



ANALYSIS - American Recovery and Reinvestment Plan

Ohio Alliance for Public Charter Schools
National Alliance for Public Charter Schools



Final ARRP Bill - a total of \$789 billion in spending and tax cuts.

- \$463 billion for spending on transportation and infrastructure upgrades and construction, health care programs, education assistance, housing assistance, and energy efficiency upgrades- OH's share ~\$8.2B
- Provides \$326 billion in personal and business tax breaks

Education Provisions

- A little over \$100 billion in direct spending primarily through already existing programs (e.g., Title I, IDEA) and the newly authorized **State Fiscal Stabilization Fund**. The State Fiscal Stabilization Fund is the primary NEW education program in the bill, and absorbed the funding for modernizing public schools that had been included in earlier versions of this bill.
- In total, the stabilization fund will receive \$53.6 billion, and Governors will have to apply to the Secretary of Education for any funding under the Stabilization Fund. Within the stabilization fund, \$5 billion was reserved for **State Incentive Grants** and of that amount \$650 million will be further reserved for the **Secretary's Innovation Fund** (leaving 4.35 billion for incentive grants). Both of these programs are targeted at efforts to close the achievement gap and are discretionary grants awarded by the Secretary of Education.
- Of the remaining approximately \$48 billion, states will receive a proportion accordingly:
 1. 61% of any allocation will be based on the state's population of people ages 5 to 24 relative to the rest of the country.
 2. 39% will be based on their relative total population of the country.
 3. 81.8% of a state's funding must go to restoring state support for education cuts.
 4. The remaining 18.2% of the funding MAY be used for supporting education, although it can also go to supporting other state needs.
 5. An LEA that receives funding may use its allocation to modernize its facilities, and the conference report recognizes charter schools as beneficiaries of the funding too.

- **Title 1** (\$13 B)
- **IDEA** (\$12.4 B)
- **Teacher Incentive Fund** (\$200 M)
- **Credit Enhancement Program** – (\$25 M)
(Apparently not retained in final bill.)

Other Opportunities for Charter Schools

Facilities:

- \$22 billion newly-authorized school construction bond program
- \$10 billion to the New Markets Tax Credit Program
- \$25 billion in recovery zone bonds
- \$1.4 billion in new funding to the Qualified Zone Academy Bonds



Programs charters should be able to tap into to finance facilities

Credit Enhancement for Charter School Facilities Program unfortunately did not receive any new funding

Reform Programs:

- \$200 million for the Teacher Incentive Fund
- \$250 million for the development of State Wide Longitudinal Data Systems

Issues for Charter Schools

1. Through whom and how does the money flow? – Title Funds, IDEA, State Fiscal Stabilization Funds
2. If "State Fiscal Stabilization Fund" money flows into the State Foundation Fund, then under the Governor's new education plan, charters would have no access.



ANALYSIS – Governor’s Biennial Budget and OEBM

Ohio Alliance for Public Charter Schools

February 16 2009



INTRODUCTION - Governor Strickland’s Executive Budget (to date) has not been transformed into bill form (HB 1) by the Legislative Service Committee. The governor’s office informed the General Assembly on Friday (Feb. 13) that executive revisions to the budget will delay this process until later in the month. It’s difficult to be definitive on the governor’s proposal without the detail and until we see the actual legislation.

CURRENT BUDGET STATUS – Of many concerns, these are the two that are paramount:

1. FUNDING - Impact of cuts on community charter schools would be devastating if not lethal:¹

- 2009 Current Year Funding for Charter Schools: \$617 million
- 2010 Governor’s Proposed Charter Funding: \$497 million (-\$120 million) -20%
- 2011 Governor’s Proposed Charter Funding: \$534 million (includes growth assumptions)

2. BUDGET STRUCTURE – “Separate and Unequal” - Removed Charters from School Foundation Formula :

The Governor has proposed in his “*Ohio Evidence-Based Model (OEBM)*,” separating district schools and charter schools in his budget - two separate line items *and* excluding charters from the state’s Foundation Funding Formula (SF-3). By doing this, charter schools would be vulnerable to additional differential treatment. If the budget bill passes and the economy goes from bad to worse, the Governor could cut charter school funding further with the stroke of his pen, without affecting traditional public schools.

Abridged Details As We Know Them...

1. **The Ohio Instructional Quality Index (Ohio IQ):** This calculation impacts school funding for teachers given a community’s percentage of students in poverty, community wealth, and community educational attainment. The higher the Ohio IQ index the more a district gets to pay teachers. But charter schools are not indexed. They only get the state average compensation. Therefore, a district school in downtown Cleveland would get thousands more to pay a teacher than a charter school in the same district.
2. **Parity aid and poverty aid** are baked into the \$497 million for charter schools, not supplemental.
3. **The “organizational units”** that are part of the governor’s evidence- based model assume certain numbers of staff per size of the student body. Over a certain enrollment size the school becomes 2, 3+ organizational units. NOT charter schools. They can never be more than one unit.
4. **Student teacher ratios are fixed** in the OEBM: Elem-15:1; High Schl-25:1; E-Schls: 125:1
5. **Elimination of for-profit management services:** Governor’s plan calls for no renewals of contracts with for-profit school management services, regardless of their degree of success.
6. **Funding and Enrollment:** Under the OEBM, district schools report once a year, called a “trailing average,” with no loss of funding for dropouts during the course of a year. Charter schools continue with monthly reporting of average daily attendance, precisely accounting for enrollment on a day-to-day basis.

¹ . The Gov’s office has yet to reveal the evidence-based model it used to arrive at these funding levels. But if charter schools have on average in the past received 60 – 70% of what district public schools did in per-public funding, these cuts would reduce per pupil funding in charter schools on average to slightly more than 50% of traditional public school students – an additional drop of about \$1,400 dollars per student - SEPARATE AND UNEQUAL

Separate and Unequal