Summary
Statute, 53F-2-306, provides that charter schools receive $100 for each enrolled student to help pay administrative expenses. Administrative cost funding is provided by the state to small Local Education Agencies (LEAs) to help offset costs associated with reporting financial and statistical information to the state, as well as, general administrative functions of the LEA.

Issue
At $100 per student, smaller charter schools report difficulties in paying for the administrative costs outlined above. A school with fewer students is required to submit the same information as larger schools, without the budget scale to help absorb the cost.

Base Funding
To help solve the identified funding issues for small charter schools, the Legislature could consider providing a minimum funding base. The table to the right shows all charter schools that are projected to enroll fewer than 400 students in Fall 2019. And, as a result, will receive less than $40,000 through the administrative cost formula in FY 2020.

A minimum base of $40,000 per school would provide enough funding to each school to pay at least a part-time employee to conduct administrative functions and submit state reports. The total estimated cost to provide this base funding amount in FY 2020 is $445,800.

Recommendations
The Analyst recommends that the Legislature consider the following:

- Study the role of the State in providing administrative cost funding to small LEAs. This may include the extent state reporting requirements placed on LEAs factor into providing funding for administration.
- Appropriate funding to provide a minimum funding base of $40,000 for charter schools that enroll fewer than 400 students. The total cost for this adjustment is $445,800 in FY 2020.
  - In lieu of an ongoing appropriation, the Legislature could provide the State Board of Education authority to use nonlapsing balances in the Charter School Administrative Cost Program and the Charter School Local Replacement Program in FY 2020 while the Legislature studies the issue.
- Amend statute, 53F-2-306, to include the $40,000 minimum base.