

Corrected Copy

**CITY OF BALTIMORE
COUNCIL BILL 05-0096R
(Resolution)**

Introduced by: Councilmember Mitchell, President Dixon, Councilmembers Curran, Harris, Clarke, Rawlings Blake, Reisinger, D’Adamo, Welch, Branch, Kraft

Introduced and read first time: October 17, 2005

Assigned to: Economic Development and Public Financing Subcommittee

REFERRED TO THE FOLLOWING AGENCIES: Baltimore City Public School System

A RESOLUTION ENTITLED

1 A COUNCIL RESOLUTION concerning

2 **Charter School Development Financing Authority – Funding the Education of Our**
3 **Children**

4 FOR the purpose of requesting that the City of Baltimore, along with local business owners, non-
5 profit organizations, and other various private organizations, come together to aid in the
6 formation of the Charter School Development Financing Authority in order to help Baltimore
7 City Charter Schools develop innovative financing to pay for the upkeep of current facilities,
8 provide funding for new charter school construction projects, and student grants, as well as
9 provide the means to obtain and promote donations for the benefit of charter schools in
10 Baltimore City.

11 **Recitals**

12 For a charter school to be successful, the first challenge that administrators must overcome is
13 finding the appropriate funding to finance the school buildings themselves. State charter school
14 laws typically do not provide charter schools with any up-front funding for facilities, nor do they
15 provide charter schools with ongoing revenue with which to make lease or loan payments.
16 Unlike district schools that use existing public school buildings, charter school administrators
17 must find facilities on their own with little or no funding from the state or district. As a result,
18 charter schools must raise private funds or find other financing for up-front costs and then make
19 lease and loan payments out of their operating funds.

20 The creation of a Charter School Development Financing Authority will help bring business
21 owners, non-profit organizations, and State and local Governments together in order to deal with
22 many of the financing challenges that charter schools have. These include finding facilities in
23 which to house charter schools and finding up-front funding to pay for facilities.

24 School districts typically raise capital funding by issuing tax-exempt bonds or by having
25 other local government bodies do so on their behalf. Since investors in tax-exempt bonds do not
26 pay taxes on the interest they earn, these bonds carry a lower interest rate than do fully taxable

EXPLANATION: Underlining indicates matter added by amendment.
~~Strike out~~ indicates matter deleted by amendment.

1 bonds. In addition, school districts typically do not pay property taxes on the land and buildings
2 they own. These 2 advantages lower the overall cost of district school facilities significantly.
3 For these reasons, charter schools are at a funding disadvantage and need outside assistance to
4 achieve their full potential.

5 The Charter School Development Financing Authority will be useful not only in helping to
6 raise, organize, and track funds for charter schools, but it will also be an invaluable tool in the
7 discovery of new and unique financing opportunities for future charter schools.

8 **NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF BALTIMORE,** That this
9 Body requests that the City of Baltimore, along with local business owners, non-profit
10 organizations, and other various private organizations, come together to aid in the formation of
11 the Charter School Development Financing Authority in order to help Baltimore City Charter
12 Schools develop innovative financing to pay for the upkeep of current facilities, provide funding
13 for new charter school construction projects, and student grants, as well as provide the means to
14 obtain and promote donations for the benefit of charter schools in Baltimore City.

15 **AND BE IT FURTHER RESOLVED,** That a copy of this Resolution be sent to the Mayor, the
16 Maryland Charter School Network, BCPSS New School Initiatives, and the Mayor's Legislative
17 Liaison to the Council.