

Indiana Charter School Facts

THE BASICS

- Charter schools are **public** schools, open to all Hoosier students. Unlike public magnet schools and private schools which can set enrollment criteria, charter schools must have an open enrollment policy.
- Charter schools were originally created to allow schools to operate with more flexibility and less regulation in return for being held to a stricter accountability framework.
- Charter schools got their name from the “charter” or contract that must exist between an organizer and an authorizer.
- Charters have no geographic boundaries like traditional public school districts.
- A lottery must be held if the number of students who wish to attend the charter school is greater than the number of available seats in the school.
- Over 120 charter schools served 49,953 students across the state during the 21-22 school year. (That’s roughly 4.6% of Indiana’s total student population.)
- Indiana law requires charter school organizers to be run by **nonprofit** boards (see Governance section).
- There are three types of charter schools in Indiana. Each of these are funded differently (see Funding section).
 - Traditional brick and mortar charter schools
 - Virtual charter schools
 - Adult Charter High Schools (also known as dropout recovery schools)
- Charter schools do NOT accept vouchers. (Vouchers can’t be used at public schools that already receive state funding to educate Hoosier students.)
- Governor Frank O’Bannon signed the first charter school law in 2001. (Senate Enrolled Act 165)

ACCOUNTABILITY

- Charter schools are required by law to administer state assessments like ILEARN and IREAD.
- Charter schools are subject to the same A-F grading scale as other public and non-public voucher participating schools. However, HEA 1514 – 2021 removed state-mandated consequences for charter schools in the lowest two performance categories, which also applies to traditional public and voucher schools.
- If at any time the charter school does not meet the requirements of the contract with their authorizer, the authorizer can close the school, unlike district public schools.
 - Since 2004, at least 30 charter schools have been closed or not renewed by their authorizer.
- HEA 1636 (2015) increased accountability for the state’s charter authorizers to limit “authorizer shopping” and requires the SBOE to provide a formal evaluation of the overall state of charter schools outcomes in Indiana every 5 years.
 - The first report was issued in 2017 and can be found here: <https://www.in.gov/sboe/2765.htm>
- Unlike some district public schools, no student is forced to attend a charter school. Parents make the decision to send their child to a charter because they believe it will be the best education environment for their student. Many would argue a satisfied customer, or a parent that continues to choose a charter school, is the ultimate form of accountability.

FUNDING

- Charter schools receive LESS funding than district public schools.

- While most charter schools receive state and federal funds in the same manner as district public schools, Indiana charter schools do NOT collect any local property tax dollars and have no ability to seek a referendum.
 - District public schools receive roughly \$3,300 per student in local property tax dollars to construct and maintain buildings, pay for utilities, and provide transportation.
 - Charter schools must divert some of their state tuition support dollars from classroom teachers and student instruction expenses to pay for buildings and other items that are typically covered by property taxes in a district public school.
- The 2015 state budget included for the first time a \$500 per pupil facility grant for certain charter schools. This funding was continued in the 2017 state budget and increased to \$750 per pupil in the 2019 state budget. Recently, the 2021 state budget increased to \$1,000 in the first year of the biennium and \$1,250 in the second year. Only charters that meet specific performance metrics are eligible to receive this funding.
- Brick and mortar charter schools receive funding via the state school funding formula, like all other public schools.
- Virtual charters are also funded via the school funding formula; however, they currently only receive 85% of the per pupil tuition support. Budget changes made during the 2019 session resulted in a cut from 90% beginning in the 19-20 school year.
 - For the first time ever, non-charter virtual programs within district public schools received the same percentage of tuition support as virtual charters (beginning in July 2019). Previously, they received 100% of state support and still receive property tax dollars.
- Adult Charter High schools are funded via a separate line item in the state budget. HEA 1001-2021 appropriated \$6,750 per student.
- When charter schools first opened, they were funded 6 months in arrears, meaning the state did not send tuition support until the spring semester of the school year. Charters were forced to take out loans to cover first semester costs. Most charters took out a Common School Loan from the state, but a handful of charters received outside loans instead of going through the state. After years of tweaks and finally an Attorney General opinion, the state forgave nearly \$90 million in charter school start up loans (but only those taken from the Common School Loan program).
 - These loans were used to cover operational expenses that are typically covered by state tuition support dollars – these were **not** facility loans.
 - The 2011-2012 school year was the first year that new charter schools received funding during the first semester.

GOVERNANCE

- A charter school “authorizer” is defined in state law as one of the following:
 - Mayor of Indianapolis
 - 4-year state university
 - Any district public school board
 - The State Charter School Board
 - Non-profit college or university that offers a 4-year educational program
- A charter school “organizer” is defined in state law as a group or entity that:
 - is a non-profit corporation that is incorporated or registered in Indiana;
 - has been recognized by the IRS to be tax exempt;
 - has an independent board with elected or selected members under the school’s application; and
 - enters into a contract with an authorizer to operate a charter school.
- An organizer must receive approval from an authorizer to start a charter school. The organizer is accountable to the authorizer to meet the terms of the agreement.
- Charter schools are required to have a third-party financial audit completed **every year**, unlike district public schools which are only audited by the State Board of Accounts every other year.
- Charter school organizers, just like district public schools, may elect to contract with companies and organizations to provide educational and/or management services.