

Massachusetts Department of Elementary and Secondary Education

Office of School Finance

Understanding Charter School Tuition Reimbursements

There are two tuition reimbursement programs for school districts sending pupils to charter schools, Chapter 46 aid and Facilities Aid.

Chapter 46 Aid

The Chapter 46 reimbursement aid gets its name from the legislation that created it, Chapter 46 of the Acts of 1997. The aid program is often referred to as 100/60/40. The main purpose of the program is to offset the overall increase in tuition at a district. It also covers the first year of tuition for charter school pupils previously educated in a private or home school setting, as well as the tuition of any sibling whose enrollment pushes the district tuition above the tuition cap, also known as the net school spending (NSS) cap.

Increase in Tuition Aid

Chapter 46 aid is designed to generate the greatest amount of aid when there is a large increase in tuition over the prior fiscal year. As this usually occurs when there is a significant shift of district pupils into a charter school(s), the aid formula is often misunderstood to be based upon enrollment. It is a function of a change in tuition at any given district, not a change in enrollment.

The 100/60/40 label refers to the three tiers or formulas which determine the aid. The first tier of the formula is the reimbursement to districts of 100% of the increase in tuition in the current year over the prior fiscal year. The second tier of the formula reimburses 60% of the 100% reimbursement in the prior fiscal year. The third tier of the program reimburses 40% of the 100% reimbursement two fiscal years prior.

The table below contains a 10 year simulation of how aid changes when enrollment increases dramatically, when it decreases significantly, and also when it levels off. When there is a significant change in charter enrollment at a district and a rapid increase in tuition, as in Year 2 and Year 5, the formula shifts the burden away from the district by generating a reimbursement equal to the increase in tuition. In Year 2 the 100% reimbursement of the increase in tuition means there is no net cost to the district in the first year they send pupils to a charter school. 100% of the tuition is offset by aid. In Year 5 the near doubling of enrollment results in 54% of the district tuition being offset by aid. The cost of the new pupils is covered 100% and is augmented by the district receiving 60% of the 100% increase from the prior year.

Example of District Tuition and Chapter 46 Aid

	Enroll- ment	Tuition Rate	Tuition	Chapter 46 Aid Detail			Total Chapter 46 Aid	Net Tuition Payment	Percentage of Tuition Offset by Aid
				100	60	40			
Year 1	0	9,500	0	0	0	0	0	0	0.0
Year 2	10	10,000	100,000	100,000	0	0	100,000	0	100.0
Year 3	5	10,500	52,500	0	60,000	0	60,000	-7,500	114.2
Year 4	6	11,000	66,000	13,500	0	40,000	53,500	12,500	81.0
Year 5	11	11,500	126,500	60,500	8,100	0	68,600	57,900	54.2
Year 6	10	12,000	120,000	0	36,300	5,400	41,700	78,300	34.8
Year 7	10	12,500	125,000	5,000	0	24,200	29,200	95,800	23.4
Year 8	10	13,000	130,000	5,000	3,000	0	8,000	122,000	6.2
Year 9	10	13,500	135,000	5,000	3,000	2,000	10,000	125,000	7.4
Year 10	10	14,000	140,000	5,000	3,000	2,000	10,000	130,000	7.1

If there is a drop in enrollment, as in Year 3, aid may exceed tuition. In Year 3 there is no increase in tuition over the prior year, so the 100% reimbursement is zero. However, the district is still eligible for the 60% of the 100% of reimbursement from the prior fiscal year, or \$60,000. As this amount exceeds the current year tuition cost, the aid will be 114 percent of the tuition and result in a net gain to the district of \$7,500.

As enrollment stabilizes in Year 6 through 10, the aid diminishes as the increases in tuition level off. Over this time the percentage of tuition for which the district is responsible increases.

Private, Home School, and Sibling Pupil Aid

When a pupil transfers from a private or home school setting into a charter school, the Chapter 46 aid program has a provision wherein the pupil's tuition is covered by this reimbursement program for their first year of enrollment only. Additionally, if the enrollment of a sibling causes the tuition at a district to exceed nine percent of a district's NSS, the sibling's tuition will be covered by this program.

Facilities Aid

Unlike Chapter 46, the Facilities Aid program is not formula based. The aid is a one to one reimbursement of the districts' per pupil facilities tuition.

The Facilities Aid program was created to offset the entire cost of facilities tuition, simulating the direct aid districts receive from the state's School Building Authority for capital projects. Charter schools are ineligible for School Building Authority financing for school construction.

For more detailed information, please contact Hadley Cabral in the School Finance Office at (781) 338-6586 or hcabral@doe.mass.edu.