

**ALABAMA STATE DEPARTMENT OF EDUCATION
OFFICE OF PUBLIC CHARTER SCHOOLS
WORKING DOCUMENT
PUBLIC CHARTER SCHOOL OPERATIONS AND FUNDING**

Enrollment for Operations and Funding Purposes

- A public charter school will maintain records on all enrolled students utilizing the state-adopted Alabama Student Information System (ASIM). The student data reported in ASIM is essential to the calculations of Foundation Program funds. Student residence information reported in ASIM will be essential to the calculations of state Foundation Program funding for public charter schools.

Public Charter School Operations and Funding

- For each of its students, a public charter school will receive the same amount of *state* Foundation Program funds that would have been allocated for each public charter school student to the local school system where the student resides.
- State funds will be distributed on a monthly schedule, which is a more frequent and regular schedule, than the stated quarterly schedule outlined in Act No. 2015-3, and is consistent with current Foundation payment schedules currently in place at the Alabama State Department of Education (ALSDE).
- For each of its students, a public charter school will receive the same amount of *local tax revenue*, that, for the then-current fiscal year, would have been allocated for each public charter school student to the local school system of each student's residence, excluding those funds already earmarked through a vote of the local school board for debt service, capital expenditures, or transportation.
- Additionally, any local revenues restricted, earmarked, or committed by statutory provision, constitutional provision, or board covenant pledged or imposed by formal action of the local board of education or other authorizing body of government, will be excluded by the local school system of the student's residence when determining the amount of funds to be sent to the public charter school.
- The maximum annual local tax allocation forwarded to a start-up public charter school from a local school system will not, for each student, exceed the per-student portion of the state-required Foundation Program local match for the local school system where the student resides.
- As necessary, the ALSDE will release processes and procedures to determine the specific local revenue allocations according to the Foundation Program for each public charter school.
- If necessary, the ALSDE will adopt rules governing how to calculate and distribute local per-student allocations, as well as any rules governing cost-sharing for students participating in specialized gifted, talented, vocational, technical, or career education programs.
- Subsequent year funding for public charter schools will be based on the Foundation Program allocation and other state funds provided by the Alabama Legislature.

Categorical Public Charter School Funding

- The ALSDE will direct the proportionate share of moneys generated under federal and state categorical aid programs to public charter schools serving students eligible for such aid if permitted by applicable federal laws and regulations.
- The state will ensure that public charter schools with rapidly expanding enrollments are treated equitably in the calculation and disbursement of all federal and state categorical aid program dollars.

- Each public charter school that serves students who may be eligible to receive services provided through such programs will comply with all reporting requirements to receive the aid.

Start-Up Public Charter School Initial Year Funding

Act No. 2015-3, Section 10(b)(1)a	Appropriations Act No. 2015-281, p. 14
<i>In their initial year, and in subsequent years to accommodate growth as articulated in their application, funding for public charter schools will be provided from the Education Trust Fund (ETF) in the Foundation Program appropriation for current units.</i>	<i>The above appropriation include funds for start-up public charter schools and start-up LEAs in the first year of operation which will be funded at the full amount of the average Foundation Program cost per unit. \$9,609,561</i>

- In the initial year, and in subsequent years to accommodate growth as articulated in the application, funding for start-up public charter schools will be provided from the Education Trust Fund in the Foundation Program appropriation for Current Units.
- The Foundation Program cost per unit for a start-up public charter school is defined as the Foundation Program (including the 10-mill match) less textbooks, divided by the Total Units. This funding calculation is consistent with current funding procedures for non-charter (traditional) public schools when applying the Current Unit formula.
- Start-up public charter schools and existing local education agencies (LEAs) will be funded, on an equal basis, out of Current Units.
- The calculated Foundation Program cost per unit will be applied to each LEA by multiplying the number of additional units calculated for an LEA for the current school year.
- In the case of a start-up public charter school, the growth or difference in Average Daily Membership (ADM) is considered the current year's ADM at school start-up minus the previous year's ADM, with the previous year's ADM equaling zero.
- The ADM difference for each grade is divided by the applicable grade divisor.
- The total of these calculations in all grades will be the number of calculated units if the total is a positive number.
- The number of calculated Current Units will be multiplied by the average Foundation Program cost per unit and this will equal the start-up school allocation.
- If a start-up public charter school starts school prior to October 1, it will receive a prorated allocation for the remainder of the fiscal year.
- The remaining school year October 1- September 30 will be funded out of the current year's Current Unit allocation using a recalculated per unit amount– this equates to a start-up LEA operating from October 1 – September 30 on the remaining 10 months of a 12-month allocation.
- For example, if school starts in August 2017, the start-up charter would receive a prorated allocation for August and September from the FY17 Current Unit allocation and the remaining ten months would be funding from the FY18 Current Unit allocation.
- This also assumes that August and September 2017 would not be defined as the initial year but that August 2017 – September 30, 2018 would be defined as the initial year (14 months with 12 months of funding). This is consistent with how non-charter public schools are currently funded.
- Current Units will be paid on a monthly basis, with the months of operation prior to October 1 being paid in a lump sum prior to September 30 from the previous year's allocation.

- Below is the method of capturing enrollment and funding for start-up charter schools.

Start-Up Initial Year Funding	
Enrollment	Funding Method
Fully fund all students who are enrolled at the time of school opening – would include any student who was enrolled in a public, private, or home school the previous academic year.	Apply existing Current Unit formula.

Conversion Public Charter School Funding

- The maximum annual local tax allocation forwarded to a conversion public charter school from a local school system will, for each student, equal the amount that would have been received by the local education agency of the student’s residence for each student who now attends a conversion public charter school, minus any amounts otherwise excluded pursuant to this section.
- Below is the method of capturing enrollment and funding for conversion schools.

Initial Year Conversion Funding	
Enrollment	Funding Method
Fully fund all students who are enrolled at the time of school opening – would include any student who was enrolled in a public, private, or home school the previous academic year.	Receive Foundation Program allocation and other public school Education Trust Fund Appropriations. Also eligible to receive Current Units under the current calculation for any growth experienced in ADM from the previous school year.

Public Charter School Transportation Funding

- The department will disburse state transportation funding to a public charter school on the same basis and in the same manner as it is paid to public school systems.
- A public charter school may enter into a contract with a school system or private provider to provide transportation to the school’s students.
- Public charter schools that do not provide transportation services will not be allocated any federal, state, or local funds otherwise earmarked for transportation-related expenses.

Public Charter School Facilities Funding

- Public charter schools will have the same rights and access to Alabama Public School and College Authority (PSCA) funding opportunities as non-charter public schools.
- A public charter school will have a right of first refusal to purchase or lease at or below fair market value a closed or unused public school facility or property located in a school system from which it draws its students if the school system decides to sell or lease the public school facility or property.

- The ALSDE will publish the names and addresses of unused facilities on its Web site in a list that is searchable at least by each facility's name and address.

Administrative Costs Recovery as a Public Charter School Authorizer

To cover costs for overseeing and authorizing public charter schools in accordance with this Act, a local school board serving as an authorizer may do all of the following:

- Expend its own resources, seek grant funds, and establish partnerships to support its public charter school authorizing activities.
- Charge a portion of annual per-student state allocations received by each public charter school it authorizes based on the following schedule.
 - If the local school board has oversight over one to three, inclusive, public charter schools: Three percent of annual per-student state allocations.
 - If the local school board has oversight over four to five, inclusive, public charter schools: Two percent of annual per-student state allocations.
 - If the local school board has oversight over six to ten, inclusive, public charter schools: One percent of annual per-student state allocations.
- These funds will be used to cover the costs for a local school board to provide authorizing services to its public charter schools.

Public Charter School Closure and Effects on Funding

- In the event of a public charter school closure for any reason, the assets of the school will be distributed first to satisfy outstanding payroll obligations for employees of the school, then to creditors of the school, and then to the State Treasury to the credit of the Education Trust Fund.
- If the assets of the school are insufficient to pay all parties to whom the school owes compensation, the prioritization of the distribution of assets may be determined by decree of a court of law.

Generally Accepted Accounting Principles; Independent Audit

- A public charter school will adhere to generally accepted accounting principles.
- A public charter school will annually engage an independent certified public accountant to do an independent audit of the school's finances.
- A public charter school will file a copy of each audit report and accompanying management letter to its authorizer by June 1.
- This audit will include the same requirements as those required of local school system pursuant to Section 16-13A-7, *Code of Alabama 1975*.

NOTE: This *working document* "**highlights**" key components of the *Alabama School Choice and Student Opportunity Act (Act 2015-3)*, but does not attempt to address all operations and funding content specific to public charter schools. Information included in this working document will be updated as the Alabama State Department of Education develops specific guidance regarding Alabama public charter schools. Please send questions to pcs@alsde.edu.