

CHARTER SCHOOLS FACILITIES FUNDING

A PROPOSED FRAMEWORK

Prepared for: Charter Schools Funding Task
Force

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Potential Framework:

$$\begin{aligned} & \text{State Per Pupil Facilities Funding} \\ & + \text{Public Private Partnerships} \\ & = \text{Facilities Solution for Charter Schools (\$)} \end{aligned}$$

Public-Private Partnerships

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- These are funding “vehicles.”

- Pros:

- More Efficient
 - Generate Leverage
 - Innovative

- Cons:

- Result in obligation to service debt

Public-Private Partnerships

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- Examples of funding programs available:
 - SPRBs
 - NMTCs
 - GO Bonds/CIP (State)
 - Leases
 - Certificates of Participation (COPs)
 - Federal Matching Grants
 - Private Grants

Public-Private Partnerships

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- However, most of these programs:
 - ▣ Do not pay for the cost of Construction or R&M, and/or...
 - ▣ Produce efficiencies and leverage as “pros” and debt service obligations as “cons”
 - ▣ As a result the formula is not complete without State Per Pupil Facilities Funding
 - Needed to provide a reliable source for debt service payments
 - Needed for ongoing major R&M expenses

State Per Pupil Funding For Facilities

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- Basing SPP for Facilities on Debt Service is reasonable because:
 - ▣ Purpose is the same – Long term facilities needs for Hawaii's public school students
 - Charter schools are a bargain because – SPP + PPP is more efficient
 - Using debt service as basis is reasonable because the annual appropriation for debt service is a factor of the historical cost of DOE facilities not current cost (i.e. 30 year old bond means that cost of facility was cost 30 years ago, not current cost. Debt service cost is a factor of the average maturity of the bond). Therefore using current debt service does not reflect current construction costs.

Questions/Issues

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