

## Charter Schools Capital Outlay Funding

### Purpose

The 2006 Legislature enacted HB 5005 - Education Funding to amend s. 1013.62, Florida Statutes, charter schools capital outlay funding. The bill modifies the charter school fixed capital outlay distribution formula by implementing two priority levels to guide the distribution of the appropriated facilities funding.

### Eligibility

In each year in which funds are appropriated for charter school capital outlay purposes, the Commissioner of Education shall allocate the funds among eligible charter schools. To be eligible for a capital outlay funding allocation, a charter school must:

- a) (1) Have been in operation for 3 or more years;  
(2) Be an expanded feeder chain of a charter school within the same school district that is currently receiving charter school capital outlay funds (a school that sends/receives a majority of its students to/from another school as detailed in specific provisions within the charters of both schools and the grade level connection is direct); or  
(3) Have been accredited by the Commission on Schools of the Southern Association of Colleges and Schools.
- b) Have financial stability for future operation as a charter school (a school that is not in a state of financial emergency or in a state of financial emergency with a financial recovery plan as defined in s. 218.503).
- c) Have satisfactory student achievement based on state accountability standards applicable to the charter school (a school that receives a grade of D or better under the state A+ plan).
- d) Have received final approval from its sponsor pursuant to s. 1002.33, Florida Statutes for operation during that fiscal year.
- e) Serve students in facilities that are not provided by the charter school's sponsor.

### Distribution of Funding

The first priority for charter school capital outlay funding is:

to allocate to the schools that received funding in the 2005-2006 fiscal year the same amount per capital outlay full-time equivalent (FTE) student up to the lesser of the actual number of capital outlay FTE students in the current year or the capital outlay FTE students in the 2005-2006 fiscal year.

After calculating the first priority, the second priority is:

to allocate excess funds remaining in the appropriation in an amount equal to the per capital outlay FTE student amount in the first priority calculation to eligible schools not included in the first priority calculation and to schools in the first priority calculation with growth in excess of the 2005-2006 capital outlay FTE students.

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After the first and second priority calculations, any excess funds remaining in the appropriation will be allocated to all eligible charter schools. A charter school's allocation shall not exceed one-fifteenth of the cost per student station.

## **Questions and Answers**

### **1. What is an expanded feeder chain?**

A charter school is considered an expanded feeder chain of an existing charter school if it is paired with a school, located in the same school district, which currently receives capital outlay funding and the charter contains a specific provision either to send or receive a majority of the transfer-eligible students to/from another charter school whose charter contains a similar provision. The grade level connection between the schools must be direct. For example, a K-5 school and a 9-12 school cannot be considered a feeder chain since the intermediate step of grades 6-8 is missing.

### **2. When is a charter school in a state of financial emergency?**

A charter school is not financially stable when, as revealed by a charter school internal audit or an annual financial audit, it is in a state of financial emergency. A financial emergency is determined when any one of the following conditions occurs due to lack of funds:

- a) Failure to pay short-term loans or make bond debt service or other long-term debt payments when due;
- b) Failure to pay uncontested claims from creditors within 90 days after the claim is presented;
- c) Failure to transfer at the appropriate time: taxes withheld from employees; or employer or employee contributions for federal social security, pension, retirement or benefit plan;
- d) Failure for one pay period to pay wages, salaries or retirement benefits; or
- e) Unreserved or total fund balance or retained earnings deficit, or unrestricted or total net assets deficit as reported on the balance sheet or statement of net assets for which sufficient resources are not available to cover the deficit.

### **3. What is satisfactory student achievement?**

A charter school not receiving an "F" grade under the state A+ plan is considered to have satisfactory student achievement.

### **4. What is the cost per student station?**

Effective January 2006, the cost per student station is \$17,952 for an elementary school, \$19,386 for a middle school, or \$25,181 for a high school.

### **5. For what purposes can charter school capital outlay funds be used?**

- a) Purchase of real property;
- b) Construction of school facilities;
- c) Purchase, lease-purchase, or lease of permanent or relocatable school facilities;
- d) Purchase of vehicles to transport students to and from the charter school;
- e) Renovation, repair, and maintenance of school facilities that the charter school owns or is purchasing through a lease-purchase or long-term lease of 5 years or longer.

### **6. What happens to unencumbered funds and equipment when a charter school terminates operations?**

When a charter school is nonrenewed or terminated, all unencumbered operational funds, equipment and property purchased with public education funds revert to the district school board. Unencumbered capital outlay funds revert to the department for redistribution among eligible charter schools.

**7. Are conversion charter schools eligible for funding?**

A charter school is not eligible for a capital outlay funding allocation if it was created by the conversion of a public school and operates in facilities provided by the charter school's sponsor for a nominal fee or at no charge, or if it is directly or indirectly operated by the school district.

**8. When are capital outlay funds distributed?**

The Department of Education distributes capital outlay funds to the districts on the fourth Thursday of every month, beginning in the first quarter of the fiscal year, based on one-twelfth of the amount the Department expects the charter school to receive during that year. The district has 10 days to distribute the funds to the charter school. Subsequent distributions are adjusted, as necessary, to reflect each school's actual student enrollment as identified in the second and third enrollment surveys.

**Additional Resources and Information**

The Florida Department of Education, Office of Educational Facilities: <http://www.firn.edu/doe/oef/chartsub.htm>

The charter school capital outlay funding statute, s. 1013.62, F.S.: [http://www.flsenate.gov/Statutes/index.cfm?App\\_mode=Display\\_Statute&Search\\_String=&URL=Ch1013/SEC62.HTM&Title=->2005->Ch1013->Section%2062#1013.62](http://www.flsenate.gov/Statutes/index.cfm?App_mode=Display_Statute&Search_String=&URL=Ch1013/SEC62.HTM&Title=->2005->Ch1013->Section%2062#1013.62)

The charter schools statute, s. 1002.33, F.S.: [http://www.flsenate.gov/Statutes/index.cfm?App\\_mode=Display\\_Statute&Search\\_String=&URL=Ch1002/SEC33.HTM&Title=->2005->Ch1002->Section%2033#1002.33](http://www.flsenate.gov/Statutes/index.cfm?App_mode=Display_Statute&Search_String=&URL=Ch1002/SEC33.HTM&Title=->2005->Ch1002->Section%2033#1002.33)

The financial emergency determination statute, s. 218.503, F.S.: [http://www.flsenate.gov/statutes/index.cfm?mode=View%20Statutes&SubMenu=1&App\\_mode=Display\\_Statute&Search\\_String=218.503&URL=CH0218/Sec503.HTM](http://www.flsenate.gov/statutes/index.cfm?mode=View%20Statutes&SubMenu=1&App_mode=Display_Statute&Search_String=218.503&URL=CH0218/Sec503.HTM)

The Florida Department of Education, Office of Independent Education and Parental Choice:  
<http://www.floridaschoolchoice.org>

For questions and information on charter schools, contact Karen Hines-Henry at 850-245-0502 or [karen.hines@fldoe.org](mailto:karen.hines@fldoe.org)