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States and Cities Taking Steps to End the District Monopoly on Public School Facilities

Movement growth prompts districts to accommodate charter needs – but bigger structural changes are needed

CAMBRIDGE, MA – In some school districts across the United States, public school buildings sit vacant while nearby charter schools searching for space are turned away. “The school district monopoly over public education facilities is an accident of history,” writes Nelson Smith, one that would not have happened “if there had been more than one choice of provider when the laws were being written.”

In a new report, Smith explores policy initiatives that some states and cities have taken to make taxpayer-funded facilities available to serve all public school students, whether they are enrolled in traditional or charter public schools. His article, “Whose School Buildings Are They, Anyway? Making public school buildings available to charters,” will appear in the September issue of Education Next and is currently available at www.educationnext.org.

“While states deliver straightforward capital support to traditional school districts, their support for charter facilities is often halfhearted and ineffective,” Smith states. Traditional districts retain an “iron grip” on ownership and deployment of school buildings. Of the 42 jurisdictions with charter laws (41 states and the District of Columbia), only 17 provide some kind of direct facilities aid, either capital grants or per-pupil funding, and just 3 of those provide more than $1,000 in annual per-pupil capital funding. Scarcity of facilities was listed as the greatest external barrier to growth of charter management organizations in a National Charter School Research Project survey.

Real accountability for student performance in charter schools – the current rate of non-renewed charters is 6.2 percent – does create risk, an early argument against capital support for charters, Smith notes. However, he reports, “charter schools have become successful participants in the same bond markets that finance district facilities.” The Local Initiatives Support Corporation (LISC) reviewed 229 rated charter-school issuances and found only one default, a rate of 0.4 percent. An Ernst & Young study of 430 loan transactions by 15 community-development financial institutions (CDFIs) involving 336 charter schools found a foreclosure rate of 1 percent, lower than the corporate sector debt-default rate of about 3 percent.

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“State legislatures should put the full faith and credit of the state behind all kinds of public schools,” Smith states, as has Colorado. Louisiana used its post-Katrina FEMA settlement as core funding for a $1.8 billion
public school renovation program that included traditional district and charter public schools. In 2011, Indiana governor Mitch Daniels signed legislation that allows charters to lease or purchase for $1 any unused, closed or unoccupied school building that is maintained by a school corporation.

Among other promising initiatives to promote charter school access to facilities are:

- Coalitions, such as Breakthrough Schools in Cleveland, which unites several high-performing charters. Following a $1.5 million sale of four vacant school buildings to the charter coalition, district COO Patrick Zohn noted: “There’s not really a robust aftermarket for pre-owned school buildings. Come on down. We’re dealing, dealing, dealing.”

- “Compacts” to ensure facility and resource equity between districts and charter schools, such as those brokered by the Bill & Melinda Gates Foundation in fourteen cities, including Los Angeles, New York, New Orleans, Hartford, and Sacramento. The Nashville agreement, for example, promises to “include charter schools in the long-term strategic plans of the district including, but not limited to, student assignment planning and facility usage.”

- Lengthening the five-year charter term to make charter schools more attractive to lenders and align their legal life spans with those of mortgages and bonds. Arizona and Washington, D.C., for example, have 15-year charter terms, with high-stakes reviews required at least every five years, and Colorado charters can be granted 30-year terms with appropriate oversight and accountability.

While proposing a number of possible strategies, Smith says “there should be no further delay in creating state laws and regulations that level the playing field between charters and other public schools. Even with existing rules of ownership, there is no excuse for bolting the doors to unused school buildings.”

About the Author
Nelson Smith, former president and CEO of the National Alliance for Public Charter Schools, is a consultant on education policy. He is available for interviews.

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Education Next is a scholarly journal published by the Hoover Institution that is committed to looking at hard facts about school reform. Other sponsoring institutions are the Harvard Program on Education Policy and Governance, part of the Taubman Center for State and Local Government at the Harvard Kennedy School, and the Thomas B. Fordham Foundation. For more information about Education Next, please visit: www.educationnext.org.

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