



BUILDING FOR SUCCESS IN OHIO 2024

MEASURING HOW WELL OHIO IS MEETING CHARTER SCHOOL FACILITY NEEDS

EXECUTIVE SUMMARY

In 2021, ExcelinEd [found](#) that Ohio was meeting just 18.1 percent of the facility needs of its charter school students. Thanks to recent increases in state per-pupil facility aid for charter schools, the state has made progress. However, Ohio still has significant room to improve.

In five years, Ohio will meet less than half of charter school facility needs. Using ExcelinEd’s [Charter School Facility Index](#) methodology to measure the actual impact of state policies, we have determined that Ohio is currently meeting 52.0 percent of the facility needs for the state’s brick-and-mortar charter schools—and if policymakers don’t make any changes, that number will drop to 42.1 percent in five years (see Figure 1).

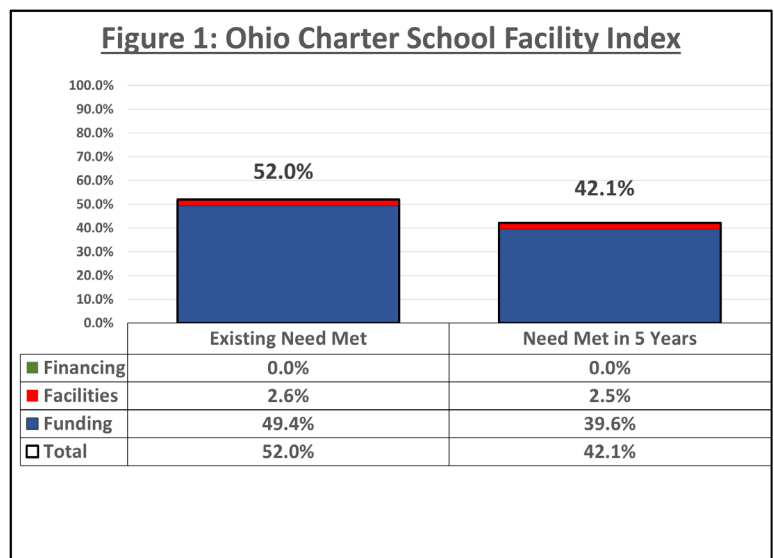
Ohio’s charter schools are giving up teachers to pay for facilities. This facility gap means charter schools must find other revenue to pay the remaining 48.0 percent cost of their facilities, which equals \$971 per student. Charter schools must use operational funding, which is intended to pay for classroom instruction, and which is already less than their district counterparts.¹

With this money, an average-sized charter school could, for example, pay for an additional five teachers or give its current classroom teachers a 25 percent salary increase. Those lost opportunities will grow to seven teachers per school or a 38-percent raise for every teacher.

The facility support gap also means charter schools—even the most impactful—will have difficulty growing to provide opportunity to more students.

State policymakers have various options to better meet the facility needs of Ohio charter schools. Through a companion [Charter School Facility Index Tool](#), Ohio policymakers can determine the likely impacts of potential changes in state policies.² For example, by providing charter schools with access to local revenue raised for facilities, expanding access to under-utilized district facilities, and enabling affordable facility financing through credit enhancement, Ohio could meet a much higher percentage of the need.

Meeting this need is critical so charter schools can use as much of their funding for instruction as possible to meet the growing demand from Ohio’s families for quality public school choices.



¹ Despite recent improvements under the state budget bill passed in 2023, brick-and-mortar charter schools on average are projected to receive this year about 85 percent of the funding received by comparable local traditional public schools in Ohio. See Fordham Institute, [Ohio Lawmakers Pass Historic Policies on Charter Schools, Private School Choice, Governance and Literacy](#) (2023).

² The Charter School Facility Index Tool is available [here](#).



INTRODUCTION

This year, more than 84,000 students attend brick-and-mortar charter schools in Ohio. Approximately nine in ten of those students are economically disadvantaged, and roughly four in five identify as students of color. Also, 94 percent of Ohio charter schools are in urban areas.³

Lack of access to affordable facilities is one of the most critical issues facing charter schools in Ohio and across the country. Traditional public schools can raise local funding specifically for facilities. Charter schools cannot. Instead, they must often rely to some degree on state funding meant to pay for instructional expenses to pay for facilities.

This brief uses a methodology, called the Charter School Facility Index, to assess the extent to which Ohio is meeting the full facility needs of its charter schools.⁴ It examines not just how a policy reads on paper, but also what its impact is on the ground in meeting actual need. An Index of 100 percent means a state is meeting 100 percent of its charter school facility needs. This brief is an update of the analysis completed three years ago.⁵

Ohio policymakers have embraced charter schools as an important school choice option for parents and students. In keeping with its support of charter schools, the state has a strong interest in helping reduce the cost of facilities for all brick-and-mortar charter schools. To achieve this, states have a variety of policies they can use.

First, a state can provide money to help charter schools rent or lease facilities. Second, a state can require traditional districts to provide no- or low-cost access to existing, often under-utilized public buildings. Finally, a state can reduce the cost of borrowing so charter schools can own their buildings at a lower cost than renting. They can do so through credit enhancement programs that guarantee the loans or bonds, formally or through a state's "moral obligation." The financing comes from private sources, but charter schools would pay significantly lower interest rates because of the state's credit enhancement.⁶

It takes a combination of these policies to fully meet the facility needs of charter schools in most states. The key question is whether Ohio, through its various policies, is meeting the overall facility needs of its charter schools. Magnitude matters. For example, a large funding allowance for facilities helps more than a small one. Also, major investment in one policy may reduce the need for another. If many charter schools can access free facilities, fewer charter schools need funding for rent.

The Charter School Facility Index can help Ohio assess whether it is meeting the full facility needs of its public charter schools.

CURRENT CHARTER SCHOOL FACILITY INDEX (FY 2024)

One way to calculate the overall charter school facility need is to consider how much it would cost Ohio if it paid for the full facility costs for every student in a brick-and-mortar charter school in the state. Ohio currently has 84,616 students in 317 brick-and-mortar charter schools.⁷ Based on an ExcelinEd analysis, facility-related costs for charter schools in Ohio are \$2,063 per student, or 13.3 percent of overall expenditures.⁸ This means that the overall facility

³ See Fordham Institute, [Reinventing Ohio's Charter School Sector, 2015-2023](#) (2023).

⁴ For more details on the Charter School Facility Index and its benefits, see ExcelinEd, [Building for Success: How States Can Address Charter School Facility Needs](#) (2019).

⁵ See ExcelinEd, [Building for Success in Ohio](#) (2021).

⁶ For more on how states can use credit enhancement to reduce the cost of charter school facility financing, see ExcelinEd, [Addressing Charter School Facility Needs](#) (2019).

⁷ These totals come from the state's [payment reports](#) for charter schools. They do not include STEM schools or students in virtual charter schools.

⁸ Facility-related costs have increased by four percent per year since the original analysis. These figures come from the [five-year](#) financial reports for a random sample of charter schools and confirmed through interviews. They include rent, mortgage and interest, utilities, maintenance and other



need for all brick-and-mortar charter school students is \$171.2 million statewide, i.e., \$2,063 per student times 84,616 students.

As explained above, Ohio can meet this overall need through a combination of direct funding, access to district facilities and affordable financing.

Direct Funding

For students in brick-and-mortar charter schools, Ohio currently provides \$1,000 per student for facilities.⁹ Overall, this program provides about \$82.5 million each year for charter school facilities statewide. Previously, Ohio also provided charter schools with \$21 million in one-time grants to pay for facility purchase, construction or major renovation; otherwise, charter schools would have had to pay an additional \$2.0 million in rent each year.¹⁰

Charter schools are not eligible for \$300 million in state facility construction funds available each year to traditional public schools.¹¹ Charter schools in Ohio also do not have access to any of the \$1.7 billion in local revenues raised for school facility needs each year; only traditional districts currently receive these funds.¹²

This means that, altogether through direct funding, Ohio is providing the equivalent of \$84.5 million each year and thereby meeting 49.4 percent of the facility needs of its charter schools.

Access to Facilities

Ohio law requires districts to lease or sell unused buildings to charter schools located in the same district, considering the appraised fair market value, with preference given to high-performing schools and newly established schools from operators with a track record of high performance.¹³

This provision does not require districts to provide under-utilized buildings at no or low cost, as is the case in other states.¹⁴ However, about 10 percent of charter schools have purchased district facilities.¹⁵ Even paying market rates

facility-related costs. They are adjusted for inflation to determine facility-related costs in FY 2024. In a companion [tool](#), users can adjust facility-related costs if they feel they are too high or too low. Traditional districts in Ohio are spending \$3,393 per student on facility-related costs. See [Digest of Education Statistics Table 236.75](#) (2023); this amount is adjusted for inflation for FY 2024. In comparison, FY 2024 facility-related costs per charter school student are \$1,933 in Idaho, \$2,276 in Tennessee and \$2,169 in Indiana. These figures are adjusted for inflation. See ExcelinEd, [Building for Success in Idaho](#) (2022); ExcelinEd, [Building for Success in Tennessee](#) (2022); ExcelinEd, [Building for Success in Indiana](#) (2020).

⁹ See Legislative Budget Office, [Greenbook: LBO Analysis of Enacted Budget, Ohio Department of Education and Workforce](#) (2023). In ExcelinEd's 2021 [analysis](#), the state provided \$250 per student in charter schools. For FY 2024, actual funding per student was reduced to \$975 because the total funding budgeted was not enough given the number of charter school students.

¹⁰ Even though these funds went out previously, they reduced long-term facility related costs. The rental savings are the proportion that the \$21 million in grants is of the total cost of purchasing facilities for all charter schools. Overall, the state made \$25 million available in Community School Classroom Facilities Grants; however, charter schools have used \$21 million. See Ohio Facilities Construction Commission, [Annual Report FY 2019](#).

¹¹ See Ohio Legislative Service Commission, [Capital Item Analysis](#) (2022). The School Building Program Assistance Fund received \$600 million for two years.

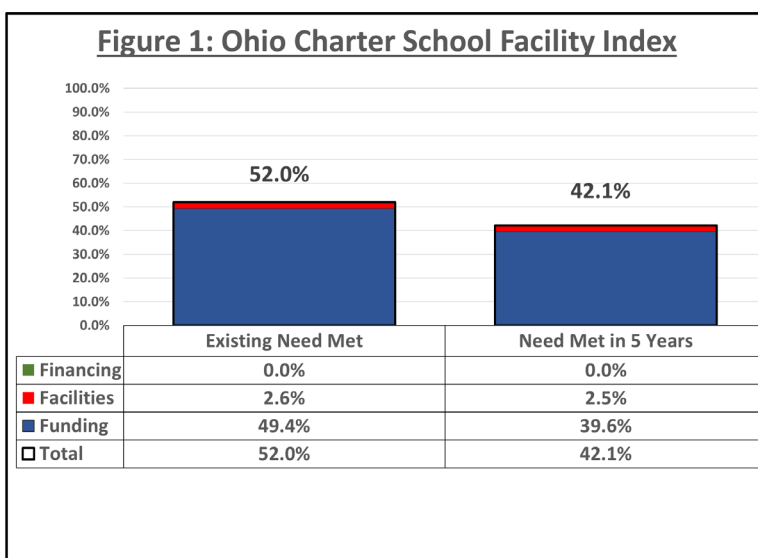
¹² See Ohio Legislative Service Commission, [School District Local Operating Revenue](#) (2023). This amount is adjusted for inflation. In Cleveland there is some sharing of funds raised for *operating* expenses.

¹³ A lease cannot be higher than fair market value, but a district is not required to sell a building at below fair market value. See [Ohio Revised Code 3313.411](#).

¹⁴ See, e.g., Chalkbeat Indiana, [Indiana School Districts May Have To Turn Over Underused Buildings To Charters. Here's What To Know](#) (2023).

¹⁵ This number reflects an analysis that determined whether the current location of a charter school was previously indicated as a district school.

Figure 1: Ohio Charter School Facility Index





for the property, there are significant savings in owning rather than renting in Ohio.¹⁶ Overall savings from access to district buildings are currently \$4.5 million per year. Thus, **through surplus district facilities, the state is meeting 2.6 percent of overall charter school facility needs.**

Affordable Financing

Ohio currently does not use credit enhancement to lower the financing cost for charter schools seeking to purchase their own facilities. Thus, **financing support in Ohio is meeting none of the overall charter school facility needs.**

Summary of Current Needs Met

The current Charter School Facility Index for Ohio is 52.0 percent, as shown in Figure 1. Direct funding provides 49.4 percent, district facilities are 2.6 percent, and affordable financing is 0.0 percent. The facility gap is \$82.2 million overall, or \$971 per student. In other words, charter schools are having to use other revenue to pay facility expenses that amount to \$971 per student.

To be more concrete, if Ohio fully met charter school facility needs, an average-sized charter school could hire an additional five teachers or give its current classroom teachers a 25 percent salary increase.¹⁷ This facility gap exacerbates the substantial funding disparity between traditional public schools and charter schools in Ohio.¹⁸

If Ohio fully met current charter school facility needs, an average-sized charter school could hire an additional five teachers or give a 25 percent salary increase to current classroom teachers.

CHARTER SCHOOL FACILITY INDEX IN FIVE YEARS (FY 2029)

The overall charter school facility needs in Ohio will likely grow over the next five years as charter school enrollment and the number of charter schools increase.

Charter school enrollment in Ohio is expected to grow by at least 1.45 percent per year.¹⁹ However, if the state meets charter school facility needs more fully, enrollment will likely increase faster. At an annual growth rate of 1.82 percent (25 percent above current expectations), 92,581 students will be in brick-and-mortar charter schools in five years. The number of charter schools will likely grow by at least 1.5 percent each year. In five years, this means that there will be 341 charter schools.²⁰

Facility-related costs, e.g., rent and utilities, are expected to increase about 5 percent annually, rising to \$2,582 per student in five years.²¹ Thus, the total facility need for charter schools will be \$239.0 million in FY 2029, i.e., \$2,582 per student times 92,581 students.

¹⁶ From the analysis of facility-related costs, charter schools in Ohio that own save about \$540 per student. Among the reasons for these savings are an expensive rental market, federal tax credits (e.g., New Market Tax Credit) and private fundraising.

¹⁷ Uses average teacher salary in Ohio of \$56,562. See Salary.com, [Public School Teacher Salary in Ohio](#). The average size for a charter school in Ohio is 267 students. There are 5,895 classroom teachers in brick-and-mortar charter schools. See Ohio Department of Education, [Building Teacher Information 2019-20](#); cross-referenced with the charter school [directory](#).

¹⁸ See note 1.

¹⁹ This is a conservative estimate, reflecting the enrollment change over the past five years and confirmed in interviews. Interview with Chad Aldis and Aaron Churchill, Fordham Institute (Jan. 18, 2024).

²⁰ Considers growth if not suppressed by facility barriers, as explained above for student enrollment.

²¹ Facility-related costs have increased by four percent per year but are expected to increase at a higher rate as new leases are negotiated and because other facility-related costs are increasing. Interview with Doug Mangen, Mangen & Associates (Jan. 24, 2024); Interview with Jason Wall, Ohio Council of Community Schools (Jan. 23, 2024).



Direct Funding

It is anticipated that the \$1,000 per-student facility allotment will be fully funded by the state to include the increasing number of charter school students, paying for \$92.6 million in facility needs in five years.²² However, there is no expectation that the state will add more funding to the existing charter school facility grants program, provide charter schools with access to other state facility grants or let charter schools receive facility-related local revenues.

Direct funding per student will likely remain the same, but facility-related costs will increase. As a result, direct funding will meet only 39.6 percent of total need in FY 2029.

Access to Facilities

It is expected that about the same percentage of charter schools will have purchased district facilities at market cost.²³ However, unless state policies change, charter schools will still not receive under-utilized buildings at no or low cost. This means that approximately 34 charter schools will be in surplus district facilities in FY 2029. Total savings will be \$6.0 million, meeting 2.5 percent of total need.

Affordable Financing

The Index does not assume that the state will create a credit enhancement program to reduce charter school facility financing costs.

Summary of Future Needs Met

Ohio's Charter School Facility Index in five years will be 42.1 percent, as shown in Figure 1, down from 52.0 percent of current need. Direct funding will provide 39.6 percent; district facilities will meet 2.5 percent; and affordable financing will cover 0.0 percent.

The facility gap will grow to \$138 million, or \$1,495 per student. For context, consider that the funds an average-sized charter school will have to use to fill this facility gap could otherwise be used to hire an additional seven teachers or give classroom teachers a 38 percent salary increase.

In five years, the total facility gap in Ohio will grow to \$138 million, or \$1,495 per student.

NEXT STEPS

The Charter School Facility Index equips Ohio policymakers to understand how well current policies are meeting charter school facility needs and, further, what future need will be if policies remain the same. In addition, **through the Charter School Facility Index Tool that is available as a companion to this brief, policymakers can examine the potential impact of new or revised policies** and explore how they can use the full array of available policies to meet facility needs of charter schools.²⁴

²² Interview with Chad Aldis, Fordham Institute (Jan. 18, 2024).

²³ Interview with Chad Aldis and Aaron Churchill, Fordham Institute (Jan. 18, 2024); Interview with Doug Mangen, Mangen & Associates (Jan. 24, 2024). Based on interviews, most charter schools in district facilities have room to grow or will rent an additional facility if needed, rather than leave the district building.

²⁴ The Charter School Facility Index Tool is available [here](#). Policymakers can also change certain assumptions, like how much charter school enrollment will grow if facility needs are more fully met.



Below are policy recommendations that would bolster charter facilities in Ohio:

- **Preserve a strong per-student facility allotment:** The state can regularly review its direct funding for charter school facilities to ensure that it is keeping pace with enrollment increases and facility-cost inflation.
- **Make charter schools eligible for state facility grants:** If the state lets charter schools share the other \$300 million in state facilities grants each year proportional to their public school enrollment, it will meet an additional 5.8 percent of need.²⁵
- **Provide charter schools with access to facility-related local revenue:** States like Colorado are requiring districts to share local funds raised for facilities. If charter school students in Ohio receive this funding in proportion to their share of public school enrollment, it will meet an additional 36.3 percent of the total need. There is no cost to the state for this policy change.²⁶
- **Provide access to under-utilized district facilities at no or low cost:** There are significant numbers of under-utilized district buildings in Ohio.²⁷ It is easier and cheaper for charter schools to use facilities already built for instruction, even if significant repair and renovation is needed. Ohio taxpayers already paid for district buildings, so the state can require districts to provide under-utilized buildings to charter schools at no or low cost, as is the case in other states. If 20 percent of charter schools receive these buildings, it will meet an additional 12.5 percent of total need.²⁸
- **Enable more charter schools to purchase surplus district buildings:** Even if charter schools in Ohio have to continue to pay market cost for under-utilized district buildings, the state can make sure that more of the buildings become available.²⁹ For example, some states have more stringent requirements for listing surplus facilities.³⁰ As a result, a higher percentage of charter schools are in district facilities, e.g., 26 percent in Colorado and 44 percent in California.³¹ Ohio could similarly strengthen its requirements. If triple the number of charter schools can purchase surplus district facilities in Ohio at market cost, the state will meet an additional 5.1 percent of need. This will not impose any cost on the state.
- **Enable affordable financing through credit enhancement:** It is difficult for charter schools in Ohio to secure affordable financing to purchase or build facilities.³² Ohio remains a “notable outlier.”³³ States like Colorado, Utah, Texas and Arizona are enabling many charter schools to access more affordable financing through credit

The Charter School Facility Index Tool equips Ohio policymakers to examine the potential impact of new or revised policies and explore how they can use the full array of available policies to meet the overall need.

²⁵ These state facility grants are available each year, and charter schools can use them to finance building or purchasing facilities at a regular interest rate and thereby eliminate rent costs. However, the schools still will have other facility-related costs.

²⁶ This would not apply retroactively to local revenue for previously issued bonds. It is calculated on statewide basis; however, charter schools would only get facility-related revenue in the districts where they reside. This local facility revenue is available each year, and charter schools would be able to use it to finance building or purchasing facilities at a regular interest rate and thereby eliminate rent costs. However, the schools still will have other facility-related costs.

²⁷ Interview with Doug Mangen, Mangen & Associates (Feb. 26, 2021); Interview with Andy Boy, United Schools Network (Mar. 1, 2021).

²⁸ Charter schools still have to pay for maintenance and other facility-related costs.

²⁹ Districts are not making many under-utilized buildings available to charter schools. Interview with Jason Wall, Ohio Council of Community Schools (Jan. 23, 2024).

³⁰ The [model legislation](#) from the National Alliance for Public Charter Schools (NAPCS) provides the best-practice language on access to district-provided facilities.

³¹ See Charter School Facilities Initiative, [An Analysis of the Charter School Facility Landscape in Colorado](#) (2018); Charter School Facilities Initiative, [An Analysis of the Charter School Facility Landscape in California](#) (2015). In California, districts must make “reasonably equivalent” educational facilities available to charter schools upon request.

³² Increased state and federal funding for charter schools has made it somewhat easier for charter schools in Ohio to secure facility financing, particularly well-established charter schools that meet the state’s definition of “high quality.” However, charter schools are still paying high interest rates, i.e., around seven percent. Charter schools in Ohio rarely go to the bond market and, when they do, they pay a high interest rate. See, e.g., Munichain News, [Ohio County Issues \\$30 Million in Bonds for Charter School](#) (2023). With state support, charter schools could pay five percent or lower. Interview with Jim Griffin, Momentum Research & Strategy (Jan. 24, 2024); Interview with Doug Mangen, Mangen & Associates (Jan. 24, 2024); Interview with Jason Wall, Ohio Council of Community Schools (Jan. 23, 2024).

³³ Interview with Jim Griffin, Momentum Research & Strategy (Jan. 24, 2024).



enhancement programs. The savings to charter schools would be substantial. If Ohio provides \$250 million in credit enhancement, it will meet an additional 10.6 percent of the need. The cost to the state is minimal, as the state would pay for the rare defaults that might occur.³⁴

- **Provide no- or low-interest loans through a revolving loan fund:** Ohio can also provide low-interest loans to charter schools through a Revolving Loan Fund. With these funds secured, a charter school in Ohio could get a matching low-interest loan from a community development financial institution (CDFI) and then borrow the remaining amount from a bank at a lower interest rate and without the fees associated with bond financing. The overall cost is substantially lower than what a charter school can otherwise get, particularly newer charter schools. Over five years, a charter school will pay back the Revolving Loan Fund.³⁵ As the Revolving Loan Fund is replenished, more charter schools can benefit from it. If the state creates a \$10 million Revolving Loan Fund, it will meet an additional 1.1 percent of charter school facility needs.

The tool shows how policymakers in Ohio can mix and match the various policies, improving those that already exist in the state and adding some that other states are using, with the goal of meeting 100 percent of need. Meeting this need is critical so that charter schools can use as much of their funding for instruction as possible and meet the increasing demand from Ohio's families for quality public school choices.

³⁴ With appropriate selection criteria, the state can keep defaults at below two percent. See ExcelinEd, [Addressing Charter School Facility Needs](#) (2019). The state will cover the cost of any rate defaults over a 30-year period, i.e., about \$200,000 per year. The state will likely have to establish a debt reserve fund to cover these potential costs.

³⁵ Once newer charter schools have established themselves, they can access other financing that is only available to more mature charter schools, although interest rates are still high. A credit enhancement program can reduce the cost of this longer-term financing, as explained above.