



A legislative agenda to make every dollar count for all Texas students

JANUARY 2021

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21 education and policy organizations support recommendations to level the playing field between charter schools and district public schools in Texas and increase the efficiency and transparency of charter schools.

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The unlimited growth of charter schools in Texas puts additional demands on the state budget; drains funds from existing district public schools that serve 94 percent of all Texas students; and creates an inefficient dual education system at a critical time when all public dollars should be used to:

- ✓ Help public schools meet the challenges and additional costs of the COVID-19 pandemic;
- ✓ Ensure fairness and equity for all Texas students; and
- ✓ Maximize the efficient use of public funds.

21 organizations have come together to support a 2021 legislative agenda that addresses these serious concerns about charter schools in Texas and to provide recommendations that make every dollar count for all Texas students. These organizations represent thousands of teachers, administrators, elected school board members, pastors, and education advocates from every corner of Texas.

Key Recommendations for 2021 Legislative Session in Texas

1. Level the playing field for funding our public schools.

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Charter schools have a significant funding advantage over most of the district public schools that serve 94 percent of all Texas students.ⁱ Charter schools receive an average of about *\$1,150 more per student*ⁱⁱ from the Foundation School Program per year than what a public school district would receive for the same student.

The charter funding advantage exists because all charters — regardless of size — receive the average of the small and midsize allotment even though this allotment is intended to help small school districts with 5,000 and fewer students address costs related to economies of scaleⁱⁱⁱ, and most charters draw students from school districts with well over 5,000 students. As a result, charter schools cost the state school finance system hundreds of millions of extra dollars every year compared to the cost of educating students at district public schools.

For example, IDEA Public Schools with about 54,000 students will receive over \$61 million from the small and midsize allotment in school year 2020-2021^{iv}, while an independent school district with a similar enrollment of about 50,000 students will receive \$0 from the allotment.

In fact, charter schools cost the state an additional \$882 million in the 2018-19 biennium alone according to the Legislative Budget Board^v. It is crucial for legislators allocating scarce funds to understand this built-in cost driver for charter schools as they make funding decisions for the next biennium

and before considering reductions in education programs that affect all public schools.

RECOMMENDATION:

- ✓ Apply the same 5,000 student limit to the charter school small and midsize allotment as the district small and midsize allotment in order to level the playing field for funding.

2. Apply important checks and balances to charter school operations.

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The recent disclosure of questionable expenditures by charter schools on items such as the lease of a private jet clearly show that the check and balance systems that are already in place for public school districts should also apply to charter schools. These checks and balances help to ensure that all public funds are used efficiently and are not misused. Including charter schools under existing safeguards in the law would help to identify potential “red flags” and provide an important level of transparency that could increase public trust.

RECOMMENDATIONS:

- ✓ The State Auditor should conduct periodic state audits of charter schools with budgets over \$100 million, similar to the state law directing the State Auditor to consider audits of Health and Human Services Commission contracts of more than \$100 million^{vi}.

- ✓ Bring charters under the same related party transactions laws followed by public school districts to avoid conflicts of interest.
- ✓ Report annually on how charters use public funds for facilities, bonds, real estate transactions, marketing/public relations, and out-of-state charter management organizations (CMOs).

3. Stop unlimited charter school expansion that is a major cost driver to the state budget.

There are virtually no limits on the growth of charter school campuses in Texas. A total of 797 new charter campuses have been approved in Texas since 2010 through the charter amendment process^{vii} at the sole discretion of the appointed Commissioner of Education^{viii} — and without oversight from any elected body.

Once an open enrollment charter school is approved and meets certain TEA requirements, it can open an unlimited number of new charter campuses anywhere in Texas without notice to the general public or affected parents; without a public meeting; without identifying the actual need for a new charter campus; and without full consideration of the negative impact the revenue loss will have on affected school districts and students. In addition, this unlimited growth is a major driver of the state budget: State funds for charter schools have tripled over the last ten years to about \$3.54 billion in school year 2020-2021^{ix}.

RECOMMENDATIONS:

- ✓ Expand authority to the elected and accountable members of the State Board of Education to veto charter expansion requests,

just as they can do now for new charter applications.

- ✓ Require general public notice and a public meeting before any charter expansion is approved.
- ✓ Include both the impact of revenue loss on affected school districts and the additional cost of the new charter campus to the state in the criteria for approval.

4. Ensure that charter schools provide educational opportunities to all Texas students.

Charter schools do not serve all students and limit educational opportunities for many students through their policies and practices. For example, state law allows charters to exclude any student from enrollment who has any discipline history — even for minor issues^x. Charter schools are also allowed to expel a student for any offense that is listed in their student code of conduct^{xi}.

These policies discriminate against students with special needs and students of color that research shows have a disproportionate percentage of discipline actions. TEA data show that charter schools serve an average of 28 percent fewer students with special needs compared to public school districts^{xii}.

RECOMMENDATIONS

- ✓ Eliminate the discipline exclusion that charters use to exclude students from enrollment.
- ✓ Limit expansion to charters that serve at least the state average of students with special needs or the average in the district where the charter is located.

The following 21 organizations support these recommendations:



Association of Texas Professional Educators (ATPE) | Coalition for Education Funding | Every Texan | Fast Growth School Association | Go Public | Intercultural Development Research Association (IDRA) | Pastors for Texas Children | Raise Your Hand Texas | Texas American Federation of Teachers (Texas AFT) | Texas Association of Community Schools (TACS) | Texas Association of Latino Administrators and Superintendents (TALAS) | Texas Association of Midsize Schools (TAMS) | Texas Association of Rural Schools (TARS) | Texas Association of School Administrators (TASA) | Texas Association of School Boards (TASB) | Texas Classroom Teachers Association (TCTA) | Texas Elementary Principals and Supervisors Association (TEPSA) | Texas Rural Education Association (TREA) | Texas School Alliance (TSA) | Texas State Teachers Association (TSTA) | Texas Urban Council of Superintendents (TUC)

SOURCES:

¹Fiscal Size-Up 2020-2021; Legislative Budget Board; p. 218 – ADA for 2020 (charter schools are 6.4% of all students in 2020); available at https://lbb.state.tx.us/Documents/Publications/Fiscal_SizeUp/Fiscal_SizeUp.pdf

²See TEA Statewide Charter Summary of Finance 2020-2021 – Line 20 (small and midsize allotment); available at <https://tealprod.tea.state.tx.us/fsp/Reports/AsyncCrystalReportViewer.aspx?rpt=33&year=2021&run=30269&charters=Y&format=html>; also see map of charter funding advantage by district prepared by Raise Your Hand Texas from 2019-2020 TEA data; available at <https://www.raiseyourhandtexas.org/district-partnerships-map/>

³Texas Education Code Section 12.106(a-2)

⁴TEA Summary of Finance for IDEA Public Schools 2020-2021 (Line 20) January 11, 2021; available at <https://tealprod.tea.state.tx.us/fsp/Reports/CrystalReportViewer.aspx?rpt=6&year=2021&run=30612&cdn=108807&format=html>

⁵See letter from Legislative Budget Board dated 9.26.18 as requested by Member of Texas House of Representatives. LBB states that the state would have saved \$882 million over the 2018-19 biennium if charter schools received the same per-student funding as districts where charter schools have the highest enrollment.

⁶Texas Government Code Section 321.013(k)

⁷Data compiled from final charter expansion amendments submitted to TEA 2010 – 2020 received from TEA in response to public information requests

⁸Texas Education Code Section 12.114 (a)

⁹TEA Charter School Statewide Summary of Finances 2020-2021 (Line 53) available at <https://tealprod.tea.state.tx.us/fsp/Reports/AsyncCrystalReportViewer.aspx?rpt=33&year=2021&run=30209&charters=Y&format=html>

¹⁰Texas Education Code Section 12.111 (a)(5)(A)

¹¹Texas Education Code Section 12.131

¹²TEA 2019 Snapshot (Line 13) available at <https://rptsvr1.tea.texas.gov/perfreport/snapshot/2019/state.html>