



Clearing the Air

An Analysis of the Federal Charter Schools Program

Overview and Impact of the Federal Charter Schools Program

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What is the CSP?

The federal Charter Schools Program (CSP) is a discretionary grant program authorized by the Every Student Succeeds Act and run by the U.S. Department of Education that provides federal resources to create, replicate, and support high-quality public charter schools. In Fiscal Year 2020, the CSP invested nearly \$440 million into the charter sector.

Since its enactment in 1994, the CSP has become both more complex and increasingly politicized, fueling misconceptions about the program and its impact. This brief serves as a resource to help federal policymakers understand what the CSP is, how it works, and what we know about the impact it has had on the charter school sector to date. To learn more about the CSP and recommendations to strengthen it, visit Bellwether's [website](#).

How does the CSP work?

The CSP's six subprograms support charter schools through three main avenues: start-up funding, access to facilities, and dissemination of promising practices.



To view the accompanying full-length report, visit [Bellwether's website](#).

The CSP provides start-up funds to charter schools:

- **State Entities Grants:** State education agencies, state charter school authorizing boards, governors' offices, and nonprofit charter school support organizations can apply for funding through this program. Grantees design processes to subgrant their awards to eligible applicants in their states to open new charter schools, or expand or replicate existing schools. In FY 2020, Congress appropriated \$214.5 million (49% of CSP funds) to this program.
- **CMO Replication and Expansion Grants:** Nonprofit charter management organizations (CMOs) can apply for funding through this program. Grantees use their awards to open new schools or expand enrollment in existing schools within their networks. In FY 2020, Congress appropriated \$140 million (32% of CSP funds) to this program.
- **Developer Grants:** Charter school developers operating in states that do not have a current State Entities grant can apply for funding through this program. Grantees use their awards to open a new school or expand or replicate an existing high-quality school. In FY 2020, Congress appropriated \$10 million (2% of CSP funds) to this program.

The CSP helps charter schools access financing for facilities:

- **Credit Enhancement Grants:** Public and private nonprofit entities, such as community development financial institutions (CDFIs), can apply for funding through this program. Grantees use their awards to enhance the credit of charter schools by, for example, guaranteeing or insuring loans or leases. This reduces the risk profile of charter schools so that they can more easily access private capital at lower interest rates, which makes the long-term financing they need to build, buy, or renovate facilities more affordable. In FY 2020, Congress appropriated \$54.9 million (12% of CSP funds) to this program.
- **State Charter School Facilities Incentive Grants:** States with existing laws that provide annual, per-pupil facilities financing to charter schools can apply for funding through this program. Grantees use those funds to establish and enhance or administer their per-pupil facilities aid programs. In FY 2020, Congress appropriated \$5 million (1% of CSP funds) to this program.

The CSP supports the dissemination of promising practices:

- **National Dissemination Grants:** State education agencies, authorized public chartering agencies, and public and nonprofit charter school support organizations can apply for funding through this program. Grantees use funds to improve the quality of charter schools by providing technical assistance or other types of support on issues of national significance and scope. In FY 2020, Congress appropriated \$15 million (3% of CSP funds) to this program.

What impact has the CSP had on the charter school sector?

Since its creation in 1994, the CSP has driven \$5.3 billion in federal resources to help create, replicate, and support charter schools across the country. These funds have:

- Supported schools in nearly every state: **Schools in 43 states, D.C., and Puerto Rico have benefited from CSP funds** – accounting for all but two states with a charter school law.
- Supported high-need students: **60% of students in CSP grantee schools are from low-income backgrounds and 64% are Black or Hispanic** – surpassing averages in both the charter school sector overall and in traditional public schools.
- Created high-quality seats: As of 2017–18, CSP grantees that received awards in FY 2011 **created nearly 70,000 high-quality seats in charter schools**, at an average investment of \$2,848 per seat.*
- Supported high-performing schools: Charter schools that received CSP grants between FY 2009 and FY 2012 performed on average **2.5 percentage points higher in math and 1.4 percentage points higher in English language arts compared to those that did not receive CSP funds**.*
- Enabled charter schools to access facilities: Since 2001, the CSP has helped **more than 750 charter schools access financing for facilities** through the Credit Enhancement program.

Charter schools are an important part of the public school landscape, serving some of the highest-need students in communities where high-quality school options are slim. Continued investment in the CSP will ensure charter schools have the resources they need to provide families and communities across the country with high-quality public school options.

*See the Appendix of the [full-length report](#) for a description of the methods behind these findings.