

Provide Fair Funding for All Students

Oppose H219 That Shifts Larger Portion to Charter Schools

All public-school children – regardless of the school they attend – deserve equitable funding for their education. North Carolina’s existing system ensures balanced funding. However, charter school advocates are lobbying lawmakers to pass House Bill 219, a bill that would force school districts to share their program-specific funding with charter schools while allowing the charters to keep every cent of their own program-specific money. H219 would destroy the balance in public school funding by providing greater support to charter students at the expense of those enrolled in school districts.

The Current System Balances the Needs of All Students.

The current system guarantees funding fairness for all public-school students as follows:

- District and charter schools receive an equal per-pupil share of local and state tax dollars that follow the student to the district or charter school they attend.
- Federal grant monies for specific programs stay with the district or charter school to which they were granted. Districts and charters must independently apply for grants.
- Federal reimbursements – for programs such as technology and meal services – stay with the district providing these services. Charter schools may apply for federal reimbursements for these same services if they offer them.
- Additional funding (private gifts, fundraising profits, tuition for pre-K or extracurricular services, rental fees for use of school facilities) stays with the district or charter school for which they were intended.



Child Nutrition provides essential funding for students who are facing food insecurity. Why should this funding be shared with children who may not qualify?

H219 is Based on Funding Misperceptions.

Charter advocates stand by misguided beliefs that their students are being short-changed:

- They claim that charter students receive only 75 cents for every dollar provided to district students.
- This flawed calculation is based on factors unrelated to per-pupil operational funding and reflects an apples-to-oranges comparison of district and charter funding.
- They believe that districts should share other types of funding, such as grants and reimbursements received for specific programs, that charter schools could receive, if they offered those same programs and applied for funding assistance.
- They believe districts should send them money from other sources – including tuition, fees from building rentals, sales tax refunds, fund balance, and interest earnings – that the charter schools either already have or can receive on their own. In addition, the sharing would be one-way only, with charters keeping 100% of any of these same funds they receive.



Charters receive their share of local funds when first appropriated to an LEA. Why should they “double dip” into the fund balance an LEA builds from wise usage of their local dollars?

H219 will upset the balance between funding for students enrolled in charter schools and those in districts. We urge lawmakers to maintain fair public-school funding.

Specific Concerns with Section 7 of [House Bill 219, Charter School Omnibus](#)

*This new legislation would force school districts to share additional funds with charter schools, even though **they can secure these same funds for themselves and keep 100%**. Here is a listing of funding categories and why sharing each would be harmful to school districts and create an overall unfair funding advantage for charter schools.*

- **Reimbursements:** These funds are provided for payments already made by the school district, including Medicaid Administrative Claiming *and* Fee for Service, both of which are Medicaid programs for identification and providing actual services to students. School districts also receive reimbursements for Free and Reduced Lunch Programs, and others that are more LEA specific. Charters also can receive these funds if they have *qualifying* students and choose to participate in programs providing reimbursements.
- **Fees for Actual Costs:** Many school districts want to be good community partners and thus rent their facilities out to churches, community colleges, and other groups. LEAs often charge rent to cover the actual costs (utilities, cleaning, etc.). In many instances, however, a loss is already occurring for the LEA. The charters are not incurring the costs of making LEA facilities available for public use, so they should not receive any of the fees collected. In addition, charters can charge fees for renting out their own facility.
- **Tuition:** LEAs may receive tuition for an individual student's summer school, after-school care, or enrollment of out-of-district students. These funds should remain with the enrolling district to offset their costs for serving these students, who have not chosen to enroll in a charter school.
- **Sales Tax Refunds:** While charter schools already receive a full state and local sales tax refund, LEAs are at a significant disadvantage in that they only receive the local sales tax refund. This bill would require LEAs to share portions of *their* local sales tax refund with charters, which may cause double funding them on these revenues.
- **Gifts, Grants, and Federal Appropriations Made Directly to LEAs:** LEAs often receive private donations or secure various types of grants or direct federal appropriations to offset shortfalls or enhance specific programs, such as literacy, technology, or STEM education. LEA schools also benefit from money raised by PTAs, band boosters, and other parental/community groups. Why should any of these funds intended to support students in the school district be shared with charter schools, which can seek similar funds on their own?
- **Pre-K Funds:** These funds, consisting of NC Pre-K dollars and Smart Start dollars, are for serving children not yet eligible for kindergarten. In many instances, the funds from the actual allocation are restricted and cannot be shared, and thus, would require the districts to pull an equal amount of local funds to offset the loss. This would lower the per-pupil allocation for the regular K-12 students in the LEAs. Also, in instances where the LEA is the fiscal agent that passes Pre-K funds to other providers in their county, the district's remaining portion would be further reduced by sharing with charters. These funding cuts would likely force many LEAs to reduce Pre-K services.
- **Fund Balance:** The monies that create a school district's fund balance have already been shared in previous years with the charter school when the funds were originally appropriated. A fund balance is necessary for both unforeseen circumstances and for adequate cash flow because numerous funding sources reimburse school boards for expenditures after-the-fact. If charter schools have access to LEA fund balances in addition to their own, they would essentially be "double dipping."
- **Interest Earned:** The money that nets interest income for LEAs, through their investments or cash holdings, was already shared with the charter school when the original appropriation was received. In addition, charters have the same interest earning opportunity as LEAs.
- **Sales Tax Revenues Distributed Using the Ad Valorem Method:** This impacts LEAs with a supplemental tax that was approved by the voters of the district. These funds should remain with the facilities within the taxing district.

With these shifts, HB 219 will upset the balance between funding for students served in charter schools and those enrolled in school districts. We urge lawmakers to oppose this proposal.