



Detailed Charter Stakeholder Feedback on the July 10 Draft Regulation

**Submitted by: Maryland State Department of Education
On Behalf of Chesapeake Lighthouse Foundation and Maryland Charter Operators**

I. Introduction

This draft regulation, released on July 10, 2025, proposes significant changes to Maryland's commensurate funding formula for charter schools. Many of these changes—such as raising the administrative fee, deducting special education (SPED) overages, and allowing broad exemptions—were not previously discussed during the workgroup process and appear to have been introduced without transparent dialogue or stakeholder input. This undermines the integrity of the process, violates the spirit of open meetings laws, and breaks the trust that has been built over months of workgroup sessions.

We believe this regulation, if enacted, will cause lasting harm to Maryland's public charter schools and the families they serve.

Maryland charter schools are unique and are not operated independently, as charters are in most states. Maryland charter school operators are responsible for their facilities, maintenance, security, technology, HR, after-school programs, and operational costs. At the same time, with this new draft, charters must pay for district-wide costs like special education overages and central office administration. MD charter schools are expected to fund two systems at once. This is not about minor cost-sharing. It is about a system that makes the survival of charter schools mathematically impossible. Every additional deduction or fee pushes high-performing schools closer to collapse. No business, organization, or public agency could remain operational under these conditions, and neither can Maryland's charter schools.

II. Core Flaw: Ignoring Charter School Costs

This draft continues to define equity solely in terms of district costs, without recognizing the additional, real, and unique operational costs carried by charter schools. Charter schools are required to independently finance and manage their own:

- Facilities (rent, maintenance, utilities)
- Technology infrastructure
- Security and transportation
- Human resources and benefits
- Charter Operator Management
- After-school and enrichment programming



These costs are substantial—estimated at over \$3,000 per pupil—and are not reflected in any district school budget. Yet the regulation proposes further deductions in the form of increased administrative fees (from 2% to 5%) and SPED overages (averaging over \$1,500), without accounting for these existing burdens. For most charter schools in Maryland, receiving \$13,000–\$14,500 per pupil, these changes would leave less than \$9,000 per pupil for instruction. This is roughly half of what district schools spend on instruction, which ranges from \$16,000–\$18,000 per pupil.

This is not sustainable. If enacted, these provisions will effectively force many charter schools to shut down, not due to academic performance, but because the funding model would no longer support operations.

III. SPED Overages: Legally and Logically Unjustifiable

1. False Equivalence Between District Systems and Individual Charter Schools

Applying districtwide special education (SPED) overages to individual charter schools creates a false equivalence between a **school system** and a **single school**. Charter schools are not Local Education Agencies (LEAs) and operate as individual public schools within the district structure. Commensurate funding under Maryland law requires charter schools to be funded equitably **in comparison to individual district schools**, not the district as a whole. Charging charter schools to cover district-level financial gaps ignores the legal distinction and structural differences, creating an unsound and unlawful funding practice.

2. Inequity Due to Lower Per-Pupil Funding

In districts like Prince George's County, charter schools already operate with significantly lower per-pupil funding, approximately **\$14,600 per student**, compared to **\$22,000 per student** for district-operated schools. Imposing a flat **\$1,500 per-pupil SPED overage deduction** disproportionately harms charter schools, as it represents a much larger percentage of their total budget compared to district schools. This undermines any claim of equity and violates the principle of commensurate funding.

3. Districts cannot Demonstrate Equal Deduction Across All Schools

Blueprint requires **funding to follow the student** and introduces **school-based budgeting**, which means individual district schools receive differentiated funding based on student needs. Many district schools, especially those with lower concentrations of poverty and English learners, have seen significant funding reductions under Blueprint. In such cases, districts are unlikely, or even unable, to deduct the same per-pupil SPED overage from these schools



without further destabilizing them. Unless a district can demonstrate that it applies SPED overage deductions **equally to all its schools**, including those similarly situated to charters, it cannot lawfully impose those deductions on charter schools without violating commensurate funding statutes.

4. Charter Schools Already Carry Larger Unfunded Burdens

Districts argue that SPED overages should be charged to charters because they are an unfunded cost. However, charter schools have an even larger **unfunded mandate, facilities costs**, which are entirely absent from state funding formulas. Charters typically spend **\$2,000 per pupil on facilities** with no support from the state or district, compared to **\$1,500 per pupil SPED overages** the district claims as underfunded. Forcing charter schools to absorb both their **higher facilities costs** and the district's **SPED deficits** creates a fundamentally unequal and unsustainable financial model.

5. Legal Vulnerability and Likelihood of Legal Challenge

The proposed SPED overage deduction violates multiple principles embedded in Maryland law: commensurate funding, the intent of Blueprint, and equitable school-level budgeting. It applies **systemwide deficits to individual schools**, disproportionately impacts schools with lower funding baselines, and lacks a demonstrated equal application across district schools. For these reasons, it is almost certain that such deductions will be challenged in court by affected charter schools and will face strong legal scrutiny due to their discriminatory and inequitable structure.

Proposed Solution

The sustainable, lawful solution is for charter schools to receive their **full per-pupil allocation for SPED services**, with each charter responsible only for **their actual, school-based SPED costs**. District-wide SPED overages should never be passed onto charter schools, regardless of autonomy, because they are the responsibility of the district as the LEA. Charter schools should only be responsible for their own, school-based SPED costs. This approach upholds commensurate funding, respects Blueprint mandates, and ensures a fair and sustainable funding model for all public school students.

IV. Excessively Broad Deduction Language

The regulation's language allows districts to deduct "countywide obligations and contracts for goods and services that cannot be allocated at the school level." This provision is overly broad and unbounded. Without strict definitions and guardrails, it allows districts to unilaterally exclude nearly any expenditure from charter allocations, including costs that may, in fact, be allocated



with reasonable effort. This undermines the principle of commensurate funding and is unacceptable.

V. Waiver Provision Is a Backdoor Loophole

The inclusion of a waiver provision allowing districts to circumvent the regulation by appealing directly to the State Superintendent is similarly troubling. This clause invites inconsistent application and political manipulation without strict criteria and transparency. It reduces charter protections to optional guidelines and opens the door for districts to avoid compliance altogether.

VI. Lack of Fiscal Impact Analysis: A Serious Dereliction of Duty

Despite repeated requests during prior workgroup meetings, no comprehensive impact analysis has been conducted to assess the financial viability of Maryland charter schools under the proposed regulation. At no point has the Maryland State Department of Education examined the full picture of charter school revenues alongside the real costs charter schools incur, particularly facilities, operations, and services that district-operated schools do not bear. Ignoring the combined effect of significantly lower per-pupil funding, unfunded facility and operational expenses, and newly proposed deductions such as increased administrative fees and special education overages is a serious oversight. This failure to analyze the financial impact on charter schools—despite being asked to do so by multiple stakeholders—is a dereliction of duty and violates the principles of responsible policymaking.

Conclusion and Call for Accountability

This draft introduces new, significant changes—including the administrative fee hike, SPED overages, and broad exemption language—that were not discussed in prior workgroup meetings. The apparent introduction of such changes behind closed doors is a violation of transparency, betraying the collaborative intent of the process and raising concerns about compliance with open meetings requirements.

Therefore, we respectfully request the following:

1. Remove the SPED overage deduction in its entirety, or at minimum, limit any SPED-related adjustments to actual, school-specific overages and ensure corresponding SPED funding is disbursed to charter schools directly.



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2. Maintain the administrative fee cap at 2%, as previously agreed and reaffirmed by the State Superintendent on May 1, 2025.
3. Ensure that all funding calculations for charter schools include their proportional share of Blueprint formula allocations, local county contributions, applicable federal funding (such as Title funding), and fund balance allocations, equal to how these funds are applied to district-operated schools.
4. Remove or strictly define the “countywide obligations” exclusion language to prevent arbitrary and inequitable deductions of districtwide expenses from charter school revenue.
5. Define and constrain all waiver and exemption clauses to prevent misuse. Such waivers should only be permitted with the full consent of the charter school(s) affected and must be transparent, limited in scope, and subject to public review.
6. Before finalizing any regulation, conduct a formal impact analysis that examines actual charter school revenue and expenses, as repeatedly requested by stakeholders. Proceeding without this analysis is a dereliction of the Department’s duty to ensure sound, evidence-based policymaking.

Respectfully,

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