



# Massachusetts School Building Authority

**Timothy P. Cahill**  
*Chairman, State Treasurer*

**Katherine P. Craven**  
*Executive Director*

## MEMORANDUM

To: Board of Directors, Massachusetts School Building Authority  
From: Katherine Craven, Executive Director  
Date: March 31, 2010  
Subject: Qualified School Construction Bonds (QSCBs) – Charter School Allocation

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Section 137 of Chapter 27 of the Acts of 2009 (the FY2010 General Appropriations Act) designated the Massachusetts School Building Authority (the “MSBA”) to receive the Commonwealth’s estimated \$302 million allocation of Qualified School Construction Bonds (QSCBs) authorization. Section 137 also contained language enabling the MSBA to make a portion of the QSCB allocation available to other issuers on behalf of charter schools.

It is worth providing a few pertinent statutory references, as well as current charter school enrollment data, which together may provide a useful framework for our decision on an allocation of QSCBs for charter schools. Like all QSCB issuances, the proceeds must be spent on eligible project costs and within an accelerated time frame which leads us to the conclusion that we must consider the current inventory and enrollment in Commonwealth charter schools or else the funds will be unable to be spent.

Changes have recently been made to the statute that governs charter schools. The statute in effect at this time (M.G.L. c.71 §89(i)) has certain caps on enrollment and spending on charter schools.

- The statute caps each public school district’s total tuition payments to charter schools in any fiscal year at 9% of the school district’s net school spending for the fiscal year. Note however, the current law requires the lowest 10% performing districts, as measured by student performance data, to begin a phase-in to 18% starting in FY2011.
- The statute stipulates that not more than 120 charter schools are allowed to operate in the Commonwealth at any time (72 Commonwealth Charter Schools, 48 Horace Mann Charter Schools). Note however, there are provisions that charter schools created in the lowest 10% performing districts who are lifting their net school spending caps may exceed the charter school cap.
- The former statute provided a separate limit on charter school enrollment which capped total statewide charter enrollment at 4% of the Commonwealth’s total public school enrollment, but this provision has been repealed.

According to Department of Elementary and Secondary Education (DESE) October 1, 2009 enrollment data, the total enrollment in public schools in the Commonwealth is 957,053 students in FY2010. The same DESE data indicates that total charter school enrollment is presently 27,484 students. The total maximum charter school enrollment authorized by DESE is 30,765 students in FY2010, and projected at 30,915 in FY2011. The table below indicates the amount of QSCB allocation that would result from each calculation of charter enrollment relative to total statewide public school enrollment.



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		<b>Oct 2009 Total Public School Enrollment</b>	<b>% of Statewide Public School Enrollment</b>	<b>Potential Allocation of QSCBs</b>
<b>Oct 2009 Actual Charter Enrollment (FY2010)</b>	27,484	957,053	2.90%	\$8,762,176
<b>FY2011 Projected Authorized Charter Enrollment</b>	30,915	957,053	3.20%	\$9,668,608
<b>9% Net School Spending Limitation (within a specific public school district)</b>				\$27,192,960

The table above presents a range of options for determining the QSCB allocation for charter schools, with calculations tied to relevant charter school statutes and data. This table provides a useful context for the decision on the amount of the QSCB allocation for charter schools.