



The Florida Senate

Interim Project Report 2000-77

November 1999

Committee on Education

Senator Anna Cowin, Chairman

REVIEW OF FLORIDA CHARTER SCHOOLS

SUMMARY

Charter schools are public schools operated privately. A school district must authorize the “charter” or contract that provides public funding for the private operators. The law requires the contract to provide accountability and to adhere to regulations pertaining to civil rights, health, safety, and welfare. Otherwise, the charter school is free from the Florida School Code and rules of the Department of Education. In Florida, many charter schools aim to serve a specific target group of students, such as exceptional education students or students who are at risk of academic failure. They may also serve students in geographical areas that differ from the traditional school zones, such as neighborhoods or places where the students’ parents work.

This report finds that the law stimulated innovative thinking in ways that were not anticipated or discussed during the Legislature’s deliberations on charter school issues. The report also dispels some apprehensions expressed during the initial deliberations. Charter schools are not being designed to serve predominantly affluent families, and forty-five percent of the charter school students are Black or Hispanic.

Charter schools have received facilities funding from two sources--the School Infrastructure Thrift (SIT) program and General Revenue. The availability of SIT funding will end this year. Finding a recurring source of funds will be necessary, if the Legislature continues to fund charter school construction.

Only two public schools have converted to charter school status, far less than the national average of 20 percent. If Florida is to have public school conversions, leadership at the state level must create a climate to support conversions.

Charter schools are centers of innovation, but their innovative practices are not systematically shared with other public schools. The Department of Education should inform all schools of these innovative practices.

Training for charter school board members is available through the University of South Florida. School boards should inform charter school applicants that this training is available for charter school board members.

BACKGROUND

Florida’s charter school law, s. 228.056, F.S., requires the Legislature to review charter school operations during the 2000 regular legislative session. The law, enacted in 1996, has been revised each subsequent year. Unchanged are the requirements that charter schools must be nondiscriminatory and may not charge tuition. If a charter school is designed to serve a specific population or to address a need, the charter school must be open to every student in the district who fits the target group, except that siblings and children of teachers at the charter school may be given preference. New schools may be created or existing public schools may be converted to charter schools.

The 1999 Legislature revised the law to:

- C Require charter school employees and board members to be fingerprinted;
- C Assure that employees have not been dismissed from a traditional public school for reasons relating to child welfare;
- C Permit a municipality to operate a feeder pattern of elementary, middle and high schools under a single charter;
- C Authorize the State Board of Education to approve charter school districts;
- C Allow long-term charters;
- C Provide capital outlay funding for charter schools;
- C Create a Charter School Review Panel to review issues and recommend improvements to the Legislature, the Commissioner, school districts and charter schools;
- C Permit use of capital outlay funds when appropriated; and
- C Allow a charter school-in-the-workplace to limit enrollment to children of employees.

There are indicators of success and significant changes in charter school operations. The number and enrollment of charter schools increased from five charter schools serving 600 students in 1996-1997 to 75 charter schools serving almost 11,000 students in 1998-1999. In Fall 1998, municipalities began operating charter schools and the first public school converted to charter status. More municipally-operated charter schools and the first charter schools-in-the-work-place are expected in 1999-2000.

Accountability measures required of charter schools have not produced information adequate for valid statewide comparisons of their performance compared to schools operated directly by school districts. Many charter schools are exempt from school grading practices required by the 1999 Legislature, and they have not yet produced their own progress reports in a format that allows comparison with similar schools.

The Legislature's Office of Program Policy Analysis and Government Accountability (OPPAGA) is conducting a program evaluation of charter schools and will report to the Legislature in January 2000. The report will address student performance, operational and fiscal efficiencies, and barriers to creation and operation of charter schools.

METHODOLOGY

For this interim report, staff reviewed the legislative history of Florida's charter school law; interviewed staff of DOE's Office of Public School Choice and Charter Schools; visited two school districts to interview district personnel and charter school administrators; met with community college administrators who propose creating a dual-enrollment charter high school; conducted telephone interviews with charter school principals; and met with a representative of one of the construction industry partners of charter schools.

Because OPPAGA is conducting a review of the operations of charter schools, due in January 2000, the Senate staff did not examine student performance, current operating practices or amounts, sources, and use of operating and capital outlay funds. Rather, the staff gathered information on the issues that are likely to emerge in the 2000 Legislative Session in order to provide a briefing paper for Senators to use as they approach those issues.

FINDINGS

Expectations v. Occurrences

When the charter school statute was being developed during the 1995 and 1996 Legislative Sessions the debate focused on expectations about the schools that would be created. There was concern: 1) that the schools would be elitist and would not serve minority children from low socio-economic backgrounds; 2) that rural districts would not have charter schools; and 3) that public school conversions would be less likely to happen than new start-ups.

The expectation of elitist schools did not prove to be true. Forty-three percent of charter school students in 1998-1999 were economically disadvantaged. The ethnic identity of charter school students in 1998-1999 was 36.4 percent Black, 52.9 percent White, and 8.4 percent Hispanic. Exceptional students made up 16 percent of the charter school population in 1998-1999.

The expectation that charter schools would be in urban school districts proved to be true. The majority of rural districts do not have charter schools, but Walton, Gadsden, Jackson, and Lake Counties are notable exceptions.

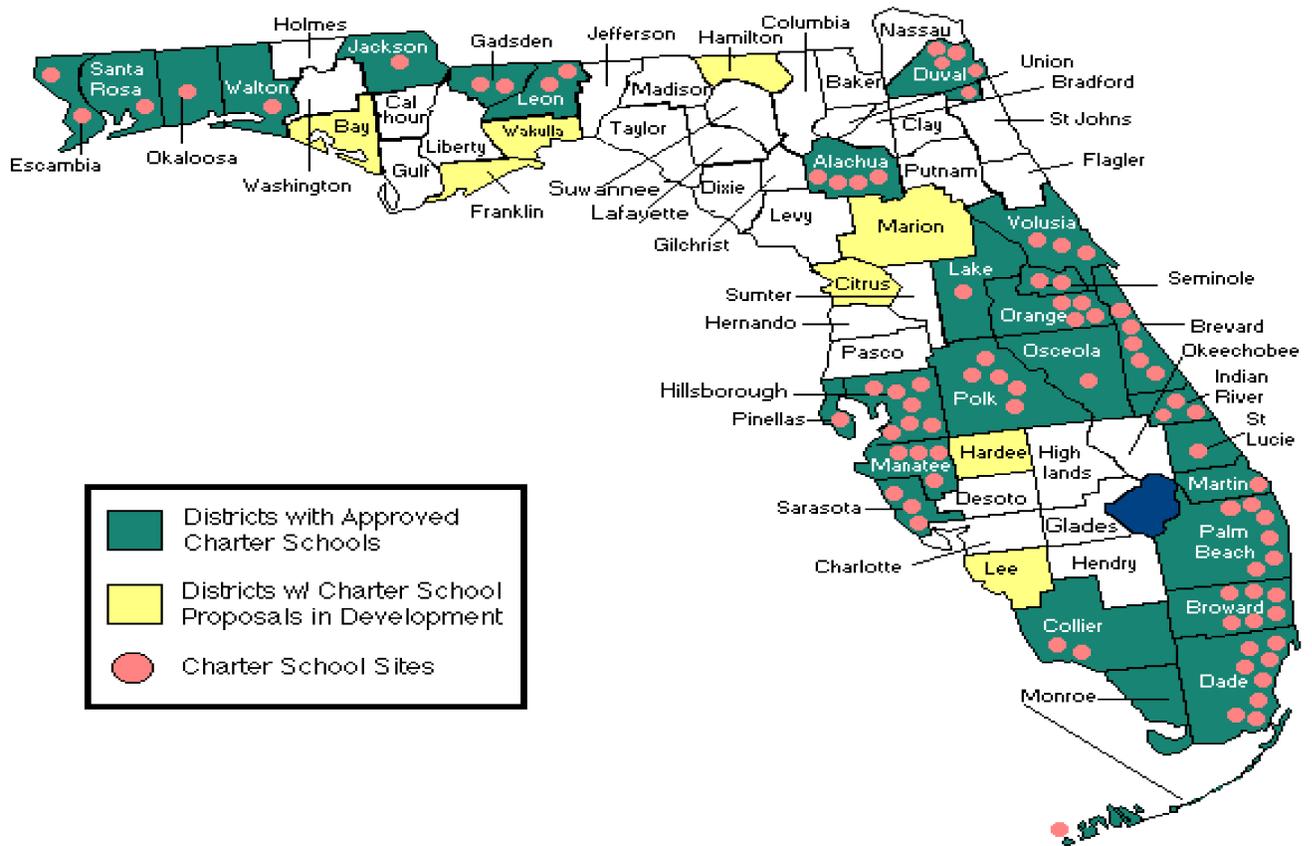
The expectation that most charter schools would be new start-ups and that there would be few public school conversions proved truer than might have been anticipated. Only two public schools have converted to charter schools since the law was passed, one in Lake County and one in Polk County. Nationally, about 20 percent of charter schools are conversion schools and in Florida only 2 percent are public school conversions. Senate staff did not interview any school employees who had been threatened with transfer or firing if they pursued converting their public school to a charter school, but several of the educators interviewed reported that they knew of such intimidation. If Florida is to have conversion charter schools, leadership from the Legislature, school boards, DOE, and teacher unions will have to work together to encourage public school conversions.

Many of the innovations that have taken place in the past three years were not envisioned when the law was passed in 1996. Proceeds from the filming of a motion picture in the town of Seaside were used to build a school building at the Seaside Neighborhood School. Several municipalities sponsor charter schools. A few school districts are planning to become charter districts. Certain public schools have been deregulated, with

flexibility similar to that of charter schools. Charter

technical centers have been created cooperatively between school districts and community colleges.

Map of Charter Schools, September 1998



Funding for Charter Schools

Funds for Operation of Charter Schools

Under s. 228.056, F.S., charter school students are funded on the same formula basis as other public school students via the Florida Education Finance Program (FEFP) and categorical funds. A charter school receives funds according to the grade levels and educational programs of its students. The school district may charge an administrative fee of no more than 5 percent of funds available to the charter school.

Federal Funds for Charter Schools

Florida charter schools receive first year start-up and second-year continuation funding through a United States Department of Education grant. Funding has varied according to the amount of the grant in a given

year. For 2000-2001, the grant provides from \$50,000 to \$70,000 per school toward the cost of starting a school and from \$50,000 to \$71,000 for schools in their second year of operation. Florida received \$13.1 million in federal charter school funds during the 3-year cycle 1996-1999. The state will receive funding for another 3-year cycle; the grant for 2000-2001 will be \$7.2 million.

Funds for Charter School Facilities

When the law was enacted in 1996, charter schools were not eligible for capital outlay funding. Since 1997, charter schools have been eligible for facilities funding through several sources. The School Infrastructure Thrift Program (SIT) rewards school districts that either: 1) build schools within statutorily defined maximum costs per student station, or 2) sponsor charter schools that serve students in facilities that are not provided or financed by the school district. The statute does not require districts to share SIT awards

with charter schools. However, some districts share all or part of the charter-related SIT awards with the charter schools that generated the award. To date, \$47,698,996 has been awarded to charter schools through the SIT program. The charter-related SIT awards will be phased out after the 1999-2000 school year.

The 1998 Legislature appropriated Public Education Capital Outlay (PECO) funds for charter schools and enacted s. 228.0561, F.S., allowing charter schools to use their PECO allocation for a wide variety of capital outlay purposes. Some of the potential uses, such as leasing facilities and purchasing vehicles, were inconsistent with the state Constitution's limit on the use of PECO funds. Consequently, the \$5 million PECO appropriation for FY 1998-1999 was not distributed to charter schools before the appropriation expired on June 30, 1998.

The 1999 Legislature appropriated \$5 million from General Revenue for charter schools and revised s. 228.0561, F.S., to authorize charter school capital outlay funding as designated by the Legislature, rather than using PECO funding. This change in the law eliminated possible constitutional problems. To be eligible for capital outlay funding, a charter school must be approved for operation and must serve students in facilities that are not provided by the charter school's sponsor. A charter school is not eligible for capital outlay funding if it was created by the conversion of a public school or if it operates in a facility provided by its district sponsor for a nominal fee or without charge.

Unless otherwise provided in the General Appropriations Act, each charter school's allocation is determined by multiplying the school's projected student enrollment by one-thirtieth of a statutorily defined maximum cost per student station. The maximum costs per student station are adjusted annually. In 1999-2000, the maximum cost per student station are:

\$11,966 for an elementary student station
 \$13,719 for a middle school student station
 \$18,155 for a high school student station

One-thirtieth of those amounts is equivalent to:

\$399 per charter school elementary student
 \$457 per charter school middle school student
 \$605 per charter school high school student

The rationale for using "one-thirtieth of the cost-per-student station per charter school student" is to provide

an annual allocation equivalent to one-thirtieth of the cost of constructing a new permanent facility. Permanent facilities are typically constructed with revenue derived from the sale of 30-year bonds.

If a school district shares other capital outlay funds with a charter school, such as the SIT award, there must be a corresponding reduction in the charter school capital outlay funding. If an annual appropriation is not sufficient to fund the formula, the Commissioner of Education must prorate available funds among eligible charter schools.

Before distributing capital outlay funds, the Department of Education must ensure that the district school board and charter school governing board have a written agreement stipulating that unencumbered funds and all equipment and property purchased with public education funds will revert to ownership of the district school board when, and if, the charter is not renewed or is terminated. This reversionary agreement must focus on recoverable assets, but not on intangible or irrevocable costs such as rental or leasing fees, normal maintenance, and limited renovations. Any other issues (such as shared facilities or partial ownership of facilities or property) must be addressed in the school's charter before capital outlay funds are spent.

Some charter schools have reported that the requirement for a reversionary agreement has been an impediment to financing, because potential lenders have read the clause to mean that the assets purchased with the borrowed money would revert to the school district rather than the lender. The "reversionary clause," as this requirement is commonly called, is in the law to ensure that facilities purchased with state funds will remain the property of the school board if the charter school closes. But while the payments on the facility are made with state funds, the initial loan is private money for which the lender considers the building to be collateral. Charter school representatives likely will seek to change the law to specify that the reversion to the school board of charter school property secured with public funds will be subject to the satisfaction of all liens or encumbrances.

Funds for Conversion Schools

A public school that converts to a charter school receives operating funds in the same manner as other charter schools, and the school district can charge an

administrative fee of no more than 5 percent. The administrative services must include contract management services, FTE and data reporting, exceptional student education administration, test administration, processing of teacher certification data, and information services. The public school will probably still use many of the same district services that it received before it converted to charter status. Negotiations about which services are covered by the 5 percent administrative fee can be complicated. For example, one conversion charter school considered the mail courier service it had received as a public school to be “information services” and therefore included in administrative services, but the school district discontinued the courier service to the school, saying it was not covered by the 5 percent administrative fee. Principals of both conversion charter schools say they spend a significant amount of their time negotiating these services and costs.

Charter Schools as Centers for Innovation

One of the purposes of charter schools is to encourage the use of different and innovative learning methods. Many of the schools are organized in innovative ways, based on research, that might be useful to other public schools or to individual teachers in other schools. The transfer of information about innovative practices happens, if at all, in an accidental fashion. The ideas and methods adopted by charter schools could be of immediate use in other public schools whether or not the charter school that adopted them ultimately succeeds or fails. The DOE should establish a way to inform other public schools about the innovations being used in charter schools.

Technical Assistance for Charter Schools

The Department of Education’s Office of School Choice and the Resource Center at the University of South Florida provide technical assistance to charter schools and to groups wishing to form a charter school. Charter school boards have received joint training from the Florida School Boards Association and the Resource Center. Activities of the Resource Center include lending assessment instruments for typical and atypical populations to assist charter schools in selecting tests; a directory of services such as insurance, auditing, etc., to enable charter schools to compare costs; workshops on topics requested by charter school boards; and an annual conference.

Multi-jurisdictional Charter Schools

Charter Technical Centers

The 1998 Legislature created s. 228.505, F.S., authorizing community colleges to participate in the charter school movement through the creation of charter technical centers. Unlike charter schools, charter technical centers may be sponsored by a school district, a community college, or a consortium of both. (a State Board of Education rule must authorize application by any other organization.) The community college in whose region the center is located, as well as the school district, must sign the charter. The law authorizes charter technical centers to confer high school diplomas, postsecondary certificates, and degrees. The purposes of the centers relate to education needed for success in the workforce and economic development; business and industry must be significantly involved in the operation of the center.

Pending Multi-jurisdictional issues

Charter school proposals that involve jurisdictions of more than one governmental entity will be considered by school districts in 1999-2000. A proposal for a school in the “Four Corners” area where Polk, Osceola, Orange, and Lake Counties meet is likely to be considered by the Lake and Osceola County school boards. Approximately 1,500 students in that area travel long distances to the school in their respective counties. Another proposed multi-jurisdictional charter school in The Villages would require approval of the Lake and Marion County School Boards. This proposal would be a workplace charter school serving children of employees at The Villages.

Okaloosa-Walton Community College is proposing to create a dual enrollment charter school on its Niceville Campus serving high school students from Okaloosa and Walton Counties. The proposed school would enable students to complete an associate degree at the same time that they completed requirements for their high school diploma. The community colleges plans to apply to the Okaloosa County School Board for a Charter. Presumably Walton County students who chose to attend would transfer to Okaloosa County. This proposal is not multi-jurisdictional in the sense that it would require approval of two school boards, but the overlap of high school statutes and customs with community college practices raises issues to be resolved. Would all the community college faculty and staff have to be fingerprinted as required in s. 231.02, F.S.? Would the faculty who teach dual enrollment courses have to be certified or qualified according to

chapter 231, F.S.? How could the community college provide high school students the opportunity to participate in sports and other extracurricular activities? The community college’s proposal indicates that the charter school would serve “serious and mature high school students who desire to undertake college level study.” The charter school law requires the school to be open to any student who resides in the district, thus making it unlikely that the community college could admit students based on their ability to do college-level work.

2. If Florida public schools are to convert to charter school status, the Legislature, the Department of Education, school boards, superintendents, and teacher unions must assume leadership in creating a climate in which conversions are possible and are supported.

3. The DOE should establish a mechanism by which all of Florida’s public schools can be informed about the innovative practices in charter schools.

4. School boards should inform charter school applicants of the availability of training for new charter school board members.

RECOMMENDATIONS

1. If the Legislature decides to continue funding construction of charter school facilities, a recurring source of funds should be dedicated to that purpose.

COMMITTEE(S) INVOLVED IN REPORT *(Contact first committee for more information.)*

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MEMBER OVERSIGHT

Senators Sullivan and Kirkpatrick