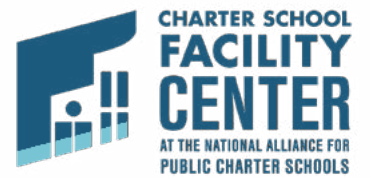


PIONEERING A SOLUTION FOR CHARTER SCHOOL FACILITY FUNDING:



A CASE STUDY ON OKLAHOMA'S 2021 REDBUD SCHOOL FUNDING ACT

LISA S. GROVER, PHD



Bill signing day for the Oklahoma Redbud School Funding Act



EXECUTIVE SUMMARY

Since the passage of the nation's first charter school law more than 30 years ago in Minnesota, the question of whether public charter schools should be treated like district schools for purposes of funding has been hotly debated by state legislatures, school board members, governors, and Congress.

In June 2021, SB 229, the Oklahoma Redbud School Funding Act (Redbud Act), passed the state legislature on a bipartisan vote and was signed into law by the governor. The Redbud Act dedicates \$38.5 million in medical marijuana tax revenues to provide annual grants of \$330 per pupil to school districts and to charter schools that receive less than the state average of local property tax revenues. Twenty-five brick-and-mortar charter schools and close to 330 school districts—more than 50% of all public school students—will see long-term financial benefits guaranteed by the Redbud Act.

This case study examines the multiyear effort to pass the Redbud Act, which helps close the funding disparity between all types of public schools located within the same tax base without taking funds from one type of school to fund another. Its passage was the result of a unique coalition, including the Oklahoma Public Charter School Association (charter association), the Oklahoma Public School Resource Center (resource center), the Oklahoma State School Boards Association (school boards association), the Cooperative Council for Oklahoma School Administration, and many supportive legislators from both sides of the aisle.

The National Alliance thanks Brent Bushey, Executive Director of the Oklahoma Public School Resource Center, and Eric Doss, Director of Quality Charter Services at the Oklahoma Public School Resource Center, for lending their time and talents to this project.



THE ISSUE AND ITS SOLUTION

November 2017 to June 2021

Oklahoma funds public school students through a combination of local tax revenues and state aid, with allowances for students with various characteristics, such as special education and English language learners. Oklahoma's Charter Schools Act (charter schools act) includes several statutory provisions to apply the state aid formula to charter schools in the same way to other public schools. The charter schools act also expressly states that "a charter school shall be eligible to receive any other aid, grants or revenues allowed to other schools."¹

Until the enactment of the Redbud Act in June 2021, the Oklahoma State Department of Education had interpreted the charter schools act's statutory provisions using only certain portions of local and state dollars for charter school funding. The department's interpretation cost charter schools hundreds of thousands of dollars in revenue over the years. In Tulsa, home to the majority of Oklahoma's charter schools, the funding gap is even wider.²

In 2017, the charter association filed a lawsuit against the Oklahoma State Board of Education asserting the state was misinterpreting certain statutes in the Charter School Act. Legal complications developed when the state's most active authorizers, the Oklahoma City and Tulsa school districts, intervened in the lawsuit. Two unrelated lawsuits added to the increasingly complex legal environment. The first was a lawsuit brought by school districts to recover allegedly misappropriated state funds. The second was the state's discovery that many school districts had been including charter school students in their membership counts for funding purposes but not distributing these funds to the charter schools currently educating those students.

Slow-moving settlement negotiations with the districts stalled the lawsuit for four years. In March 2021, the state board unexpectedly settled the polarizing lawsuit by voting to share all local funding with charter schools. The decision created a statewide uproar, and more than three hundred school districts jointly filed a petition in the Oklahoma Supreme Court challenging the constitutionality of the state board's ruling. The Oklahoma City School District filed a separate petition seeking a temporary injunction to block the state board decision requiring school districts to share local funds with charter schools.

Oklahoma lawmakers quickly acted to resolve the controversy by introducing and passing SB 229, the Redbud Act. When Governor Kevin Stitt signed the Redbud Act into law, the charter association voluntarily dismissed its lawsuit and the state board voted to negate their original decision requiring school districts to share local funds with charter schools.



THE ACTION PLAN AND RESULTS

The charter association executed the action plan below over the course of four years. The goal was to create leverage to either change the law or create a positive legal framework to render a different interpretation of the funding provisions in the Charter Schools Act. The key elements of the action plan were:

1. Continue long-term advocacy work
2. Take calculated risks
3. Build power
4. Find new allies
5. Tell the charter school story to soften opposition
6. Manage and invest in relationships

Continue Long-Term Advocacy Work

The charter association fought for years to achieve charter school funding equity. While many legislators supported a positive solution to charter school inequity, they hesitated to take action due to constituent and political pushback. However, a timely opportunity to double down on a legislative fix emerged when the state released new student enrollment figures at the start of the 2021 legislative session. The numbers showed that districts across the state were receiving close to \$200 million for students not currently enrolled in district schools but were instead attending a charter school or another school either within or outside the local district school. Citing increased costs, Governor Stitt asked the legislature to pass two bills.³ The first would change the student funding formula to reflect current year enrollment; the second would allow students to transfer to another school district at any time. The timing for reform was right and became near-perfect when halfway through the session, the state board voted to share local funds with charter schools.

The charter association leveraged its lawsuit to pressure the Oklahoma State Board of Education to resolve the lawsuit and to keep the funding gap issue in the forefront of political discussions. Legal action was a bold but risky move since charter school funding equity compliance and constitutional claims are tough to win. More important, a loss would have set a dangerous legal precedent that the state could continue to treat charter school funding differently than it treats funding of other public schools in Oklahoma. But the charter association, member charter schools, and their allies decided to take the calculated risk, notwithstanding the possibility of an adverse court ruling or negative legislative outcome.



Build Power

The charter association had a strong membership base but needed a friendly powerbroker on the state board to help break the legislative and legal impasses. The opportunity arrived when Governor Stitt appointed charter schools supporter Trent Smith to the state board. Smith is a respected businessperson and community leader who is a well-known local hero, having been a former football captain and national champion team at the University of Oklahoma. He also had close personal and political ties with Jon Echols, the powerful house majority floor leader. Smith publicly pushed the state board to consider settling the lawsuit by passing the resolution to equitably fund charter schools, despite the state's strained funding environment and anticipated controversy. Smith's appointment strengthened the hand of the charter association and elevated the urgency of the issue.

Find New Allies

The charter association realized its funding equity bill would not pass at the cost of reducing funds to school districts. When Representative Kyle Hilbert, a rural legislator who supports charter schools despite having none in his district, pulled together a coalition to support the bill, the charter association jumped in. A coalition of unlikely bedfellows worked together to craft the bill, including the school boards association, Cooperative Council for Oklahoma School Administration, state department of education, and the state superintendent of education, who at first had vehemently opposed the State Board of Education's decision to share local funds. Joining this unusual coalition was important for two reasons. One, it helped convince both Democratic and Republican legislators to pass the bill since their local constituencies supported it. Two, the charter association expanded its relationships and influence into new policy and political spheres that had not been previously available.

Tell the Charter School Story to Soften Opposition

The charter association's media strategy was to soften legislative and school district opposition to the lawsuit and ensure the issue of funding equity remained relevant in the news cycle. It strategically filed the lawsuit in Oklahoma County, which includes Oklahoma City, home of the state's largest print and digital media newspaper, *The Oklahoman*. The charter association correctly anticipated that the editorial board's support for charter schools would provide neutral, if not positive, coverage. They also engaged a local communications consultant to help tell the charter school story statewide and hired a public relations expert to collaborate with legal counsel. As a result, the issue generated more than a dozen well-balanced news stories within a short eight-week period. The charter association's public relations consultants worked almost exclusively to generate [news stories](#) that cast the lawsuit and the coalition's subsequent legislative fix in a positive light so that everyone could share credit.



Manage and Invest in Relationships

The State Board of Education decision to share local funds pushed charter school funding conversations to the forefront, even as it rallied many charter school opponents. When the charter association set aside their differences, even temporarily, the long-term financial benefit to charter schools was huge. In exchange for a permanent line-item in the annual budget to fund public school facilities, charter schools would have to forfeit any rights to local tax dollars. Flipping the script to work with charter school opponents, even temporarily, was key to passing the bill on a bipartisan vote in both chambers.

Typically, funding facilities through a separate line item would not offer long-term confidence in the stability of the revenue source. But the coalition's work fostered buy-in from so many groups that there is confidence the budget line-item will likely be protected and fully funded each year. Unsurprisingly, there were both charter and district school winners and losers in terms of funding, but in the end, thousands of public school students will benefit from the new monies created by the Redbud Act.



LESSONS LEARNED

Risky Moves Are Better than the Status Quo

The charter association filed its lawsuit to shake up the funding inequity status quo. The conditions weren't perfect, the obstacles were many, and the outcome was far from certain. But legal action intensified the pressure on both the state board and lawmakers to find a solution. In the advocacy arena, sometimes it's best to make a bold move rather than overanalyze a risky opportunity and not act.

Work with “Strange Bedfellows”

The proverbial saying that “politics makes strange bedfellows” was certainly the case in Oklahoma. Obviously, setting aside policy and political ideologies is not easy or without its roadblocks. But coalition building is a core skill and one that is increasingly important as charter school supporters battle strong headwinds at both the state and federal levels.

Understanding and Accepting Compromise Requires Compromise

The stake for charter schools were high—tens of millions of dollars in new money—during bill negotiations. And the charter association understood that charter schools could lose it all, including legislative opportunities to pass a bill anytime soon. So, the charter association agreed to a concession: charter schools would forego any future claims to local funding in exchange for a dedicated line item in the state budget. The compromise was far from where they began and was a hard sell to the membership who were hesitant to trust former adversaries. But it allowed all sides to move forward together and, more importantly, help charter schools educate more students by expanding and building safe and modern facilities.



ADDENDUM A:

Advocacy Budget to Pass the Redbud Act

The charter association invested approximately \$412,230 in their multiyear campaign to narrow facility funding disparities. In return, charter schools and school districts that receive funding below the state average in local property taxes will gain a total of \$35 million per year to use for building-related improvements, maintenance, acquisitions, and equipment.

INVESTMENT	AMOUNT
Legal Fees (<i>over 4 years</i>)	\$77,230.58
Public Relations (<i>one year</i>)	\$30,000
Lobbyist and Governmental Relations (<i>\$55,000 annually over 4 years</i>)	\$220,000
Total	\$412,230



ENDNOTES

1. Oklahoma State Statutes 70 O.S. 53-142(A) and 70 O.S. 53-142(C).
2. "Charter School Funding: Inequity Surges in the Cities." University of Arkansas, page 14. <https://cpb-us-e1.wpmucdn.com/wordpressua.uark.edu/dist/9/544/files/2018/10/charter-school-funding-inequity-surges-in-the-cities.pdf>. Also see, National Charter School Resource Center, The Charter School Facility Landscape in Oklahoma, https://charterschoolcenter.ed.gov/sites/default/files/files/field_publication_attachment/NCSRC%20Oklahoma%20Facilities%20Report.pdf
3. SB 783, the Open Transfer Act, and HB 2078, Amending the Student Funding Formula, were signed by the Governor in March 2021, right before the unexpected Oklahoma State Board of Education decision to open up local funding to charter schools.