



Fair Charter Funding Reforms Needed Now

Pennsylvania's public school leaders are urging the General Assembly to enact comprehensive and meaningful charter school reforms that reduce the financial burden on school districts and require the same high standards of academic performance and accountability. For a deeper explanation and facts and figures on charter school funding, visit the Keystone Center for Charter Change at www.pacharterchange.org.

School districts will spend an estimated \$3 billion in charter tuition this year

Unlike the charter school advertisements seen on TV and radio touting free tuition, the costs of charter school tuition fall squarely on taxpayers. Charter school tuition is one of the biggest budget pressures facing school districts. This budget pressure continues to consume an ever-growing portion of school district budgets and forces school districts to raise property taxes, cut services and staff, or lessen student programs and learning opportunities in order to make the required tuition payments to charter schools. School districts need relief, beginning with changes in the flawed and outdated funding formula created more than 25 years ago.

The current funding formula and reconciliation process is inaccurate and results in overpayments

The need to revise the charter school funding formula is urgent – especially for students attending a cyber charter school and students with special education needs. Further, the process for reconciling payment errors and disputes in current law does not provide for a complete and timely dispute resolution process, and this lack of structure and timelines has resulted in longstanding, unresolved disputes over millions of dollars.

Cyber charters profit from the current formula

Cyber charter schools receive the same tuition payment from school districts as brick-and-mortar charter schools despite not having the same level of expenses as their brick-and-mortar colleagues. They do not maintain a physical school building and do not incur the costs of maintenance, utilities and other overhead that goes along with it. Although cyber charters incur costs for shipping educational materials to students and for finding space to administer state testing, those costs pale in comparison to the costs of maintaining physical schools and other facilities for students to attend in-person each day and for general student and community use.

There are no limitations or restrictions on what a cyber charter school can do with any profit that it receives from tuition payments. And with many cyber charter schools being operated by private, for-profit management companies, taxpayers have no idea how those dollars are being spent.

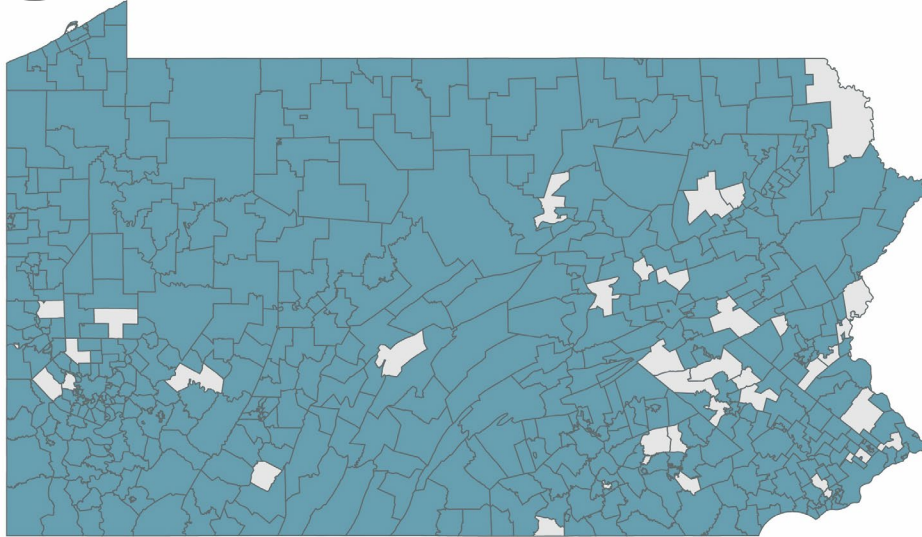
School districts are overpaying charters for special education

Currently, charter school tuition rates for special education are based on the home school district's special education expenses. More than 93% of the students requiring the most extensive (and costly) special education services are educated by or through a school district. This results in an inflated special education tuition rate and allows charter schools to use special education funding windfalls for other purposes. The bipartisan Special Education Funding Commission recognized this flaw and recommended that charter school special education funding be based on the same tiered system applicable to school districts which more accurately directs resources for students identified with high, moderate and low needs. However, this change has never been enacted into law. In light of the fact that the overwhelming majority of federal- and state-mandated special education services are underfunded, requiring the difference to be made up by local property taxes, precious special education resources should be used for the students who are entitled to such services.

The need for genuine reform to the state's outdated law is long overdue

School districts and taxpayers have been paying charter schools based on a flawed funding formula since 1997. At a time when education resources have never been more important, school leaders are urging the General Assembly to act now. In fact, more than 92% of Pennsylvania's school boards have adopted resolutions calling on the General Assembly to enact meaningful charter school reform.

92% of school boards are calling for charter school reform



We are NOT advocating for the elimination of charter schools in Pennsylvania; what we are asking for is that school districts and local taxpayers pay fairly for the costs of providing a charter school education and for greater accountability and transparency of charter schools. The fact that 92% of locally elected boards in a state as diverse as Pennsylvania agree that charter reform is needed speaks volumes. The only way meaningful charter reform concerns will be resolved is if the General Assembly takes action. Charter funding reform will create savings that districts will be able to reinvest in their community's school system.

Recommendations for fair reforms

We call upon the General Assembly to:

- Apply a tiered special education funding system for charter school students that more accurately reflects the actual costs of providing special education.
- Apply a statewide tuition rate that represents a fair calculation of the actual costs to educate a student enrolled in a cyber charter school.
- Formalize and expand deductions school districts use when calculating their charter school tuition rates in recognition of the revenues and expenditures which should not be part of the tuition rate calculation.
- Reform and enhance the charter school law's current redirection and reconciliation process and student accounting requirements to ensure school district payments are accurate.
- Ensure that the public as well as all school districts with students enrolled in a charter school have access to important, basic information and data concerning the charter school's operation and performance.
- Ensure that charter schools comply with the Sunshine and Right-to-Know laws and apply state ethics requirements, as well as arm's length transaction requirements, to trustees of a charter school.
- Ensure that charter school boards of trustees include representation from the community they serve and parents of students who attend the school.
- Ensure greater transparency of charter school foundations and management companies.