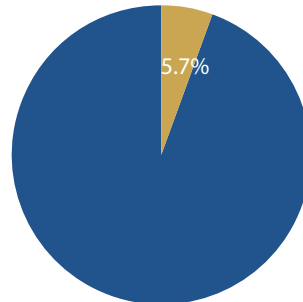
- On average, charter schools in Tennessee spend **\$805 per student** from designated per-pupil operating revenue on facilities costs.
- For schools renting space, the annual per-pupil amount differs significantly between charters schools renting school district owned space (**\$340 per pupil**) and those renting privately owned space (**\$837 per pupil**), which is a majority (81%) of the charters surveyed.
- For schools that have purchased or built buildings they now own, the average per-pupil amount spent on facilities is **\$448**.



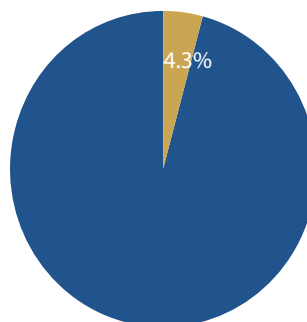
Average Facilities Costs as a Percentage of Per-Pupil Operating Revenue (PPOR) for Charter Schools that Rent their Facilities from Private Organizations.



Average Facilities Costs as a Percentage of Per-Pupil Operating Revenue (PPOR) for Charter Schools that Own their Facilities.



Average Facilities Costs as a Percentage of Per-Pupil Operating Revenue (PPOR) for Charter Schools that Rent their Facilities from a Local School District.



Adding to the financial burden is that 65 percent of Tennessee charters have undertaken a major capital project in the last five years. Over 90 percent (90.9 percent) of these schools have used operating funds to help finance these projects. Per-pupil operating revenue is also one of the likely sources for the up-front funds needed to initiate a long-term bond program, further reducing the funds available for classroom instruction.

Key Finding #2: Charter school facilities are too small.

Results from the survey found that Tennessee charter school buildings and classrooms are considerably smaller than the standards used for this study. This is true even for charter schools that have recently built new schools buildings.

- **71 percent** of Tennessee charter school facilities have a total square footage, per-pupil that is at least 20 percent smaller than the standard. These schools serve 76 percent of Tennessee charter school students.
- **97 percent** of Tennessee charter schools are on sites that are more than 20 percent smaller than the standard. In fact, 26 charter schools reported having no dedicated exterior space that belonged to the school.
- **More than 30 percent** of Tennessee charter school classrooms were found to be at least 20 percent below the standard.



Charter schools in Tennessee are 20 percent smaller than Tennessee Standards.

When total facility size is too small, charter schools are challenged to provide the same quality instructional spaces that are enjoyed by other public school students; such as a library, computer labs, or a space exclusively used for a gymnasium or lunch room. This is especially the case when the regular classrooms are meeting or exceeding the standard.

Even when these specialized instructional spaces are present, they frequently do not meet the size standard. Results from the Tennessee Facilities Survey bear this out and are reviewed on page 10 of this report.

Key Finding #3: Physical education and recreational options are limited for Tennessee's charter schools.

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." 2010 data from the National Health and Nutrition Survey, finds that over 30 percent of Tennessee adults are obese⁵. However, gymnasiums dedicated to physical education and safe, functional athletic fields are, for many charter schools, an important component of the students' overall educational program they must do without.

- **61 percent** of Tennessee charter schools do not have their own gymnasium, or access to one nearby. Of the schools that do have their own gymnasium, 45 percent of them also serve as the school's lunch room. This limits the activities that can be offered by the school as well as the regularity with which they can be offered.
- **Fewer than 17 percent** of Tennessee charter schools have an athletic field or access to one nearby.
- **Fifty percent** of Tennessee charter schools with elementary grades do not have a playground or access to one for students to play on during recess, lunch, and before and after school. None of the charter schools with a playground have an isolated playground space for their youngest students.



5. Find full report on obesity trend at <http://www.cdc.gov/obesity/data/trends.html>.

Key Finding #4: Few charters are sharing space with other public schools, despite the availability of underutilized school buildings.

- **50 percent** of Tennessee charter schools reported that they currently share space with another organization.
- Only **22 percent** of Tennessee charters that share space are sharing with other public schools.
- **Nearly 50 percent** of Tennessee charters reported that there is an unused or underutilized public school facility nearby.

For the few schools that do currently share space with other public schools, co-location has both benefits and challenges. Schools report that co-location reduces the need to focus on facility related issues like maintenance and repair, as well as helping the school to locate in areas where suitable space is not otherwise available. However, keeping students safe both in the building and on the grounds, having sufficient space, and maintaining a school climate conducive to learning are major challenges.

Of the charter schools sharing space, 78 percent are sharing with non-profit groups, such as churches—most of which (55 percent) provide little or no direct benefit to the charter school.

All schools, regardless of whether they are co-located, believe that a more transparent, public process is needed to identify space available for co-location and to select the schools that will use this space.



Key Finding #5: Without comprehensive changes to policy, charter schools will continue to have facility challenges and the situation will very likely get worse.

The findings presented in this report suggest that policies granting charter schools access to underutilized or unused public school buildings, which does not often happen (see Key Finding #4), and/or providing additional funding for facilities costs are in order. Without a comprehensive change to policies around access to facilities and facility funding, the inequity is likely to get worse. This is especially true given the growth that is occurring in the Tennessee charter sector.



- **65 percent** of Tennessee charter schools report that they had been in operation for 3 years or less.
- **100 percent** of the Tennessee charters surveyed plan to increase their enrollment by 2016.
- **83 percent** of these growing schools report that they do not have adequate space to serve their target enrollment for 2016.
- **36 percent** of Tennessee charter schools that have identified a future plan report that they do not intend to remain in their current facility beyond the end of the 2012-13 school year.
- **88 percent** of Tennessee charter schools are in facilities that they do not own and for which they pay rent.

Providing access to, and funding for, Tennessee's charter school facilities would help to widen programming options offered by charter schools, allowing high performing charters room to replicate. These policy changes would also help to increase the quality of the

educational experience for students attending charters.

During the 2011-12 application cycle in Tennessee, authorizers received applications for new and replicating charters from educational operators that have shown great success both locally and in other states (e.g., KIPP, Rocketship). The recommended policy changes allowing for affordable and adequate educational facilities will make it possible for more proven schools to enter the Tennessee educational sector and increase the number of seats available to waiting students.

ADDITIONAL EVIDENCE: THE LACK OF FACILITIES FUNDING FOR CHARTER SCHOOLS HAS A NEGATIVE IMPACT

Specialized Instructional Spaces

Most instruction during the school day takes place in generic classrooms, however, specialized instructional spaces such as science labs, libraries, and music rooms are an important part of a comprehensive educational program. Tennessee charter schools have a limited number of these types of spaces and, even when present, they frequently do not meet accepted standards.

- **50 percent** of Tennessee charter schools do not have a dedicated library space. Of those that do, only 27 percent meet Tennessee size standards, and 40 percent do not have an area for reading and group instruction.
- Only **22 percent** of Tennessee charter schools that serve middle or high school students have at least one dedicated science lab.
 - Of the limited labs available, 90 percent do not meet the size standard for a science lab.
 - None of the labs where biology and/or chemistry are taught have a separate room to prepare experiments and only 50 percent have a gas connection.
- **70 percent** of Tennessee charter schools do not have an art room.
 - For the charters that do have at least one art room, 67 percent fall well below (by 20 percent or more) the size standard.
- **50 percent** of Tennessee charter schools do not have either an art room or a music room.

School Environment

Recent studies demonstrate a link between the quality of the physical environment within a school facility and educational outcomes. Facility characteristics that are believed to have an impact on student learning are: acoustics, access to views through windows, presence of natural day lighting, thermal comfort, and indoor air quality. Questions within the survey asked Tennessee charter school leaders to rate their schools on these aspects. Selected relevant findings follow:

- **61 percent** of Tennessee charter school respondents strongly disagree or disagree that, *'the roof rarely leaks, if ever.'*
- **44 percent** of Tennessee charter school respondents strongly disagree or disagree that, *'the temperature is reasonably comfortable in the classrooms throughout the school year.'*
- **44 percent** of Tennessee charter school respondents strongly disagree or disagree that, *'sidewalks are adequately located and sized for student safety.'*

- **77 percent** of Tennessee charter school respondents strongly disagree or disagree that, *'most classrooms/ instructional spaces have windows that operate (open and close).'*
- **30 percent** of charter schools reported that *'they were closed for one or more day(s) due to facilities related problem, such as mold or a broken furnace.'*

Energy

In the last few years, new school construction has become much more energy efficient. The result of energy efficient school construction is that new schools typically pay less in combined utility costs per square foot, per year than older school buildings. The survey gathered information on the cost to charter schools of total utilities in their buildings to compare with similarly situated public schools. For these schools, the approximate, average cost for gas/electricity/propane was \$1.37 per pupil. The average gas/electricity/propane cost for Tennessee charter schools surveyed was \$1.63, which is 19 percent higher than their public school peers. The difference would likely have been much greater if compared to new public schools since energy use is rapidly declining due to more efficient building methods.

Looking Ahead

Charter school facility challenges – paying more for facilities, a high percentage of which do not meet generally accepted standards – will continue or get worse without a comprehensive action program.

- More than **88 percent** of Tennessee charter schools are in facilities that are owned by another organization and for which they pay rent. These rent payments will go on in perpetuity without assistance to purchase or build a facility.
- **100 percent** of participating Tennessee charter schools plan to increase their enrollment by 2016. Median projected growth is 156 percent of current enrollment, or an average increase of 296 students per school.
 - o However, more than 80 percent of Tennessee charter schools report that they do not have adequate space to serve their desired 2016 enrollment.
- Only **22 percent** of charters plan to remain in their current space indefinitely, which is likely related to the high percentage of schools in rented space and projected future growth.

CONCLUSIONS AND RECOMMENDATIONS

Ten years after Tennessee enacted its public charter school law, the state's charter school sector is relatively small, but is poised to grow rapidly. While there are only 41 public charter schools currently open, over 65 percent of them intend to grow their enrollment over the next five years. Additionally, many individuals are interested in opening more public charter schools in Tennessee, with Memphis alone receiving 17 public charter school applications in the 2011–2012 application cycle. Changing public charter school facility policies now would make it easier for current schools to grow and new ones to open. These changes will allow schools to allocate more operational dollars toward core educational items and enhance their ability to provide an equitable and well-rounded educational experience for Tennessee's students.

As Tennessee lawmakers consider how to proceed to better support public charter school facilities, they should know that there is not one simple way to resolve charters' facilities challenges. Instead, Tennessee will need to implement several solutions to meet this challenge. The National Alliance for Public Charter Schools' *A New Model Law for Supporting the Growth of High-Quality Public Charter Schools* provides a menu of eight solutions that states can use to support public charter school facility needs:

- A per-pupil facilities allowance that annually reflects actual average district capital costs.
- A state grant program for charter school facilities.
- A state loan program for charter school facilities.
- Equal access to tax-exempt bonding authorities or allow charters to have their own bonding authority.
- A mechanism to provide credit enhancement for charter school facilities.
- Equal access to existing programs available to traditional public schools.
- Right of refusal to purchase or lease at or below fair market value a closed, unused, or underused public school facility or property.
- Prohibition of facility related requirements that are stricter than those applied to traditional public schools.

Unfortunately, however, Tennessee currently provides little facilities support to public charter schools. According to the National Alliance for Public Charter Schools' *Measuring Up to the Model: A Ranking of State Charter School Laws* (which analyzes and ranks each state charter school law against the model law), Tennessee law partially addresses three of the eight facilities components in the model law:

- Tennessee law provides a small amount of per-pupil facilities funding (approximately \$215 to \$315 per pupil), but it is significantly less than what is needed.ⁱ
- Tennessee law provides that charter schools are eligible to access tax-exempt financing through the Tennessee Local Development Authority, but only if a charter school has the support of its local taxing authority.
- Tennessee law requires districts to provide charter schools with access to surplus facilities, but doesn't give charters the right of refusal to purchase or lease surplus space.ⁱⁱ

i. Tennessee law requires the state department of education: to calculate the amount of state funding required under the basic education program (BEP) for capital outlay as a non-classroom component to be received in a fiscal year by a district in which one or more charter schools operate; to reserve from the sum for such district the funds that constitute the amount due to charter schools operating in the district and not distribute such reserved amount to the district; distribute from the reserved amount directly to each charter school its total per-pupil share as determined by its average daily membership (ADM). The law provides that the per-pupil share of each charter school must be based on prior year ADM, except that the per-pupil share of any charter school in its first year of operation must be based on the anticipated enrollment in the charter agreement.

The law further provides that a district must include in the local share of funds paid to a charter school the required district match for the state funds generated under the BEP for capital outlay as a non-classroom component that are paid directly to a charter school as per pupil facilities aid.

The amount of the allotment varies by the district in which a charter school is located. Currently, the allotment is between approximately \$215 and \$315 per pupil.

ii. Tennessee law requires an LEA having underutilized and vacant properties to make the properties available for use by charter schools operating in the LEA. The law provides that a charter school may not be required to pay a base rent for the use of any underutilized and vacant property owned or operated by the LEA and may only be required to remit payment for the maintenance and operational costs associated with the occupancy the property or space. The law defines "underutilized or vacant property" as an entire property or portion thereof, with or without improvements, which is not used or is used irregularly or intermittently by the LEA for instructional or program purposes.

Tennessee law requires an LEA to establish a transparent and uniform method of calculating terms and costs related to any lease, lease-purchase agreement, or other contract or agreement executed between the LEA and a charter school for the use of the LEA's educational facilities. The LEA must retain and make available for audit, by the state department of education, all records and any supporting documentation related to the execution of such a lease or agreement.

Furthermore, by October 1 of each year, the law requires any LEA in which one or more charter schools operates to annually catalog all vacant properties owned or operated by the LEA and all vacant space within any educational facility owned or operated by the LEA. The law requires the LEA to submit a comprehensive listing of all such properties and space to the state department of education, which must make an LEA's list available to any charter school operating in the LEA or to any sponsor seeking to establish a public charter school in the LEA.

Given the potential for growth of the Tennessee public charter school sector over the next few years, now is the time for Tennessee lawmakers to step up the state's support for public charter school facilities in the following ways:

- **Increase direct funding to public charter schools for their facilities costs:** One option is to increase the small amount of per-pupil facilities funding that the state currently provides. As a state policy to emulate, D.C. provides public charter schools with approximately \$3,000 per-pupil for facilities. A second option is to create a state grant program for charter school facilities. For example, Indiana law established the charter school facilities assistance program to make grants and loans to charter schools for the purpose of constructing, purchasing, renovating, maintaining, paying first semester costs for new, and reducing common school fund debt for charter schools. Indiana provided \$17 million to this program in 2011. A third option is to create a state loan program for charter school facilities. Utah law provides a charter school revolving loan fund that provides loans to charter schools for the costs of constructing, renovating, and purchasing charter school facilities. This fund is capitalized at \$6,000,000.
- **Enhance charter school access to bonding authorities:** One option is for the state to provide public charter schools with direct access to a state bonding authority. For example, Colorado law provides that the Educational and Cultural Facility Authority may issue bonds on behalf of charter schools. A second option is for the state to directly allocate a certain amount of bond financing for charter schools. For example, Connecticut has provided \$20 million in bond financing to support charter school facilities, dispersed through a competitive application process.
- **Create a mechanism to provide credit enhancement for charter school facilities:** Colorado, for example, provides a mechanism for limited credit enhancement for eligible, highly rated bond transactions for charter schools by using the state's moral obligation to back up to \$400 million in debt. In addition, Texas allows open-enrollment charter schools that have an investment grade rating and meet certain financial criteria to apply to have their bonds guaranteed by the Permanent School Fund. Such backing will result in charter bonds being backed by the full, faith, and credit of the state, putting charter schools on par with school districts and allowing them to achieve AAA rating.
- **Improve access to surplus district space:** As mentioned above, Tennessee law requires districts to provide charter schools with access to surplus facilities, but doesn't give charters the right of refusal to purchase or lease surplus space. That needs to change. For example, Indiana law requires school districts to provide a list of buildings that are closed, unused, or unoccupied for a period of two years to the state department of education and make them available for lease or purchase to any charter school. If a charter school wishes to use a school building on the list, the school district must lease the building for \$1 a year for a term at the charter school's discretion or sell the building for \$1. The charter school is required to use the building for classroom instruction no later than two years after acquiring the building. If during the term of the lease, the charter school closes or ceases using the school building for instruction, the building will be placed again on the state department of education's list.

All Tennessee public school students deserve to be in adequate facilities and afforded the same opportunity for a well-rounded education. However, the results from the 2011-12 Tennessee Charter School Facilities Study clearly indicate that students attending Tennessee public charter schools are not currently housed in adequate facilities and charter schools are spending an average of 10 percent of their operational funds on buildings rather than teachers.

By ramping up support for public charter school facilities, Tennessee lawmakers will widen programming options offered by public charter schools, increase the quality of the educational experience for students attending charters, and increase the number of seats available to waiting students.



APPENDIX A: METHODOLOGY

Questionnaire Development

A critical first step to gathering the best possible set of objective data and information about charter school facilities and facility needs was to develop a comprehensive questionnaire.

To accomplish this, the Colorado League of Charter Schools commissioned Hutton Architecture Studio. The firm's principal architect, Paul Hutton, AIA, has designed a variety of schools and is known for his creative, cost effective, and environmentally conscious facilities. Hutton has designed numerous new charter schools and charter school additions. Wayne Eckerling, Ph.D., a former assistant superintendent with the Denver Public Schools with responsibilities for supervision of charter schools, educational planning, and research, was also selected to assist in the design of the survey and analysis of the data. In addition to his public school facilities expertise, Dr. Eckerling has experience with general obligation bond planning and implementation.

The draft questionnaire was reviewed by the League's 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. Further revisions to the questionnaire were made based on the feedback from all participating Colorado schools and survey results. The revised base survey and state-specific questions were then administered in Georgia, Indiana, and Texas. Extensive feedback was solicited from these states' CSOs and schools, resulting in further revisions to the Colorado League of Charter Schools' base survey.

Topics addressed include the following:

- Demographic information including grades served, year of inception, and number of students on the waiting list.
- Future facility plans.
- Shared use information.
- 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 gymnasiums, lunch rooms, libraries, and playgrounds.
- Facility adequacy, condition, and maintainability.
- Facility funding.

The questionnaire includes more than 145 items with some requiring multiple responses.

Tennessee Survey Procedures

The Colorado League of Charter Schools' base questionnaire was revised to address Tennessee-specific issues through a collaborative effort of the Tennessee Charter Schools Association and Tennessee Charter School Incubator, the Colorado League of Charter Schools, Mr. Hutton, and Dr. Eckerling. Tennessee Charter Schools Association and Charter School Incubator staff assisted schools with completing the questionnaires to ensure both timely and accurate responses. Submitted questionnaires were reviewed again 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 Tennessee Department of Education was used to provide data on pupil membership, per-pupil funding and free and reduced-price lunch eligibility.



APPENDIX B: SCHOOL FACILITY STANDARDS

This section provides information about the standards used in this report. These standards were derived from more than a decade of published regional and national new school construction data, and local school facility data. Judgment based on professional experience with charter and public school design is also factored into the standards as are site, facility and classroom standards used in a number of states. The standards are intended to be neither excessively generous in allocating space nor unnecessarily limiting to charter school opportunities.

The process for developing facility standards began with published regional and national new school construction data and comparable local facility data for gross building square footage. This data is typically based on enrollments that average between 600 and 1200 students. Since many charter schools may not reach these levels of enrollment even when their program capacity is realized and a few may even exceed these enrollments, the standards were extended to account for a much broader range of enrollments while at the same time taking into account minimum sizes necessary for a base level of educational adequacy. Standards were also compared to some state and district standards to verify validity. Standards for schools with enrollments of 200, 500, and 800 students are shown in Table 1.

Table 1. Total School Facility Standards (gross square feet per student)			
School Level	200 Students	500 Students	800 Students
Grades K-5	155	134	114
Grades K-8	158	142	126
Grades K-12	166	156	146
Grades 6-8	166	156	1487
Grades 6-12	179	172	166
Grades 9-12	191	185	179

Site standards were derived from the gross square footage standards described above by taking into account the fairly consistent relationship between building and site size. Again, particularly for smaller enrollments, educational adequacy was also taken into account. Again, derived standards were then compared to those used in other states and districts to ensure their validity. Site size standards are shown in Table 2 for three different enrollment levels.

Table 2. School Site Standards (acres)			
School Level	200 Students	500 Students	800 Students
Grades K-5	4.2	9.0	12.2
Grades K-8	5.1	11.4	16.2
Grades K-12	4.9	11.6	17.3
Grades 6-8	4.9	11.5	17.2
Grades 6-12	4.8	11.5	17.7
Grades 9-12	4.7	11.5	17.8

General classroom standards are shown in Table 3. These standards were derived from standards used in other states and districts as well as best practice based on professional experience with charter and public school design. Adjustments were made for Montessori and Expeditionary Learning programs to reflect that larger classrooms are required to implement these educational programs..

Table 3. General Classroom Standards (square feet per student)	
School Level	Standard
Grade K	41
Grades 1-6	33
Grades 7-8	30
Grades 9-12	30

Standards for specialized instructional spaces like libraries, computer rooms, science labs, art rooms, music rooms, special education classrooms, gymnasiums, and lunch rooms also were developed based on a review of state and district standards as well as best practices in school design. Many of the standards below are based on formulas to accommodate the potential for smaller or larger enrollments, as previously outlined, and then take into consideration educational adequacy. Some of these standards are shown below. Lunch room standards assume three lunch periods.

Table 4. Specialized Instructional Spaces			
	Elementary	Middle	High
Gymnasium	3000 SQ FT	5400 SQ FT	7300 SQ FT
Science Lab/Class	40 SQ FT/Student	44 SQ FT/Student	48 SQ FT/Student
Art	38 SQ FT/Student	44 SQ FT/Student	50 SQ FT/Student
Library	SQ FT = 500 + (2.5* enrollment)		
Lunch Room	SQ FT = 4.75 * enrollment		SQ FT = 4.9 * enrollment

Shortchanged Charters: How Funding Disparities Hurt Tennessee's Charter Schools, was prepared by the Colorado League of Charter Schools and the National Alliance for Public Charter Schools on behalf of the Tennessee Charter Schools Association and the Tennessee Charter School Incubator.

