

## "SUBSIDIZING" CHARTER SCHOOLS

Several issues relating to the impact charter schools would have on the State's Proposition 98 guarantees and on local school district budgets were noted on the Senate Appropriations Committee staff analysis of SB 1448.

These include the effect of adding existing private schools to the Proposition 98 funding guarantee as well as the propriety of allocating income to all charter schools, regardless of grade level, based upon the per pupil revenue limit of the district. The latter issue relates to the fact that high schools, by their very nature, cost more than elementary schools. Yet, under this legislation, elementary schools would receive the same amount of money as would high schools.

### IMPACT ON EXISTING SCHOOLS

There is another aspect of the funding issue which has not yet received much attention.

In effect, charter schools will receive an **INCREASE** in their per pupil allocations of approximately 30%. Moreover, this increase will come at the expense of all other schools located in districts where charter schools are located.

In all school districts, a portion of the revenue limit goes toward the funding of various central services. These include: administration; maintenance; special education itinerant teachers such as speech and language specialists; staff development; etc. On an average, the central service portion of a school district budget amounts to 30%.

While it will be argued that charter schools will have to pay for **some** of these services out of their income, it can also be argued that they will not have to purchase all of them. The difference represents a "profit" for these schools. Furthermore, this excess income will be taken from all other schools in the district which will have to pay for all or most of the charter school's former share of the central services expense.

If the Legislature determines that it is a good idea to allocate revenue limit income directly to individual schools because this appears to be the only way to streamline the educational bureaucracy, it should do so for all schools. It should not, however, make it possible for a small group of "charter" schools to offer a superior educational experience because they are better funded than the other schools in the school district.

### ABSORBING PRIVATE SCHOOLS

An additional problem associated with current charter school legislation relates to the ease whereby existing private schools may secure State subsidies. The following scenario illustrates how this can take place:

An existing private school applies for charter status. The school is not church-affiliated and racial balance is not an issue because the community is relatively homogeneous. Tuition is \$5,000 per year.

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A charter application is filed by one individual pursuant to the provisions of both AB 2585 and SB 1448. No petition signed by employees in the district where this school is located is necessary since the application does not involve the conversion of any school.

The school board has no reason to deny this application, since no existing school is effected.

The application is granted and the formally private school becomes a public charter school. The State will now pick up over \$3,000 of the \$5,000 previously charged as tuition. Parents form a "foundation" to which they contribute \$2,000 per year. The foundation forwards this money to the school.

The result is that parents receive a \$3,000 reduction in tuition and the school has the same \$5,000 per student income it had previously. The State has made up the difference.

We can find nothing in either major charter school bill which would preclude this scenario, or similar ones, from taking place. While AB 2585 does contain a provision which prohibits charter schools from basing admission on factors such as "aptitude" and "intellectual ability," it allows charter schools to admit students "who exhibit a specific affinity for the teaching methods, learning philosophy, or subject matter emphasis of the school." Thus, a private school could still maintain significant control over its enrollment as it converts to public charter status.

The number of private schools which would take advantage of this subsidy may be subject to legitimate debate, but there is no question that both bills make it possible and relatively easy for the subsidy to take place.

Meanwhile, existing public schools continue to suffer through their most serious period of economic hardship in decades.