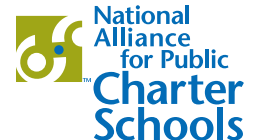
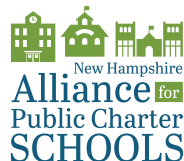


AN ANALYSIS OF THE CHARTER SCHOOL FACILITY LANDSCAPE IN NEW HAMPSHIRE

MARCH 2018



COLORADO LEAGUE of
CHARTER SCHOOLS
focus on achievement



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THESE MATERIALS HAVE BEEN DEVELOPED FOR THE NATIONAL CHARTER SCHOOL RESOURCE CENTER FUNDED BY THE U.S. DEPARTMENT OF EDUCATION. THE NATIONAL CHARTER SCHOOL RESOURCE CENTER IS LED BY SAFAL PARTNERS UNDER CONTRACT NUMBER ED-011-13-C-0065.



NATIONAL
CHARTER SCHOOL
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EXECUTIVE SUMMARY

IN THE SPRING OF 2017, THE NATIONAL CHARTER SCHOOL RESOURCE CENTER (NCSRC), the Colorado League of Charter Schools (the League), the New Hampshire Alliance for Public Charter Schools (NHAPCS) and the National Alliance for Public Charter Schools (the Alliance) collaborated to collect data and information about charter school facilities and facilities expenditures in the state of New Hampshire. The data collection in New Hampshire was supported by the Charter School Facilities Initiative (CSFI), which is a national project developed by the League to research charter school facilities and facilities expenditures across the country.

The CSFI team identified 24 brick and mortar New Hampshire charter school facilities that were eligible to participate in this project. All 24 eligible charter school facilities completed the Charter School Facilities Survey.¹ The survey methodology used for the report was designed to address New Hampshire-specific facility and policy related issues, including: shared use information, facility amenities, ownership, financing, grade levels, and waiting lists. For more information on survey methodology please see Appendix A.

The information contained in this report is based on the Charter School Facilities Survey and enrollment data collected for the 2016-17 school year.² The policy conclusions are based on school facility landscape in New Hampshire, the national facility landscape, the collective expertise of the NCSRC, the League, NHAPCS, and the Alliance.

In 2016-17, New Hampshire charter schools served over 3,000 students – or nearly 2 percent of the roughly 180,000 public school students statewide.³ In 2016-17, 17 percent of New Hampshire charter school students were eligible for free or reduced-price lunch, as compared to 27 percent of students enrolled in traditional public schools across the state.⁴ Charter schools in the state serve a relatively diverse student population – 17 percent of students enrolled in charter schools in 2016-17 were students of color, as compared to approximately 14 percent of students enrolled in traditional public schools.⁵

1 The number of facilities does not necessarily reflect the number of charter schools in the state. For example, some charter schools have multiple campuses operating as one school, such as an elementary and middle school that are not on the same facility site. Also, multiple separate schools may operate in one common facility.

2 Enrollment data was obtained from the New Hampshire Department of Education.

3 New Hampshire Department of Education, 2016-17 School Enrollments by Grade (https://www.education.nh.gov/data/documents/school_enroll16_17.xls).

4 New Hampshire Department of Education, 2016-17 Free/Reduced School Lunch Eligibility Rates by School (https://www.education.nh.gov/data/documents/lunch_school16_17.xls).

5 New Hampshire Department of Education, 2016-17 Race/Ethnic Enrollment (https://www.education.nh.gov/data/documents/race16_17.xls).



Key findings include:

1. New Hampshire charter schools spend operating dollars on facilities and this spending varies across different ownership situations..

- Charter schools that rented from for-profit organizations (**63 percent or 15/24**) paid an average of \$987 per pupil, or **15.0 percent** of state per pupil funding.
- Charter schools that rented from non-profit organizations (**17 percent or 4/24**) paid an average of \$619 per pupil, or **9.7 percent** of state per pupil funding.
- Charter schools located in district facilities (**17 percent or 4/24**) paid an average of \$383 per pupil, or **5.7 percent** of state per pupil funding.

2. New Hampshire charter schools have limited access to state and local facilities funding.

- New Hampshire does not provide per pupil facilities assistance to charter schools.
- State funding for major capital improvements is not available to charter schools.
- The median charter school reported \$238,000 in total spending on major capital improvements over the past five years.
- Charter schools in the state receive only a fraction of the funding enjoyed by traditional public schools in the state. During the 2016-17 school year, the per pupil revenue (PPR) for charter schools was set at \$4,918 for kindergarten students and \$6,736 for students in grades 1-12. This is far less than the state average cost per pupil of around \$14,900 per student.⁶

⁶ Most education dollars to fund public education in New Hampshire come directly from the local district/ taxpayer in the form of a town budget or warrant article annually. State authorized charter schools cannot access these "local" dollars, which accounts for the funding gap..

3. The majority of New Hampshire charter schools are lacking the amenities and specialized instructional spaces required to best implement their educational programs.

- **63 percent** of charter schools (15/24) reported that their facility did not have the ideal amenities, nor desired specialized classrooms, to best implement their educational program.
- **75 percent** of charter schools (18/24) indicated that they are in a facility that was not originally intended to be a school.
- **71 percent** of charter schools (17/24) did not have a dedicated library/media center.
- **42 percent** of charter schools serving high school students (5/12) did not have access to a dedicated science lab.
- **96 percent** of charter schools (23/24) lacked a full-preparatory kitchen facility.
- **50 percent** of charter schools (12/24) indicated that they do not have a lunch room.

4. New Hampshire charter schools have limited access to space in vacant or underutilized district facilities.

- Only four charter schools (**17 percent**) were in district-owned school facilities in 2016-17; three out of the four schools paid rent to the school district.
- **70 percent** of charter schools (16/23) indicated that they would be willing to co-locate with a traditional public school in a district facility if space was offered by the district.

5. Physical education and recreational options may be limited for New Hampshire charter school students.

- **71 percent** of charter schools (17/24) did not have an outdoor athletic field on campus.
- **79 percent** of charter schools (19/24) reported that they did not have a gym on campus and lacked access to a nearby gym.
- **18 percent** of charter schools serving elementary students (2/11) did not have a playground on campus.

The Charter School Facilities Survey found that New Hampshire charter schools face challenges in obtaining equitable access to facilities and facilities funding. The Conclusions section further expands on the policy solutions that can be utilized to address the facilities challenges of New Hampshire's charter schools.

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INTRODUCTION

Charter School Facilities Initiative Background

Since 2011, the League's work through the CSFI has been supported by the U.S. Department of Education's Charter School Program through a subcontract with the NCSRC.⁷ This work is the result of a Task Force launched by the League in 2007.⁸ To date, the League and the CSFI have collected charter school facility data in 18 states. The goal of the CSFI is to encourage public policy and private sector changes leading to a comprehensive, sustainable, and adequate public school facilities system.

The Charter School Facilities Survey (Survey) was developed as a means of collecting reliable charter school facilities data for research and policy development purposes. Over time, the Survey has evolved to account for changes in public school facilities design and construction, charter school financing, and other relevant policy developments and trends. This Survey is customized for use in each participating state to include state-specific questions that capture the local charter school facilities context. For more information on survey methodology please see Appendix A.

New Hampshire Charter School Law

The New Hampshire legislature passed the first law establishing charter schools in 1995 to:

- Promote and encourage the establishment and operation of chartered public schools in New Hampshire;
- Encourage school districts to allow chartered public schools;
- Encourage the establishment of public charter schools with specific or focused curriculum, instruction, methods, or target pupil groups;
- Improve pupil learning and increase opportunities for learning;
- Exempt charter schools from state statutes and rules, other than where specified, to provide innovative learning and teaching in a unique environment;
- Enhance professional opportunities for teachers;
- Establish results-driven accountability for public charter schools and require the measurement of learning;

7 <http://www.charterschoolcenter.org/>

8 In 2007, the League developed the Colorado Charter School Facilities Survey in partnership with a national leader in school facilities, Paul Hutton, AIA, of Cuninghame Group Architecture, and experts in school planning, Wayne Eckerling, Ph.D. and Allen Balczarek.

- Make school improvement a focus at the school level;
- Make school improvement a focus at the school level; and
- Encourage the establishment of public charter schools that meet the needs and interests of pupils, parents, communities, regions, and the state as a whole.⁹

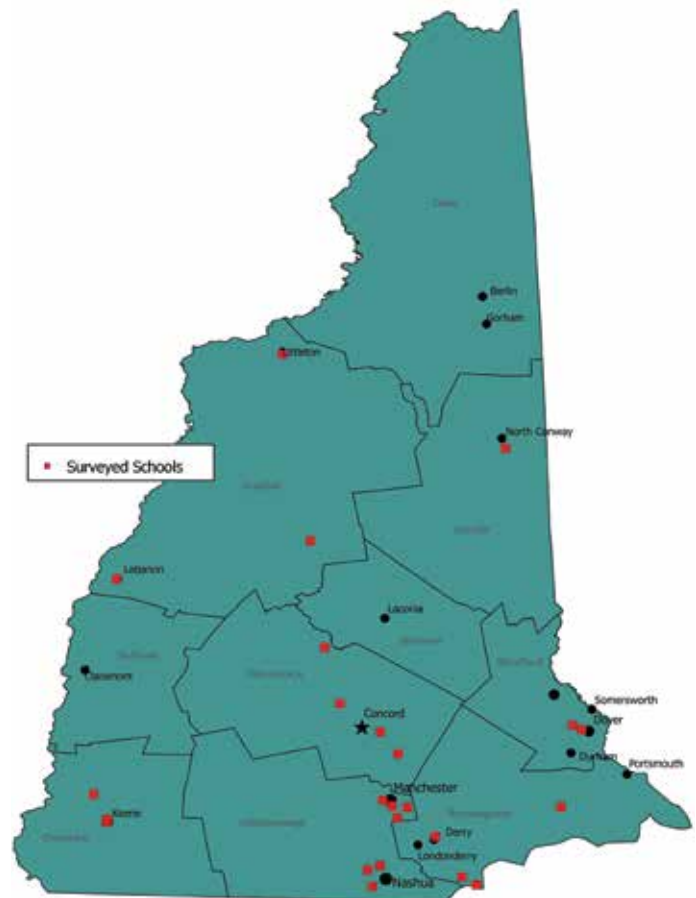
There are two types of charter authorizers in New Hampshire – the New Hampshire Department of Education with the assent of the State Board of Education and local school districts.

New Hampshire Charter School Overview

Site-based public charter schools, commonly called brick and mortar schools, are those in which students physically attend classes. The CSFI team identified 24 brick and mortar New Hampshire charter school facilities that were eligible to participate in this project in 2016-17.¹⁰ Online schools were excluded because the goal of this report is to focus exclusively on facilities that students physically attend for all, or part, of the school day.

New Hampshire's charter schools are dispersed in 17 school districts across the state. Most of the state's brick and mortar charter schools are in or near the major population centers of Manchester, Nashua, Concord, and Dover, but there are still a significant number of schools located in more rural portions of the state (see Figure 1). In all, the geographic distribution of charter schools in the state is broad, with brick and mortar charter schools present in seven of the state's ten counties and equal representation among urban, rural, and suburban charter schools.

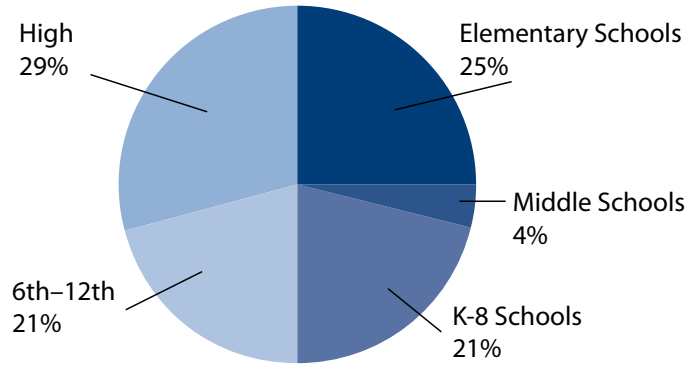
Figure 1
Map of New Hampshire brick and mortar charter schools



9 New Hampshire Revised Statutes, Title XV Education, Section 194-B:1-a (<http://www.gencourt.state.nh.us/rsa/html/xv/194-b/194-b-mrg.htm>).

10 Only brick and mortar charter schools operating in the 2016-17 school year with plans to operate during the subsequent school year were eligible to participate in the survey. One brick and mortar charter school closed at the end of 2016-17 school year and was therefore deemed ineligible.

Figure 2
New Hampshire Charter Schools by Grade Configuration



In 2016-17, **25 percent** of New Hampshire charter facilities were elementary schools, **4 percent** were middle schools, **29 percent** were high schools, **20 percent** were K-8 schools, and **21 percent** were 6-12 schools (see Figure 2).

All 24 brick and mortar charter schools in the state were managed independently of non-profit charter management organizations (CMOs) and for-profit education management organizations (EMOs).¹¹

11 Charter Management Organizations (CMOs) are non-profit entities that manage three or more charter schools. CMOs often provide back office functions for charter schools to take advantage of economies of scale, but some also provide a wider range of services – including hiring, professional development, data analysis, public relations and advocacy. Education Management Organizations (EMOs) are for-profit entities that manage charter schools and perform similar functions as CMOs..

KEY FINDINGS

Key Finding #1: New Hampshire charter schools spend operating dollars on facilities and this spending varies across different ownership situations.

In 2016-17, **63 percent** of charter schools (15/24) rented from for-profit organizations, **17 percent** of charter schools (4/24) rented from non-profit organizations, **17 percent** of charter schools (4/24) were in district facilities, and one charter school was in a facility owned by the school.

Per pupil revenue (PPR) for charter schools in the 2016-17 school year was set at \$4,918 for kindergarten students and \$6,736 for 1st-12th grade students. Due to different mixes of kindergarten versus non-kindergarten students served at each school, PPR across the 24 surveyed facilities ranged from \$5,656 to \$6,736 in the 2016-17 school year, with an average PPR of \$6,588 for all facilities.¹²

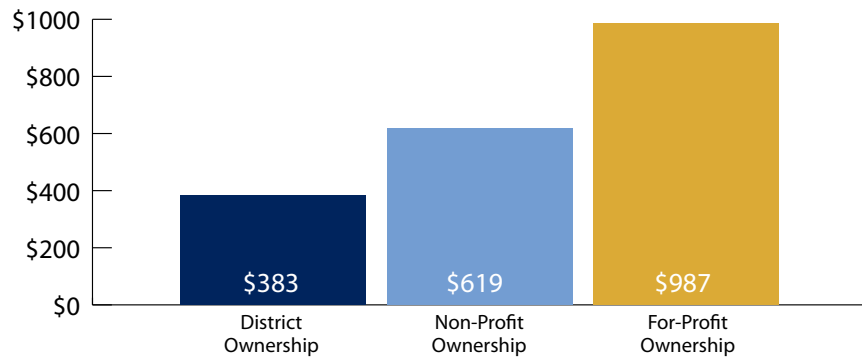


12 PPR calculated using school enrollment New Hampshire Department of Education, 2016-2017 School Enrollments by Grade (<https://www.education.nh.gov/data/attendance.htm>).

On average, New Hampshire charter schools reported facilities expenses of \$794, or **12.1 percent** of PPR. However, facility expenditures varied greatly depending on the type of entity that owned the facility.

- Most brick and mortar charter schools in the state (15/24) rented from for-profit organizations, and these schools paid significantly more than their counterparts. The average facilities expenditure per pupil for schools renting from for-profit organizations was \$987, or about 15.0 percent of PPR.
- Charter schools that rented from non-profit organizations constituted **17 percent** of brick and mortar charter schools (4/24). These schools paid \$619 per pupil, or about **9.7 percent** of PPR.
- In 2016-17, 17 percent of charter schools (4/24) occupied buildings owned by school districts. These schools paid on average \$383 per pupil, or **5.7 percent** of PPR.
- A single charter school surveyed had recently purchased its building through a non-taxpayer bond. This school paid \$440 per pupil, or **6.8 percent** of PPR which is significantly less per pupil than most schools that rented space.

Figure 3
Average Facilities Expenditures by Ownership Type



Key Finding #2: New Hampshire charter schools have limited access to state and local facilities funding.

New Hampshire does not provide per pupil facilities assistance to charter schools, even though nearly all brick and mortar charter schools had rental or financing costs in the 2016-17 school year.

State funding for major capital improvements is also not available to charter schools. Most charter schools in the state (**75 percent** or 18/24) are in buildings that were not originally intended to be schools but are instead commercial or other spaces that lack traditional school amenities. Consequently, schools in the state must spend additional operating dollars on improving space to meet the needs of their students. As a result, the median charter school reported \$238,000 in total spending on major capital improvements over the past five years. Despite this spending, a significant number of schools continue to lack key amenities, such as playgrounds, lunch rooms, outdoor athletic fields, and specialized classroom facilities.

In addition, charter schools must pay property taxes that traditional public schools are exempt from paying. In the 2016-17 school year, five schools reported paying property taxes directly, with an average cost of \$145 per pupil, or **2.2 percent** of per pupil funding. Even for schools that do not pay property taxes directly, property tax costs are typically passed onto the tenant.

For New Hampshire charter schools, the need to dip into approximately **12.1 percent** (on average) of per pupil operating revenue to pay for facility expenditures is particularly burdensome given the significant funding gap that persists between charter schools and traditional public schools in the state. The average per pupil revenue among surveyed schools in 2017-17 was \$6,588. However, in 2015-16 average per pupil cost for schools in the state was \$14,900 per student.¹³

13 In the 2015-16 school year (latest available), average per pupil spending for PreK-12th grade for the State of New Hampshire was \$14,901.93, according to the New Hampshire Department of Education (<https://www.education.nh.gov/data/financial.htm>). Most education dollars to fund public education in New Hampshire come directly from the local district/taxpayer in the form of a town budget or warrant article annually. State authorized charter schools cannot access these "local" dollars, which accounts for the funding gap.

Key Finding #3: The majority of New Hampshire charter schools are lacking the amenities and specialized instructional spaces that they require to best implement their educational programs.

Given that three out of every four brick and mortar charter schools in the state are in facilities that were not originally intended to be schools, it is not surprising that many charter schools lack the traditional amenities and specialized instructional spaces enjoyed by district schools. In fact, **63 percent** of charter schools (15/24) reported that their facility did not have the ideal amenities, nor desired specialized classrooms, to best implement their educational model. The following statistics underscore the significant facility needs of New Hampshire charter schools:

- **96 percent** of charter schools (23/24) lacked a full-preparatory kitchen facility.
- **75 percent** of charter schools (18/24) did not have access to a dedicated music room.
- **71 percent** of charter schools (17/24) did not have a dedicated library/media center.
- **50 percent** of charter schools (12/24) did not have access to a dedicated art room.
- **50 percent** of charter schools (12/24) indicated that they do not have a lunch room.
- **42 percent** of charter schools serving high school students (5/12) did not have access to a dedicated science lab.
- **38 percent** of charter schools (9/24) reported facility challenges that prevented the installation of internet bandwidth to access high-quality digital content.
- **13 percent** of charter schools (3/24) lacked access to a dedicated computer lab, mobile computer lab, or individual student laptops.

Key Finding #4: New Hampshire charter schools have limited access to space in vacant or underutilized district facilities

Utilizing district facilities is a much more economical option for New Hampshire charter schools than renting from non-profit or for-profit organizations. In addition, non-district rental space is rarely designed for school use and often requires significant modifications or renovations to implement a specific educational model.

Locating in a district facility generally provides many advantages such as: full kitchen facilities, lunchroom and auditorium spaces, designated specialized instructional spaces, grade appropriate indoor and outdoor recreational spaces, and appropriate drop-off and pick-up areas. Despite the major advantages of locating in a district facility, only four New Hampshire charter schools were in a district facility in 2016-17. However, **8 percent** of charter schools (2/24) reported the presence of a nearby district facility that was vacant. In addition, **17 percent** of charter schools (4/23)¹⁴ reported the presence of a nearby district facility that was significantly underutilized (more than **30 percent** unused capacity).

A lack of suitable facilities continues to pose significant challenges for New Hampshire's charter sector. Over one-fifth of charter schools in the state (5/24) indicated that they had to delay opening due to facilities-related issues, such as financing, acquisition of property or land, construction, or the lack of available facilities in the desired geographic area. In addition, **42 percent** of charter schools (10/24) have had to move at least once since the school has opened.

Due to the lack of access to vacant and underutilized school district facilities, and in some communities, a lack of available and affordable facilities entirely, charter schools must be creative in the facilities acquisition and renovation processes. Charter schools are often located in nontraditional spaces such as: office buildings, churches, strip malls, former big box stores and other unique locations. This is true nationally, but especially in New Hampshire.

In 2016-17, **75 percent** of New Hampshire charter schools (18/24) were in facilities that were not originally constructed as a school. Charter schools locating in a non-district facility may be required to overcome significant challenges, including navigating the zoning, land use, or permitting processes – as well as the renovation cost needed to make these nontraditional spaces school ready. These renovations can prove specifically challenging for New Hampshire charter schools – given their lack of access to major capital improvement funds. As previously noted, the median charter school reported \$238,000 in total spending on major capital improvements over the past five years, and much of this cost is associated with improving facilities that were not originally intended to function as schools.

14 One respondent did not answer this question.

Key Finding #5: Physical education and recreational options may be limited for New Hampshire charter school students.

Physical education options may be limited for New Hampshire charter school students – due to a lack of dedicated indoor facility amenities and outdoor spaces. Although the majority of New Hampshire charter schools serving elementary students reported the presence of a playground (**81 percent** or 9/11), many reported that their facility did not have a gymnasium or an athletic field on campus. While it is true that not all public schools have the need for a full range of athletic facilities – for some charter schools – the lack of these amenities may make it harder to offer a variety of physical education programs and organized athletic activities for their students.

- **79 percent** of charter schools (17/24) indicated that they did not have a gym and lacked access to a nearby gym.
- **71 percent** of charter schools (17/24) did not have an outdoor athletic field on campus.
- **18 percent** of charter schools serving elementary students (2/11) did not have a playground on campus.



ADDITIONAL EVIDENCE AND FINDINGS

School Environment

Studies conducted by Uline and Tschannen-Moran,¹⁵ Tanner,¹⁶ Nielson and Zimmerman,¹⁷ and Lumpkin¹⁸ demonstrate a link between the quality of the physical environment within a school facility and students' educational outcomes. Facility characteristics that are believed to have an impact on student learning are: windows and lighting, thermal comfort, acoustics, and indoor air quality. The Survey asked New Hampshire charter school leaders to rate the physical environment of their school. Many of the schools reported deficiencies with the quality of the school facility and a belief that those deficiencies negatively impact the learning environment for their students:

- **50 percent** of charter schools (12/24) reported that noise generated in other classrooms or corridors was disruptive to learning.
- **25 percent** of charter schools (6/24) reported that classroom temperatures were not reasonably comfortable throughout the school year.
- **42 percent** of charter schools (10/24) reported that they did not have insulated (thermal pane) windows.
- **8 percent** of charter schools (2/24) reported that the school has experienced air quality problems.

15 Cynthia Uline and Megan Tschannen-Moran, (2008) "The walls speak: the interplay of quality facilities, school climate, and student achievement," *Journal of Educational Administration*, Vol. 46 Issue: 1, pp. 55–73.

16 C. Kenneth Tanner, (2009) "Effects of school design on student outcomes," *Journal of Educational Administration*, Vol. 47 Issue: 3, pp. 381–399.

17 Christopher Nielson and Seth Zimmerman, (2014) "The effect of school construction on test scores, school enrollment, and home prices," *Journal of Public Economics*, Vol 120, pp. 18-31.

18 Ronald B. Lumpkin, (2013) "School Facility Condition and Academic Outcomes," *International Journal of Facility Management*, Vol. 4, No. 3.

Commercial Real Estate Market Trends

Because **79 percent** of charter schools in New Hampshire (19/24) rent their buildings from non-profit or for-profit organizations, we have also conducted an analysis of recent commercial real estate trends in the seven counties in which charter schools are located. Many charter schools that rent space will have to contend with the realities of the commercial real estate market. As the economy has continued to strengthen in recent years, demand for commercial real estate has continued to increase in many parts of the country. To analyze recent real estate trends, we have consulted data provided by CoStar, a leading provider of real estate market data.

In the following table, we have compiled vacancy rate data for the seven counties in which charter schools operate. As shown, the overall statewide vacancy rate for commercial properties stood at **4.6 percent** in the second quarter of 2017, which represents a decrease of **1.2 percentage points** year-over-year. This shows the lowest vacancy rate recorded for commercial property in New Hampshire since CoStar began tracking the market in 2007. Many other counties are also currently exhibiting low vacancy numbers, indicating that the market continues to favor landlords.

County	2Q 2017	2Q 2016	2Q 2014	2Q 2012
Carroll	1.3%	3.9%	6.6%	3.6%
Cheshire	5.4%	6.5%	7.2%	7.9%
Grafton	2.0%	5.5%	8.9%	6.4%
Hillsborough	5.9%	7.0%	8.0%	7.5%
Merrimack	4.3%	4.5%	5.6%	5.3%
Rockingham	2.7%	4.1%	5.3%	6.4%
Strafford	5.7%	7.5%	6.1%	9.6%
State of New Hampshire	4.6%	5.8%	6.7%	6.9%

Source: CoStar Property Analytic Search
 Includes office, retail, and flex/R&D space, excludes owner-occupied properties.

As shown below, office rental rates increased by **6.4 percent** year-over-year, on average, in the second quarter of 2017. This represents a significant increase that is well-above inflationary levels.

Table 2. New Hampshire Office Rent Growth: Counties with Charter Schools			
County	1 Year	3 Year	5 Year
Carroll	0.5%	8.6%	1.5%
Cheshire	0.1%	-7.0%	0.9%
Grafton	7.2%	2.1%	-0.1%
Hillsborough	6.2%	3.2%	1.1%
Merrimack	5.7%	2.7%	3.4%
Rockingham	4.3%	2.6%	1.9%
Strafford	8.9%	0.9%	1.3%
State of New Hampshire	6.4%	3.0%	1.6%

Source: CoStar Property Analytic Search
Includes office, retail, and flex/R&D space, excludes owner-occupied properties.

More rural portions of the state have generally seen smaller, or even negative, rent growth in recent years, while urban areas with stronger economies have generally seen rental rates increase at a more rapid pace.

Recent tightening in the rental market and rising rental rates is a significant concern for charter school operators, especially those located in privately-held commercial facilities.

CONCLUSIONS

An independent review of the state’s charter school program conducted by Class Measures and commissioned by the New Hampshire department of education in 2007, drew attention to the significant challenges created by the persistent underfunding of the state’s charter sector:

“The growth of the New Hampshire charter school program since its creation in 1995 has been limited by a number of factors, perhaps most importantly the uncertain and shifting funding environment in which New Hampshire charter schools have been authorized and operated... State tuition payments for charter schools are widely regarded by charter school administrators to be inadequate to serve as the sole source of funding for their schools. The basis on which the charter program was established, that is that philanthropic funding would fill the gap between state charter tuition grants and the amount needed to fund a school, has not proven to be the case... The substantial challenges of planning, opening, and administering a school have been exacerbated by the charter school funding climate in New Hampshire.”¹⁹

Unfortunately, limited progress has been made in the way of remedying the funding situation for charter operators in the state in recent years.²⁰ Of the brick and mortar schools covered in this analysis, per pupil funding averaged \$6,588, less than half of the approximately \$14,900 average per pupil funding received by school districts across the state.

While funding challenges in the state have been apparent for some time, this analysis of charter school facilities expenses and conditions reveals the concrete impacts of this persistent funding gap on facility quality and affordability. Only a handful of schools were fortunate enough to be in district-owned facilities in 2016-17, or own their own building (as in the case of one school). While **79 percent** of schools leased their buildings, creating significant challenges for school operators, including:

- Commercial buildings, or other spaces that were not originally designed for school use, frequently lack specialized instructional spaces and other amenities. This can make meal preparation and outdoor recreation more difficult for students. In addition, the learning environment can also suffer due to noise problems, uncomfortable heating/cooling conditions, poor indoor air-quality, and other issues. This Survey affirms that there are significant deficiencies among many surveyed charter schools across these areas.

19 State of New Hampshire Charter School Program Review, Class Measures, 2007, (https://www.education.nh.gov/instruction/school_improve/charter/documents/program_review.pdf).

20 New Hampshire per pupil funding for charter schools was flat for six years 2009-2015. In 2016 the state legislature increased per pupil funding for charter school students by \$1,036 per pupil. Despite the increase, the funding gap for charter schools in the state remains very large.

- Leasing space is generally much more expensive than utilizing district space and is often more expensive than purchasing over the long-term. The results of this Survey largely confirm this trend in New Hampshire.
- Schools may be impacted by changing market conditions. The tightening real estate market in many portions of the state may add to the challenge of finding suitable space.
- Many charter schools must invest heavily in tenant improvements to make spaces adequate for use as a school.
- Landlords may attempt to remove tenants, impose onerous leasing terms, or unsustainable rent increases in lease agreements.

Attaining facilities equity between New Hampshire's charter schools and its traditional public schools will require both legislative changes and funding models to support the expenses required for acquisition and renovation. By helping charter schools meet their facilities challenges, New Hampshire lawmakers will enable charter schools to better serve their students by allocating more operational dollars toward core educational outcomes – rather than directing these critical funds to the continual demands of facility modification and rental costs.

There is no single way to resolve the facilities challenges that New Hampshire charter schools face. The National Alliance for Public Charter Schools provides a menu of solutions based on its model state law that can be considered to help mitigate these challenges.

- 1. A per-pupil facilities allowance that annually reflects actual average district capital costs.**
- 2. A state grant program for charter school facilities.**
- 3. Equal access to existing state facilities programs available to non-charter public schools.**
- 4. A requirement for districts to provide school district space or funding to charter schools if the majority of that school's students reside in that district.**
- 5. Right of first refusal to purchase or lease at or below fair market value a closed, unused, or underused public school facility or property.**
- 6. A state loan program for charter school facilities.**

7. **Equal access to tax-exempt bonding authorities or allowing charter schools to have their own bonding authorities.**
8. **Pledging the moral obligation of the state to help charter schools obtain more favorable financing terms.**
9. **The creation and funding of a state charter school debt reserve fund.**
10. **The inclusion of charter schools in school district bonding and mill levy requests.**
11. **A mechanism to provide credit enhancement for charter school facilities.**
12. **Charter schools allowed to contract at or below fair market value with a school district, a college or university, or any other public or for-profit or non-profit private entity for the use of facility for a school building.**
13. **Certain entities allowed to provide space to charter schools within their facilities under their preexisting zoning and land use designations.**
14. **Charter school facilities exempt from ad valorem taxes and other assessment fees not applicable to other public schools.²¹**

Of the above recommendations, the state of New Hampshire has only implemented #7. The most important solutions are those that provide revenue directly to charter schools for their facilities expenses. Points #1, #2, and #3 provide facility revenue options for New Hampshire to consider. Points #4 and #5 are also particularly relevant, as only a handful of charter schools in the state have access to district-owned facilities. Only one brick and mortar charter school operating in 2016-17 had purchased its building via a non-taxpayer bond, therefore recommendations aimed at helping schools secure long-term debt (such as #8, #11) are particularly relevant for New Hampshire to recognize.

New Hampshire could better support the demand and anticipated growth of its charter school sector over the next few years by focusing on the following components:

- Provide direct funding to charter schools for their facilities costs. One option is to provide a per-pupil facilities allowance that annually reflects actual average district capital costs. For example, Washington D.C. provides charter schools with approximately \$3,177 per-pupil for facilities.

21 <http://www.publiccharters.org/get-the-facts/law-database/states/nh/>

- Improve access to surplus district and other public space. Facilities legislation providing charter schools access to district and other public space should include both transparency mechanisms and levers available for efficient implementation of the law. Indiana law, for example, provides transparency via a list of district managed facilities that may be available for charter school use. Indiana law builds on this transparency by offering greater access of facilities to charter schools by allowing a charter school wishing to use a school building on the list the option to lease the building for a \$1 a year for a term at the charter school's discretion or to buy the building from the school district at a cost of \$1.
- Provide loans to charter schools for their facilities costs. One option is to create a state loan program for charter school facilities. For example, Utah law provides a charter school revolving loan fund that provides loans to charter schools for the costs of constructing, renovating, and purchasing charter school facilities. This fund is capitalized at \$6,000,000.
- Exempt charter schools from ad valorem taxes and other assessment fees. Many states, such as Colorado, do not require charter schools to pay property taxes. Exempting New Hampshire charter schools could save them an average of \$145 per pupil, based on the property tax spending reported by schools in this Survey.
- Create a mechanism to provide credit enhancement for charter school facilities. Colorado, for example, provides a mechanism for limited credit enhancement for eligible, highly-rated bond transactions for charter schools by using the state's moral obligation to back up to \$500 million in debt. In addition, Texas allows high-performing, open-enrollment charter schools that have an investment grade rating and that meet certain financial criteria to apply to have their bonds guaranteed by the Permanent School Fund. Such backing will result in charter bonds being endorsed by the full faith and credit of the state, putting charter schools on par with school districts and allowing them to achieve AAA ratings. Another option for enhancing charter school access to financing would be for the state to directly allocate a certain amount of bond financing for charter schools. For example, Connecticut has provided \$20 million in bond financing to support charter school facilities, dispersed through a competitive application process.

The results of the Survey indicate that New Hampshire charter schools face challenges in obtaining equitable access to facilities and facilities funding. Ensuring facilities equity for all New Hampshire public schools would directly benefit the students attending charter schools by allowing them to widen programming options, optimize educational experiences, and increase the number of available quality seats.

APPENDIX A

Survey Methodology

All eligible New Hampshire charter schools were asked to complete the Charter School Facilities Survey (Survey).

Although the Survey was carefully constructed to obtain data about a broad range of charter school facility related issues in New Hampshire – it was not designed to address every possible issue faced by charter schools in their search for high-quality and affordable facilities. NHAPCS led the data collection effort and provided supplemental data, as necessary. Additional enrollment and demographics data was obtained from the New Hampshire Department of Education. As necessary, NHAPCS and the CSFI team provided technical assistance to schools completing the Survey and each Survey was reviewed for accuracy and completeness.

The original version of the Survey was created by the League’s facility task force, League staff, and others with expertise in school construction and education policy. Further revisions to the Survey have been made based on feedback from all participating charter schools and charter support organizations. The Survey administered in New Hampshire was revised through a collaborative effort of NHAPCS and the League to address New Hampshire-specific facility and policy-related issues. Topics addressed include the following:

- Grades served, year of inception, and waiting lists;
- Future facility plans;
- Shared use information;
- Facility age and information technology resources;
- Facility ownership, financing, and annual payments;
- Facility amenities such as gymnasiums, lunchrooms, libraries, and playgrounds; and
- Facility adequacy, condition, and maintainability.

Charter School Facilities Initiative: An Analysis of the Charter School Facility Landscape in New Hampshire, was prepared by the National Charter School Resource Center, the Colorado League of Charter Schools and the National Alliance for Public Charter Schools on behalf of the New Hampshire Alliance .

Additional copies of this report can be obtained by contacting the New Hampshire Alliance, the Colorado League of Charter Schools, the National Charter School Resource Center, or the Charter School Facilities Initiative. Please visit the Charter School Facilities Initiative website at (www.FacilitiesInitiative.org) to obtain additional state reports, additional information on data presented in this report, or for general charter school facilities questions.