

The 90 percent myth

Fixing funding inequities for New Jersey charter schools

A funding gap for charter schools

By law, New Jersey charter schools are entitled to 90 percent of the per-pupil funding that traditional public schools receive.¹ In reality, however, charter schools receive much less than this. This is because charter schools in New Jersey are excluded from several types of funding sources, including adjustment, educational adequacy, school choice and transportation aid. Charter schools also do not qualify for capital and debt service to make repairs to their buildings and open new schools. Exclusion from these funding sources results in a funding equity gap between district and charters that ranges from 20 percent to 29.9 percent.²

On average, New Jersey charter schools actually receive closer to 70 to 80 percent of the per-pupil funding that traditional schools receive for their students. But in Jersey City, Camden, Trenton and Newark these funding gaps are even larger, with charter schools in those districts receiving as little as 51 percent of per-pupil funding. This severely impacts charter schools' ability to reach their full potential.

Why does this funding inequity exist?

Charter schools do not receive adjustment aid, educational adequacy aid, school choice aid and transportation aid. The largest of these additional types of aid is adjustment aid, a special category of funding that was established as part of the 2008 School Funding Reform Act. This aid was meant to prevent districts from experiencing significant funding drops once the new funding formula went into effect.³ Today adjustment aid, educational adequacy aid, school choice aid and transportation aid are not calculated into the per-pupil amount that districts receive for students. As a result, it is not calculated into the 90 percent funding charter schools receive for their students.

While adjustment aid varies widely from district to district, charters in the 31 former Abbott districts are disproportionately impacted by this practice. Jersey City, Camden, Trenton and Newark's school districts receive the highest amounts of adjustment aid in the state.⁴ These districts are also home to high concentrations of charter schools.

¹ "Charter School Program Act of 1995," New Jersey State Department of Education, accessed February 7, 2014, <http://www.state.nj.us/education/chartsch/cspa95.htm>.

² "Measuring up to the Model: New Jersey," National Alliance for Public Charter Schools, accessed February 7, 2014, <http://www.publiccharters.org/get-the-facts/law-database/states/NJ/>.

³ "A Formula for Success: All Children, All Communities," New Jersey State Department of Education, accessed February 10, 2014, <http://nj.gov/education/sff/reports/AllChildrenAllCommunities.pdf>.

⁴ "School Finance," New Jersey State Department of Education, accessed February 7, 2014, <http://www.state.nj.us/education/stateaid/1213/>.

District	Average per-pupil funding ⁵	Average per-pupil funding received by charter schools ⁶	District rank based on total amount of adjustment aid received ⁷	Total number of charter schools ⁸
Jersey City	\$22,273	\$11,350	1	10
Camden	\$23,709	\$13,100	2	9
Trenton	\$20,407	\$13,380	8	4
Newark	\$23,160	\$15,280	13	21

If charter schools were to receive 90 percent of the adjustment aid their home districts receive, it would provide charter schools nearly 43 million dollars in additional funding.⁹ This amounts to an additional \$1,200 per student.

Charter schools do not qualify for capital and debt service. On average, charter schools in New Jersey spend \$1,418 per student from designated per-pupil funding each year on facilities costs.¹⁰ When traditional public schools need to make repairs, they can levy a bond. In the former Abbott districts, the New Jersey Schools Development Authority manages funding for repairs and opening new schools. Traditional public schools do not have to use money from their per-pupil allotment to fund capital repairs or improvements. They also do not have to pay rent, maintenance fees or utilities because their school districts cover these costs. If a charter school wants to buy a building, make a repair or expand, they typically must find ways to pay for these costs upfront.

How do funding inequities impact students in New Jersey charter schools?

As a result of these funding inequities, charter schools are faced with three major challenges that impact their ability to best serve students:

Stifled charter school growth

A recent study of New Jersey charter schools found that more than 54 percent of charter schools that want to increase their enrollment do not have adequate space to support that growth.¹¹ Funding inequity severely limits New Jersey charter schools' ability to grow and meet the demands of their communities.

Reduced talent attraction and retention

⁵ "Taxpayers' Guide to Education Spending 2013," New Jersey State Department of Education, accessed February 13, 2014, <http://www.state.nj.us/cgi-bin/education/csg/13/csg.pl>.

⁶ "Office of School Finance," New Jersey State Department of Education, accessed March 10, 2014, <http://www.state.nj.us/education/finance/>.

⁷ "2013-2014 State Aid Summaries," New Jersey State Department of Education, accessed February 13, 2014, <http://www.state.nj.us/education/stateaid/1314/>.

⁸ "Total Number of Schools: 2012-2013," National Alliance for Public Charter Schools, accessed February 13, 2014, <http://dashboard.publiccharters.org/dashboard/schools/page/overview/state/NJ/year/2013>.

⁹ Estimates based on calculations from the 2012-13 State Aid Summaries; "School Finance, 2012-13 State Aid Summaries," New Jersey State Department of Education, accessed March 11, 2013, <http://www.state.nj.us/education/stateaid/1213/>.

¹⁰ "An Analysis of Charter School Facility Landscape in New Jersey," Charter School Facilities Initiative, accessed February 7, 2014 http://njcharters.org/docs/report_facilitiesanalysis_201301.pdf.

¹¹ "An Analysis of Charter School Facility Landscape in New Jersey," Charter School Facilities Initiative, accessed February 7, 2014 http://njcharters.org/docs/report_facilitiesanalysis_201301.pdf.

Research indicates that the most important school-based factor for student achievement is teacher quality.¹² Attracting and retaining high-quality teachers is especially difficult for charter schools because a large proportion of their operational funding goes towards paying for rent, utilities and repairs, leaving less funding available to offer competitive salaries to their teachers. Funding inequities also leave charter schools unable to provide their teachers with the resources and professional development necessary to ensure their ongoing professional growth.

Lack of basic services

In many New Jersey cities there are a finite number of suitable facilities available for charter schools to operate and expand. Charter schools are forced to repurpose office buildings and other spaces to serve the needs of their students. These repurposed facilities often lack libraries, gyms and computer labs. Charter schools are public schools and should have the ability to provide the same services that traditional public schools provide for their students.

Conclusion

Ideally, New Jersey charter schools would receive 100 percent of the funding received by neighboring district schools. At least, lawmakers must ensure that charter schools receive the 90 percent they were promised. Efforts should also be made to provide dedicated facilities funding for New Jersey's charter schools. Many of New Jersey's charter schools provide a high-quality choice to families.¹³ Let's turn the 90 percent myth into a reality for New Jersey charter schools and provide them with the equitable funding they deserve to best serve New Jersey students.

¹² "Improving Student Learning by Supporting Quality Teaching: Key Issues, Effective Strategies," Editorial Projects in Education, accessed February 10, 2014, http://www.edweek.org/media/eperc_qualityteaching_12.11.pdf.

¹³ "New Jersey Public Schools Fact Sheet," New Jersey State Department of Education, accessed February 11, 2014, <http://www.state.nj.us/education/data/fact.htm>; "Study Finds New Jersey Charter Public Schools Significantly Outperform Their District School Peers," Center for Research on Education Outcomes, accessed February 2, 2014, <http://credo.stanford.edu/pdfs/NewJerseyPressReleaseFINAL.pdf>.