



CASE STUDIES

CHARTER SCHOOLS AND DISTRICT BONDS: PUT IT IN WRITING

Los Angeles Unified – Measure Q

Charter schools in Los Angeles only received a fraction of the funds they were promised because their allocations were not formalized in a legally enforceable document. The Los Angeles Unified School District (LAUSD) was the first school district in California to commit to setting aside a large pool of bond measure funding specifically for charter school projects. Measure Q, approved by Los Angeles voters in 2008, authorized LAUSD to issue \$7 billion in general obligation bonds. Charter schools received a specific set aside (described in a separate report but not written into the ballot itself) promising that the LAUSD would make \$450 million available for the more than 100 charter schools operating at the time. The bond funds would eventually be administered through LAUSD's Charter Augmentation Grant Program (CAGP).

While the program was designed to create a clear process through which charter schools could fund their facilities, in practice many schools struggled to gain access to the program. For example, some charter schools were located on sites that were not owned by the school district; those schools were required to transfer the title to their property to LAUSD to be eligible for funding.

Moreover, projects funded through the CAGP were required to comply with all the rules applied to district-owned facilities. As a result, charter schools were required to follow a long list of requirements such as prevailing wage laws, adherence to project labor agreements, and other onerous oversight measures that are not typically applied to the charter sector.

Economic realities also affected the program. By 2008, the Great Recession was hitting Los Angeles. With real estate values falling, LAUSD chose to delay the issuance of new debt.

This delay created an opportunity for LAUSD to reallocate the bond money among the beneficiaries. Under this realignment, the charter school allocation dropped from \$450 million to \$402 million. Subsequent revisions around grant prioritization further eroded the value of the bonds to charter schools by placing certain projects related to the Americans with Disabilities Act at the front of the line.

At the end of the process, the total charter school allocation fell from the already reduced \$402 million allocation to \$220 million. Without language specifying that the bond be shared with charter schools written into the ballot and only a legally unenforceable agreement in place with LAUSD, Los Angeles charter school facilities were left with less than half the funds originally promised.