



Senate Education Committee

August 14, 2019

Everett Area High School
Tom Bullington, School Board President
Allen Sell, Superintendent
Bedford Area School District

Good Afternoon, my name is Allen Sell and I am the Superintendent of Bedford Area School District sitting next to me is Tom Bullington our School Board President. Our district educates more than 1,800 students and another 220 attend a charter school. Thank you for the opportunity to share our comments on the funding of charter schools in Pennsylvania. Today, We speak on behalf of the Pennsylvania School Boards Association (PSBA) and will share our own personal comments pertaining to the Bedford Area School District.

When Pennsylvania's Charter School Law was enacted in 1997, the overall concept sounded great---independently operated public schools, freed from many of the regulations and mandates constraining traditional public school systems, which would serve as laboratories for innovation in education, developing new approaches and methods that could benefit students in all schools. But the actual experience over the ensuing years has highlighted significant flaws in that law, and the companion Cyber Charter School Law enacted in 2002, that prevent these promises from becoming reality. Those laws remain largely unchanged since they were enacted, and their funding flaws remain unaddressed.

Accountability, transparency and educational outcomes are important areas of the charter school landscape that need reform, but, without question, the current funding formula for charter and cyber charter schools is the most immediately pressing concern to school boards. The formula requires each school district to add up its budgeted total expenditures per average daily membership for the prior school year. It then requires a district to subtract out certain expenditures, such as the costs of nonpublic school programs, adult education programs, community and junior college programs, special education programs, student transportation services, facilities acquisition, construction and improvement services, and other financing uses. This calculation results in the tuition that must be paid by a school district for each regular education student that attends a charter or cyber charter school. For special education students attending charter or cyber charter schools, a school district must pay an additional amount above the regular education rate per student. Additionally, when calculating a school district's charter school tuition rates, the current formula includes what the

school district spent on charter school tuition payments in the prior fiscal year, which further inflates the cost of tuition

The result is that charter and cyber charter schools receive drastically different tuition amounts from school districts for similarly situated students, and without regard to the charter schools' actual program costs. Based on preliminary numbers for the 2019-20 school year, school district tuition payments to charter and cyber charter schools range from \$9,052 per student for one district to \$21,602 per student for another district for the same education, and information about charter school program costs is elusive at best. When it comes to special education costs, the range is even more dramatic, as one district is paying \$17,939 per student, while another is paying \$48,522 per student, regardless of the severity of the student's special educational needs. The application of the special education formula that school districts abide by now would address this concern.

Special Education Funding Concern

The current system of basing a school district's tuition payment on the school district's general expenditures is especially problematic with regard to special education. In 2017-18, more than 95% of the students requiring more than \$25,000 in special education services were educated by or through a school district.

Because the tuition calculation is based on the school district's expenses, the average charter school special education tuition rate was \$24,200, yet more than 94% of all special education students in charter schools were educated for much less than \$25,000. Further, 165 school districts had special education tuition rates more than \$25,000.

The result is that school districts are over-paying charter schools for special education students. In 2016, a PSBA analysis of charter school special education revenue and spending estimated that charter schools received \$100 million more than they reported spending on special education. This financial overpayment also incentivizes charter schools to over identify students as special education.

Cyber Charter Funding Concerns

Every Pennsylvania school district, regardless of its size, location, and wealth, makes payments to these schools for resident students who are enrolled. The current funding formula requires districts to send significantly more money to cyber charter schools than is needed to operate their programs due to the cost efficiencies of cyber education. In particular, cyber charter tuition payments are having a dramatic impact on school district budgets. For some, payments to cyber charters represents as much as five or six cents of every dollar spent. Consider:

- School districts paid cyber charter schools more than \$519 million in 2017-18.
 - The average school district paid slightly more than \$1 million in cyber charter tuition.
 - 37 school districts paid more than \$2 million in cyber charter tuition payments.

- Cyber tuition as a percentage of the district's expenditures – here are the top five
 - Panther Valley SD 5.7%
 - Ligonier Valley SD 5.2%
 - Galetton Area SD 4.9%
 - Bethlehem-Center SD & Shamokin Area SD 4.8%

We want to note that the Academic performance of cyber schools is significantly lower than brick-and-mortar charter schools and lag even more behind traditional public schools. In fact, none of Pennsylvania's cyber charter schools, which are authorized by the state, earned passing grades during the five years when the state issued School Performance Profile scores. Under the state's new accountability system, the Future Ready PA Index, only 2 of the 15 cyber charter schools were not identified for support and improvement. Further, we have seen that special education overpayments are exacerbated in cyber charter schools. 21.8% of cyber charter students were identified for special education, compared to 16.8% in traditional school districts.

Bedford Area School District currently operates its own cyber education program at a cost of about \$3500 per student, yet we pay more than \$10,000 for each non-special education students who enrolls in a cyber charter school. Our school district cyber program ensures a high-quality, rigorous curriculum aligned with the state academic standards and that programs are taught by appropriately certified teachers. We provide our cyber education students with regular and special education instruction and services, tutoring, career counseling and other support as necessary. Our district programs differ from typical cyber charter schools in that students can participate in activities like band and chorus and sports without any issues. We provide access to CTE programs which is always an issue with the cyber charter schools. They never want to pay the CTE tuition although all public school students have a right to CTE programs by school code. Our program has helped us to control cyber tuition cost to a degree.

However, the existence of a brick and mortar charter in the District has led to a host of other issues. We are, as a District, held accountable for the operation of the school but we have no teeth to enforce it. Our board voting on a line item to pay any charter school is the last elected control of the expenditure of public tax dollars. From that point forward a self-perpetuating appointed board decides how tax money is spent and how children are educated. Our local charter test scores have been sorely behind the District, yet the processes and appeals of charters have kept us from serving students from our own District. Charter schools could have a place in providing innovative and exciting education, but current law and funding procedures have only perpetuated escapism education that is mediocre at best in cyber and rural situations. We pass laws continuously to protect kids. We sorely need to overhaul the charter law to better care for our children.

The unsophisticated and skewed formulas used to calculate charter tuition fail to take into account that when a student leaves the district to enroll in any charter school the resident school district remains responsible for certain stranded costs and other factors associated with that student's education and well-being. If the student is attending a brick and mortar charter school, the school district has the responsibility to annually assess the charter school and conduct a comprehensive review of the charter school when the charter is up for renewal.

The existing funding formulas for charter schools create a situation where school districts across the state are paying drastically different tuition amounts because they are based on school district expenditures with no relationship to the actual instructional costs of the students attending the charter school. We are glad to see that the legislature is beginning to listen to our concerns, and we thank the Chairman and members of this committee for considering this issue. We look forward to working with the committee to develop fair and adequate means to properly pay charter tuition.