



# Why Funding Matters for Charter Schools

Charter schools were authorized in Alabama in 2015 to provide new public school options to students who want or need more flexibility in their learning environment. Charter schools are public schools that are independently operated and receive greater flexibility than traditional public schools in exchange for increased accountability.

Charter schools receive federal funding and state funding just like traditional public schools, but in Alabama, charters do not receive funding from local property taxes like traditional public school systems do. This could be as much as \$4,000 per student. With local funding making up approximately 30% of public school revenue in the state, charter schools are at a significant disadvantage. **More state funding for charter schools ensures that these schools have the resources they need for their students to be successful.**

## Student-Weighted Funding Formulas Matter for Charter Schools

Charter schools often serve higher proportions of students with greater needs and require more funding to better serve those students' needs. In addition, Alabama public charter schools do not receive their share of local funding and therefore have less funding than traditional public schools. This needs to be corrected through an updated funding formula. A student-weighted formula is a way to make sure that charter schools have enough money to educate their students in spite of the disadvantages they may encounter. Forty-one states use this type of formula.

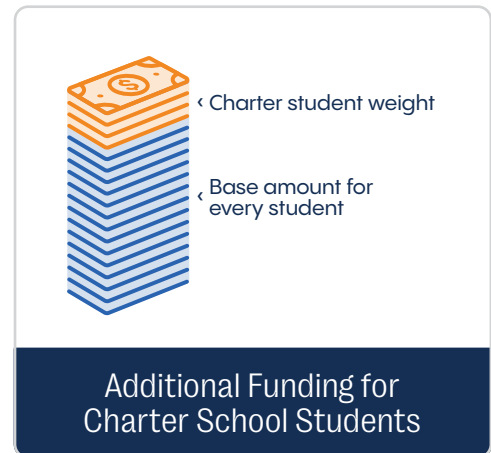
This type of formula would allow the state to fund charter schools based on the needs of the students in their schools (see [Funding for Students from Low-Income Backgrounds](#), [Funding for Students with Disabilities](#), [Funding for English Learners](#)). It could also be used to provide additional funding for charter schools to compensate for the lack of local funding that charters face. This amount could be easily changed to respond to the needs of these schools over time.

A student-weighted funding formula would provide funds for charter schools based on their students, but charters also face challenges securing funding for facilities. Traditional school districts have access to local revenue for facilities investments, but charters do not. The state needs to also address the gap in funding for capital expenses.

## A New Funding Formula for Alabama Should Include:

To close the significant local revenue gap between charter schools and traditional schools, Alabama lawmakers will need to take a multi-pronged approach, which should include:

- A weight for each student enrolled in a charter school. This could be combined with the weight for students in rural districts since both charters and rural districts have limited capacity to raise local funding.
- A separate line item in the Education Trust Fund to provide additional funding for capital expenses.



\*Base amount is the same for every student

## What Other States Are Doing

- [Tennessee](#) uses a categorical grant to allocate funds to charter schools. Tennessee charter schools receive local funding in addition to state and federal funding, so funds are distributed through the local districts.
- [South Carolina](#) charter schools receive state and local funding if they are authorized by a local district. Charters that are authorized by universities or the state authorizer receive funding from the legislature.

For a 50-state comparison of charter school funding, see [here](#).

## Additional Resources

- [High-Quality Charter Schools](#), A+ Policy Portal (A+ Education Partnership), 2024
- [New Schools for Alabama](#) website