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Massachusetts Charter Schools

Understanding District Aid for Commonwealth Charter School Tuition

October 2013

School districts pay tuition for resident pupils attending Commonwealth Charter Schools. There are two programs that offset this tuition, Chapter 46 aid and facilities aid.

Chapter 46 Aid

Chapter 46 reimbursement aid gets its name from the legislation that created it, [Chapter 46 of the Acts of 1997](#). In January 2010 Governor Patrick's signed [An Act Relative to the Achievement Gap](#) into law. This Act effects change to one of the constituent components of the Chapter 46 aid program.

The Chapter 46 legislation authorizes several aid programs. The more significant components are the aid for recent increases in charter school tuition and the aid for first year pupils entering public charter schools from private or home-schooled settings.

Increased Tuition Aid

Governor Patrick's [An Act Relative to the Achievement Gap](#) expands the increased tuition aid component. This aid program is designed to generate the greatest amount of aid where there is a large increase in district tuition over the prior fiscal year. These tuition surges occur when there is a significant shift of district pupils into a new or existing school. The aid is a function of change in tuition, not specific pupil enrollment.

The increased tuition aid program is often represented by the number sequence 100/25/25/25/25/25, or its predecessor, 100/60/40. The 100/25/25/25/25/25 sequence refers to the aid formula's six reimbursement tiers, as outlined in the 2010 legislation.

Fiscal year 2011 marks the implementation year of the formula. As of October 2013 the formula is in its fourth year (FY14), with only four of the six tiers actively generating tuition aid. The formula will be in full effect in fiscal year 2016.

In Table 1 the tan highlighted cells illustrate the staggered, six year implementation of the first tuition increase under the revised formula.

Table 1: Implementation Schedule

Fiscal Year	Reimbursement Tiers						Total Aid
	1	2	3	4	5	6	
FY11	100	60	40				200
FY12	100	25	40				165
FY13	100	25	25				150
FY14	100	25	25	25			175
FY15	100	25	25	25	25		200
FY16	100	25	25	25	25	25	225

In the first year an increase in tuition occurs the sending district will receive 100 percent of the increased tuition as aid. Please see Table 2.

Over the next five fiscal years the sending district will receive another 125 percent of this initial aid increase. The additional 125 percent will be meted out equally over five fiscal years in 25 percent increments. At the end of the sixth year the sending district will have received 225 percent of the initial increase in aid, or $100 + 25 + 25 + 25 + 25 + 25 = 225$.

Table 2: Example of Aid Disbursement

Fiscal Year	Increase In Tuition	Reimbursement Tiers						Increase Aid
		100	25	25	25	25	25	
FY13	100,000	100,000	0	0				100,000
FY14	5,000	5,000	25,000	0	0			30,000
FY15	6,000	6,000	1,250	25,000	0	0		32,250

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FY16	100,000	100,000	1,500	1,250	25,000	0	0	127,750
FY17	6,000	6,000	25,000	1,500	1,250	25,000	0	58,750
FY18	15,000	15,000	1,500	25,000	1,500	1,250	25,000	69,250
FY19	1,000	1,000	3,750	1,500	25,000	1,500	1,250	34,000
FY20	1,000	1,000	250	3,750	1,500	25,000	1,500	33,000

The one to one matching function of the 100 percent tier of the formula has the beneficial effect of holding the district harmless from the immediate financial impact of new or expanding enrollment at a Commonwealth charter school.

The cascading pockets of 25 percent reimbursement over the next five years will provide a financial cushion for districts while they respond to pupil loss. At the end of the six year aid cycle, charter enrollment should stabilize, the aid will diminish, and the pendulum of financial responsibility shifts back to the sending district.

Chapter 70 Aid

Charter school enrollment counts in the sending district's foundation enrollment, and thus generates Chapter 70 aid, which is in addition to the Chapter 46 reimbursement. The amount of the aid is dependent upon the wealth of the district. In fiscal year 2014, aid ranges from 11 to 98 percent of foundation budget.

Enrollment

While it is true that new enrollment triggers the functions that generate aid, it is important to stress that it is increased tuition, and not new enrollment, that drives the formula.

For example, when a 300 seat school replaces their graduating class of 75 pupils with an incoming class of 75 new pupils, this process, by itself, generates no increased tuition, and thus no aid. However if this same school expands to 375 seats, the additional enrollment will fuel an increase in tuition and trigger a higher reimbursement.

Private, Home School, and Sibling Pupil Aid

An additional constituent of the Chapter 46 aid program covers the first year tuition of pupils who enroll at a Commonwealth Charter school and who have been previously educated in a private or home-schooled setting. In these cases, the sending districts did not educate these pupils. Their enrollment in a charter school presents a new cost burden for the sending district, without the offset of Chapter 70, and other, state aid.

The Private and Home School aid eradicates this burden by paying the pupil's first year tuition. In the following year, their enrollment will be captured by the Chapter 70 aid program and financial responsibility shifts to the sending district.

Additionally, if the enrollment of a sibling at a Commonwealth charter school is the sole cause of a sending district's tuition exceeding the Net School Spending cap, the sibling's tuition will be paid from the Chapter 46 aid.

Facilities Aid

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

Charter schools are ineligible for School Building Authority financing for school construction. Facilities aid offsets the entire cost of the facilities tuition, simulating the direct aid districts receive from the state's School Building Authority for capital projects.

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

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