



HF 813 – Charter School Programs (LSB2241HV.2)

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Fiscal Note Version – Final Action

Description

[House File 813](#) establishes Iowa Code chapter [256E](#), which creates a new charter school program and provides for two pathways to establish a charter school in the State. A charter school can be established through application by a founding group created by a local school board, thereby creating a new attendance center that would be part of a public school district. A charter school can also be established through application by a founding group not created by a local school board, thereby creating a charter school independent of a public school district and having no boundary lines within the State. The charter school's governing board is subject to open meetings in accordance with Code section [21](#), and membership requirements for the governing board of the charter school are detailed. Funding for each student attending a charter school will flow through the district of residence, similar to open enrollment, and includes the [State cost per pupil](#), the teacher leadership supplement, and additional weightings as detailed in the Bill. For students attending a charter school who had not been included in the previous year's [enrollment count](#), the Bill establishes a General Fund standing unlimited appropriation to the Department of Education to be paid to the charter school for the students' initial year of enrollment in the charter school.

Background

Under Iowa Code section [256F.1](#), a charter school may be established by creating a new school within an existing public school or converting an existing public school attendance center to charter school status. Storm Lake/Iowa Central/Buena Vista Early College Charter High School and West Central Charter High School are the two public charter schools in the State of Iowa. For additional information on these charter school programs, please read the Department of Education (DE) report [Legislative Report: Charter and Innovation Zone Schools in Iowa](#).

According to a 2016-2017 school year [report](#) published by the National Alliance for Public Charter Schools, 65.0% of public charter schools nationwide are freestanding and operate independently and apart from any management organization. The remaining 35.0% of public charter schools belong to some type of management organization or education service provider. The two types of education service providers are charter management organizations (CMOs), which hold a nonprofit tax status, or education management organizations (EMOs), which are for-profit tax entities. For the 2016-2017 school year, 23.0% of public charter schools contracted with a CMO and 12.0% of charter schools contracted with an EMO. **Table 1** provides the top CMOs and **Table 2** provides the top EMOs by enrollment for the 2016-2017 school year.

Table 1 Nationwide CMO Enrollment for 2016-2017 School Year	
	<u>Enrollment</u>
KIPP Foundation	79,040
Imagine Schools	33,745
Harmony Public Schools	32,084
IDEA Public Schools	29,335
Uncommon Schools	15,995

Table 2 Nationwide EMO Enrollment for 2016-2017 School Year	
	<u>Enrollment</u>
K12 Inc.	93,561
Academica	75,586
Charter Schools USA	72,950
Connections Academy	60,569
National Heritage Academies	56,262

Fiscal Impact

The LSA anticipates an increase of DE administration costs and the potential need for full-time equivalent (FTE) positions to fulfill the oversight requirements in this Bill, but the number of new charter school applications the State board may receive is unknown.

Federal fiscal and nonfiscal reporting requires inclusion of data for public charter schools. If a charter school is independent from a school district, determinations will be needed regarding eligibility and allocation methods used for federal funds.

There is a potential for double counting of students for State funding. For the initial year of funding for a charter school, State funding is based on an estimate of enrolled students. The potential students included in the charter school estimate may not actually attend the charter school and would in turn be funded at the school where they are actually enrolled. A reconciliation, based on actual enrollment, is to be completed during the subsequent payment to the charter school. It is unclear if the initial year of funding will be provided to the charter school through advance funding by the Department of Management, be provided through payments from the student's district of residence which through open enrollment protocols are typically paid in February and July, or be provided through some other means.

It is unknown the number of students who would be included in the General Fund standing unlimited appropriation for initial year enrollment in a charter school. Therefore, the appropriation cannot be estimated at this time. The appropriation would include funding for any student not included in the previous year's enrollment count including students attending nonpublic schools, [private instruction](#) students, or students entering kindergarten.

Sources

Iowa Department of Education
National Alliance for Public Charter Schools

/s/ Holly M. Lyons

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The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.