



MARCH 2024  
REPORT



# **Evidence in Three States of the Facilities Funding Gap Between Charter Schools and District Schools**

---

by  
Martha Bradley Dorsey, Ph.D.  
and David W. Dorsey, M.A.

# Introduction

Public charter schools provide a vital alternative to district schools for those fortunate enough to have the opportunity to make that choice. Charters allow parents to have a choice in one of their children’s most important life matters: their education. From the first charter school in Minnesota in 1992, charters currently serve 3.7 million students in approximately 8,000 schools across 45 states according to the National Alliance for Public Charter Schools (NAPCS).<sup>1</sup> (Montana became the 46th state to allow charter schools in 2023.)

Charter schools are publicly funded public schools and are generally different from district public schools. In this report, we will mention several areas wherein charters produce more for families than district schools despite their comparatively minimal funding. We will specifically address one area – facilities – where we find preliminary but dramatic research evidence of a sizeable facilities funding gap between district and charter schools. This gap is concerning for several reasons, not the least of which is that charters must abide by many of the same facilities access and safety standards as district schools, including building codes, both state and local, and the Americans with Disabilities Act related requirements.<sup>2</sup>

Recent empirical evidence shows that charter schools are generally outperforming their district counterparts in terms of academic performance. In 2023, Stanford University’s Center for Research on Education Outcomes (CREDO) issued its third national charter school study. The study concludes that “[l]ooking at year-to-year academic progress from 2015 to 2019, the typical charter school student in our national sample had reading and math gains that outpaced their peers in the traditional public schools ... they otherwise would have attended.”<sup>3</sup>

From the first charter school in Minnesota in 1992, charters currently serve

**3.7**  
million students

**8,000**  
schools

**45** states

<sup>1</sup> White, 2023.

<sup>2</sup> National Charter School Resource Center (NCSRC), 2020

<sup>3</sup> Raymond et al., 2023.



In addition, research indicates that parents are more satisfied with charter schools than with district schools. In a 2017 study using U.S. Department of Education survey data, the authors found that, upon analyzing student age groups of age 10 and under, ages 11-13, and ages 14-18, "... charter-school parents are more likely to report they are 'very satisfied' with their school by 6, 5, and 9 percentage points, respectively, compared to parents whose children attend an assigned-district school".<sup>4</sup>

However, since their inception, charter schools have been swimming against the stream when it comes to funding. A landmark study of charter and district schools' total funding in 18 major urban areas from the University of Arkansas Department of Education Reform found in 2020 that "[p]ublic charter schools received an average of \$7,796 less per-pupil than district schools... which represents a funding gap of 33 percent."<sup>5</sup>

Buried in the debate over charter vs. district school monetary resources is a very important piece of the education puzzle: facilities. A growing body of literature is finding evidence that school facilities can impact educational quality and

---

4. Cheng & Peterson, 2017, 25.  
5. DeAngelis et al. (2020), 4.

outcomes. Some (though not all<sup>6</sup>) studies of the impact of school facilities on student performance have reported potential student improvements. The National Charter School Resource Center (NCSRC, 2020) points to the following conclusive studies on performance.



Focused on facilities investment in the Los Angeles Unified School District, Lafortune & Schönholzer (2019) found that (a) four years' attendance increased student math and English language arts scores, and student motivation (teacher-reported); and (b) overcrowding reductions increased test scores and attendance.



Through analysis of the relationship between Michigan district infrastructure bonds and student achievement, Hong & Zimmer (2016) found increased facilities expenditures had a positive impact on 7th graders' academic achievement statewide.



Tanner (2006) studied school design features and found that specific features were positively associated with third-grade students' standardized basic skills test scores.

NCSRC (2020) also points to research suggesting that poor school facility quality carries negative impacts. These impacts concern not only teacher recruitment and retention but also student attendance; furthermore, poor facilities can also impact health (NCSRC, 2020). Relatedly, NCSRC (2020) also summarizes the disproportionate effect of poor facilities on disadvantaged students in public schools. The report describes litigation that has addressed this issue, noting the gap remains between facility quality for advantaged versus disadvantaged students.

---

6. The NCSRC points to inconclusive results in the following studies: Cellini et al., 2010; Conlin & Thompson, 2017; Hong & Zimmer, 2016; and Martorell, Stange, & McFarlin, 2016 (National Charter School Resource Center, 2020, footnote 7, 3).



# Data & Analysis

For this analysis, Educational Freedom Institute (EFI) selected a small sample to conduct a preliminary study of new facility funding differences between charters and district schools. EFI purposely selected schools from Arizona, Florida and Pennsylvania to compare new facilities spending in two states known for their favorable charter school laws (Arizona and Florida) with one state that has more restrictive laws (Pennsylvania). Arizona and Florida were ranked first and second on the most recent National Charter School Rankings & Scorecard created by the Center for Education Reform (CER)<sup>7</sup>. CER ranked Pennsylvania 23rd on the scorecard.

EFI selected six schools – three charters and three district schools from each state – for a total of nine district and nine charter schools. The schools we included had their bond documents available on MuniOS<sup>8</sup>, or had sufficient financial detail readily

---

7. CER (2022), <https://edreform.com/wp-content/uploads/2022/05/cer-charterlaws-scorecard-2022.pdf>

8. Land and facilities cost figures were gathered from publicly available sources. MuniOS, the source of most data, is a website that publishes facilities bond documents, including some for district and charter schools. From their website, "MuniOS is an investing communication platform from ImageMaster, LLC, the nation's largest distributor of Official Statements and MuniBond Roadshows. MuniOS gives the investing community quick and easy access to over 25,000 deals at no cost."



accessible through other online sources.

This sample is not intended to be representative, either of all states with charter laws or of the three states for which data was selected. Neither is the sample intended to represent all schools, either district or charter, in the three states selected. Instead, EFI chose to conduct a preliminary study to explore the differences possible, in terms of both funding and cost, between district and charter schools.

**Table 1** provides a summary of the number of square feet per student for these 18 selected schools for recent new facility projects.

| School Name                       | State | Bond Year / School opening | New Square Footage pursuant to bond issue | Enrollment            | Square feet per student |
|-----------------------------------|-------|----------------------------|---|-----------------------|-------------------------|
| EdKey                             | AZ    | 2020                       | 257,557                                   | <a href="#">5,840</a> | <a href="#">44.1</a>    |
| CSUSA                             | FL    | 2020                       | 208,202                                   | <a href="#">3,635</a> | <a href="#">57.3</a>    |
| Renaissance Charter               | FL    | 2019                       | 279,012                                   | <a href="#">4,850</a> | <a href="#">57.5</a>    |
| Sun Valley Charter Schools        | AZ    | 2018                       | 48,600                                    | <a href="#">690</a>   | <a href="#">70.4</a>    |
| Esperanza Academy                 | PA    | 2020                       | 164,682                                   | <a href="#">2,235</a> | <a href="#">73.7</a>    |
| GLA Charter School                | PA    | 2020                       | 53,331                                    | <a href="#">706</a>   | <a href="#">75.5</a>    |
| American Leadership Academy       | AZ    | 2017                       | 746,891                                   | <a href="#">8,645</a> | <a href="#">86.4</a>    |
| Downtown Doral Center             | FL    | 2014/2017                  | 86,895                                    | <a href="#">950</a>   | <a href="#">91.5</a>    |
| MAST Charter III                  | PA    | 2019                       | 198,000                                   | <a href="#">1,300</a> | <a href="#">152.3</a>   |
| Estrella Foothills Global Academy | AZ    | 2020                       | 92,400                                    | <a href="#">1,000</a> | <a href="#">92.4</a>    |
| Silver Valley Elementary          | AZ    | 2019                       | 89,000                                    | <a href="#">950</a>   | <a href="#">93.7</a>    |
| State College HS                  | PA    | 2021                       | 300,000                                   | <a href="#">2,300</a> | <a href="#">130.4</a>   |
| Lake Buena Vista HS               | FL    | 2021                       | 372,295                                   | <a href="#">2,776</a> | <a href="#">134.1</a>   |
| Horizon High School               | FL    | 2021                       | 372,493                                   | <a href="#">2,776</a> | <a href="#">134.2</a>   |
| Lehigh Twsp Elementary            | PA    | 2021                       | 97,000                                    | <a href="#">700</a>   | <a href="#">138.6</a>   |
| Erie College Prep                 | AZ    | 2021                       | 289,000                                   | <a href="#">2,000</a> | <a href="#">144.5</a>   |
| Barbara A. Harvey Elementary      | FL    | 2018                       | 116,880                                   | <a href="#">800</a>   | <a href="#">146.1</a>   |
| Anne Mae Hays Elementary          | PA    | 2021                       | 114,000                                   | <a href="#">600</a>   | <a href="#">190.0</a>   |

CHARTER -->

What jumps out from this table is the difference between square footage per student for district schools and charter schools. **Figure 1** provides a graphic representation of that difference. The nine district schools built, on average, 70% more square footage than the charter schools in their new facilities.

**Table 2** below provides a financial summary of these selected new construction projects. The average cost for construction per student at the district schools was more than double that of the charter schools. In other words, the nine charter schools spent less than half of what the nine district schools did on a per-student basis.

| School Name                       | School Type | State | Bond/Building Amount | Dollar Amount per square foot | Dollar Amount per student |
|-----------------------------------|-------------|-------|----------------------|-------------------------------|---------------------------|
| Sun Valley Charter Schools        | Charter     | AZ    | \$10,870,00          | <a href="#">\$224</a>         | <a href="#">\$15,754</a>  |
| GLA Charter School                | Charter     | PA    | \$12,790,00          | <a href="#">240</a>           | <a href="#">18,116</a>    |
| Downtown Doral Charter            | Charter     | FL    | \$28,125,000         | <a href="#">324</a>           | <a href="#">29,605</a>    |
| MAST Charter III                  | Charter     | PA    | \$34,900,000         | <a href="#">176</a>           | <a href="#">26,846</a>    |
| Esperanza Academy                 | Charter     | PA    | \$38,235,000         | <a href="#">232</a>           | <a href="#">17,107</a>    |
| CSUSA                             | Charter     | FL    | \$71,861,182         | <a href="#">345</a>           | <a href="#">19,769</a>    |
| Renaissance Charters              | Charter     | FL    | \$85,980,000         | <a href="#">308</a>           | <a href="#">17,728</a>    |
| EdKey                             | Charter     | AZ    | \$87,035,000         | <a href="#">338</a>           | <a href="#">14,903</a>    |
| American Leadership Academy       | Charter     | AZ    | \$192,290,000        | <a href="#">257</a>           | <a href="#">22,243</a>    |
| Anne Mae Hays Elementary          | District    | PA    | \$43,000,000         | <a href="#">377</a>           | <a href="#">71,667</a>    |
| State College HS                  | District    | PA    | \$140,000,000        | <a href="#">467</a>           | <a href="#">60,870</a>    |
| Lake Buena Vista HS               | District    | FL    | \$140,000,000        | <a href="#">376</a>           | <a href="#">50,432</a>    |
| Lehigh Twsp Elementary            | District    | PA    | \$34,000,000         | <a href="#">351</a>           | <a href="#">48,571</a>    |
| Erie College Prep                 | District    | AZ    | \$95,000,000         | <a href="#">329</a>           | <a href="#">47,500</a>    |
| Horizon High School               | District    | FL    | \$118,000,000        | <a href="#">319</a>           | <a href="#">42,860</a>    |
| Barbara A. Harvey Elementary      | District    | FL    | \$28,364,477         | <a href="#">243</a>           | <a href="#">35,456</a>    |
| Silver Valley Elementary          | District    | AZ    | \$28,800,000         | <a href="#">324</a>           | <a href="#">30,316</a>    |
| Estrella Foothills Global Academy | District    | AZ    | \$17,200,000         | <a href="#">186</a>           | <a href="#">17,200</a>    |
| <a href="#">Average Charter</a>   |             |       |                      | <a href="#">\$272</a>         | <a href="#">\$20,230</a>  |
| <a href="#">Average District</a>  |             |       |                      | <a href="#">\$330</a>         | <a href="#">\$44,986</a>  |

Figure 1. Square Footage Per Student

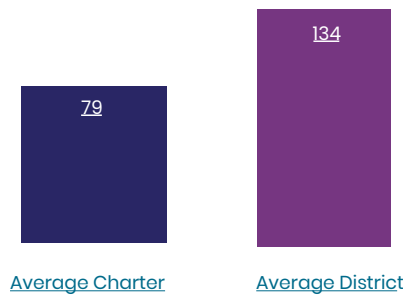


Figure 2. Building Costs Per Student

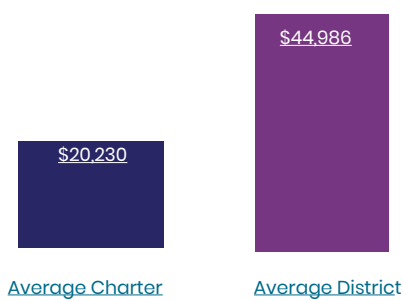
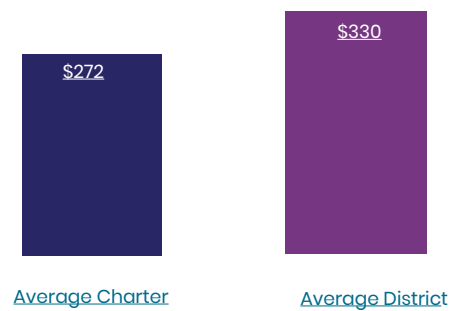


Figure 3. Building Costs Per Square Foot



The new Anna Mae Hays Elementary district school in Allentown, Pennsylvania cost a staggering \$71,667 per student. The most expensive charter school cost only \$22,243 per student. Even the dollar amount per square foot for the district schools was 21% higher than charter school construction: \$272 for charters compared to \$330 for district schools. Figures 2 and 3 show these differences graphically.

From this data, the nine district schools constructed larger facilities that cost more per square foot at a greater per-student cost than charter schools. What could explain this discrepancy when it comes to building new facilities?

Unfortunately for charter schools, the answer is quite simple: school districts have better opportunities to obtain approval for new construction and access to more revenue – and revenue sources – to pay for them.





## **District Schools Have a Distinct Financial Advantage**

When it comes to the ability to construct new facilities, district schools have a distinct monetary advantage over public charter schools in two important ways:



The way in which approval is obtained to construct new facilities.



The way in which the new construction projects are financed.

**School districts have better opportunities to obtain approval for new construction and access to more revenue – and revenue sources – for financing them.**

In the three states selected for this analysis, state law permits both districts and charter schools to seek bond financing for new facilities. However, districts are permitted hold elections to obtain voter approval to sell bonds for new construction, while charters must go directly to the marketplace.

More different still, districts – being geographically based – may finance voter-approved bonds by increasing local property taxes for repayment. Since charter schools are not taxing authorities, this option is not available. Instead, charters repay bond debt out of their operating budgets.

Additionally, Arizona and Pennsylvania have state revenue sources not available to charter schools<sup>9</sup>. Arizona has the Arizona School Facilities Board, an administrative arm of the state government that can entirely fund new district school facilities. A similar program in Pennsylvania, the project reimbursement portion of The Local Government Unit Debt Act<sup>10</sup> can spread a substantial amount of debt service statewide. Florida has appropriated some funding to assist in capital outlay, available to both school districts and charter schools.<sup>11</sup>

9. <https://reports.ecs.org/comparisons/k-12-school-construction-funding-2023-01>

10. Source: Pennsylvania Statutes Title 24 P.S. Education § 26-2606-J. Project reimbursement, 24 P.S. §25-2574 - Amended for Act 70

11. <https://www.fl DOE.org/schools/school-choice/charter-schools/business-finance-accounting/capital-outlay-funding.html>.

Charter facility funding is much more restrictive in the three states EFI selected. In Arizona, Florida and Pennsylvania, charters can bond for new facilities through local bonding authorities. Charters in all three states have accessed the tax-exempt bond market to finance new construction – in other words, different bonding authorities than the tax base-backed bonding authority of districts. Of course, they don't possess the authority to raise local taxes or qualify for statewide repayment options to the extent district schools do.

A report from the Local Initiatives Support Corporation (LISC) – a financing organization that assists charters in bonding for new construction – summarizes the disadvantage charters must deal with when it comes to repaying bond debt:

“Unlike traditional school districts, charter schools rely on their operating revenues and limited public capital funds to pay for their facilities. Charter schools receive public operating funding, known as per-pupil revenue, based on enrollment. Whereas traditional district schools use per pupil revenue to fund **only** their academic programs, charter schools in most states essentially finance **both** their academic program and facilities through this operating revenue stream.”<sup>12</sup> (Emphasis added)

Herein lies the rub. Although charters can access the tax-exempt bond market for new facility construction, *somewhat* similar to the way districts do, it's the repayment mechanism that truly prevents charters from competing fairly for facilities. This difference is likely the explanation for the vast differences in the data shown in the tables and figures above.

**“Whereas traditional district schools use per pupil revenue to fund only their academic programs, charter schools in most states essentially finance both their academic programs and facilities through this operating revenue stream.”**

**-Sorbello et al., 4**

---

<sup>12</sup>. Sorbello et al. (n.d.), 4. In full disclosure, these states do provide smaller grants, based on student count, to help offset capital expenditures.

# Conclusion: Charter Schools Do More with Less

It should be clearly understood that this is a limited analysis. EFI chose a small sample of district and charter schools to be included in the data set. Given this limitation, inferences regarding specific data-driven conclusions should be avoided and extrapolations should not be applied. This limited data notwithstanding, the basic rules for financing the construction of new facilities clearly give the upper hand to district schools – at least in these three states and possibly in all states.

Considering such a reality, when it comes to facility construction, charters do more with less.

The true extent of this sizeable facilities funding gap, along with the true fiscal impact of charters having to pay for bond indebtedness ‘out of pocket,’ would come from deeper and broader research that would look at more states and more bond issues, along with an accurate measure of the additional facility funding sources for both types of schools. Questions should be asked, such as ‘What are the equity and opportunity costs for charter schools of financing bonds out of operational costs?’ Such additional research would be invaluable to lawmakers as charter enrollment continues to increase, and pressures to equalize funding could become a reality.

## References

- Center for Education Reform (2022). National Charter School Law Rankings & Scorecard – 2022, <https://edreform.com/wp-content/uploads/2022/05/cer-charterlaws-scorecard-2022.pdf>
- Cheng, A., and Peterson, P.E. (2017). How Satisfied Are Parents With Their Children’s Schools? New evidence from a U.S. Department of Education survey. *Education Next*, 17(2), 20–27.
- DeAngelis, Corey A., Patrick J. Wolf, Larry D. Maloney, and Jay F. May. (2020). Charter School Funding: Inequity Surges in the Cities. School Choice Demonstration Project, Department of Education Reform, University of Arkansas, <https://files.eric.ed.gov/fulltext/ED612068.pdf>
- Education Commission of the States (2023, June) 50-State Comparison: K-12 School Construction Funding 2023; Financial Assistance and Revenue, <https://reports.ecs.org/comparisons/k-12-school-construction-funding-2023-01>
- Hong, K., and R. Zimmer (2016). Does investing in school capital infrastructure improve student achievement? *Economics of Education Review*, 53, 143–158. <https://www.sciencedirect.com/science/article/abs/pii/S0272775716302813?via%3Dihub>
- LaFortune, J., & D. Schönholzer. (2019). Measuring the efficacy and efficiency of school facility expenditures. ZEW, <https://www.cirje.e.u-tokyo.ac.jp/research/workshops/emf/paper2019/emp1223.pdf>
- National Charter School Resource Center. (2020). A Synthesis of Research on Charter School Facilities. Bethesda, MD: Manhattan Strategy Group, <https://charterschoolcenter.ed.gov/sites/default/files/upload/reports/A-Synthesis-of-Research-on-Charter-School-Facilities.pdf>
- Pennsylvania Department of Education (2020, March 31). Reimbursements for School Construction Bond Issues: 24 P.S. §25-2574 , <https://www.education.pa.gov/Policy-Funding/BECS/Purdons/Pages/ReimbSchoolConstrBond.aspx>
- Raymond, Margaret E., James L. Woodworth, Won Fy Lee, and Sally Bachofer (2023). As a Matter of Fact: The National Charter School Study III 2023. CREDO, <https://ncss3.stanford.edu/wp-content/uploads/2023/06/Credo-NCSS3-Report.pdf>
- Sorbello, Sara, Clara Chae, Kathryn Olsen, and Sybil St. Hilaire. (n.d.). Charter School Bond Issuance: A Complete History, Volume 4. LISC/Sorbello, [https://assets.foleon.com/eu-central-1/de-uploads-7e3kk3/48388/charter\\_school\\_bond\\_issuance\\_volume\\_4\\_1312024.41cd689c8da3.pdf](https://assets.foleon.com/eu-central-1/de-uploads-7e3kk3/48388/charter_school_bond_issuance_volume_4_1312024.41cd689c8da3.pdf)
- Tanner, C.K. (2006). Effects of the school’s physical environment on student achievement. *Educational Planning*, 15(2), 25–44.
- West, Martin R., and Paul E. Peterson. (2016). The Adequacy Lawsuit: A Critical Appraisal. Brookings, [https://www.brookings.edu/wp-content/uploads/2016/07/schoolmoneytrials\\_chapter.pdf](https://www.brookings.edu/wp-content/uploads/2016/07/schoolmoneytrials_chapter.pdf)
- White, Jamison. (2023). How Many Charter Schools and Students Are There? National Alliance for Public Charter Schools, <https://data.publiccharters.org/digest/charter-school-data-digest/how-many-charter-schools-and-students-are-there/>





Educational Freedom Institute  
20 E. Thomas Rd. Suite 2200  
Phoenix, AZ 85012



[www.efinstitute.org](http://www.efinstitute.org)

