Changes in Charter School Funding Explained

By: Stephen J. Owens, Ph.D

The enactment of House Bill 787 on July 1, 2018 guaranteed state charter schools additional funding to make up for the lack of local tax dollars. The amended budget for fiscal year 2019 and proposed 2020 increases the charter school supplement by $85.6 million.¹

Traditional public schools operate with state, federal and local funds. Local taxes made up 40 percent of public school budgets in 2018. Charter schools authorized by the State Charter Schools Commission (SCSC) do not have access to those local funds. Upon creation of the SCSC in 2012, these publicly funded, privately managed charter schools were given a supplement equal to the average per-student local funding of the five least wealthy school districts in the state.² HB 787 raised the amount that acts as a proxy for local dollars. HB 787 changed the amount to either (a) the state average or (b) the equivalent of what other schools in the charter school's district receive in local taxes, whichever is less.³

State Charter Schools Supplement equals…

<table>
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<tr>
<th>Before HB 787</th>
<th>$41,000 per student</th>
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<td>After July 1, 2018, HB 787</td>
<td>Lesser of state average ($5,300) or same district average ($4,100 - $12,700)</td>
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This legislation also increases the capital revenue amount provided to charters. The Governor's Office of Planning and Budget projected that the change to the supplement and capital funding would cost the state $17.7 million annually.⁴ The reason Gov. Kemp’s budget includes an additional $85.6 million can be explained by the fact that HB 787 also shifted the payment schedule to charters and the impact of “local fair share.”

First, HB 787 codified a requirement to pay in advance charters based on expected enrollment. Traditional public schools, by comparison, are paid based on actual enrollment counts done in October and March. This change required the state to make payments to these schools months before the official enrollment counts and would affect the budget for this year only. Second, as
HB 787 funds state charter schools like their local school counterparts, the state now also requires these charters to pay as much in the “local fair share” as the local schools pay. Every school district is required to tax their attendance zone 5 mills (one dollar for every thousand dollars of property tax wealth). This amount is then subtracted from the overall amount the state gives to schools. The proposed budget includes $85.6 million in additional funding for the supplement, however it does not reflect additional money earned through the local fair share that offsets those costs.

Considerations

HB 787 makes plain the problem of having significant portions of public school budgets rely on local tax dollars. Low-wealth districts do not have access to the same local funds as do other districts in the state. By providing charter schools with an increased amount, state legislators demonstrate that there needs to more funding equity and additional state dollars provided for poorer school district communities. Decisionmakers could bolster existing programs such as the state’s equalization grants to achieve this goal.5 As the state significantly increases the financial investment in public charter schools, laws such as HB 787 demand a review of how we pay for all of Georgia’s public schools and ensure equity across the state.

Correction: An earlier version of this post stated that HB 787, “…changed the amount to either (a) the state average or (b) the equivalent of what other schools in the district that the charter school is in are receiving in local taxes, whichever is greater.” Actually, state charter schools are promised whichever is less in HB 787. This change negates the explanation in the previous post including a hypothetical school in Burke County. That school would see their supplement increase from $4,100 to the state average of $5,300. The overall dollar amounts of per student funding have also been corrected using updated data from the State Charter Schools Commission.
Endnotes


