

Pennsylvania Charter Schools:

Charter / Cyber Charter Costs for Pennsylvania School Districts

Pennsylvania School Boards Association



schoolsSM



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ERPC — Advisory Committee.

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The costs of charter and cyber charter schools:

Research and policy implications for Pennsylvania school districts

Executive Summary

With the passage of Act 22 of 1997, Pennsylvania became the 27th state to enact a charter school law. Act 22 was a sweeping measure that was passed after three years of often contentious debate. PSBA offered ideas for improvement that were incorporated into the final version of the legislation. However, PSBA withheld its support because of disagreements over several provisions of the legislation including the funding of charter schools, which remains an issue.

The General Assembly took a step forward in acknowledging many of the contentious issues surrounding cyber education with the enactment of Act 88 of 2002. The legislation authorized state funding to school districts whose finances were affected by charter and cyber schools, and required cyber schools to receive their charters from the Pennsylvania Department of Education. PDE could provide for reimbursement of up to 30% of school districts' charter school costs. The actual fund provided by PDE has been less than the 30% authorized.

The funding concerns voiced by PSBA at the time of passage of Act 22 in 1997, particularly on fund-

Requirements for charter school payments are substantially different from the tuition calculations for charging students of other districts.

ing cyber schools, remain valid today. While there are many policy concerns raised by PSBA related to funding, oversight and accountability, this report addresses only the question of the financial impact of charter and cyber charter schools on district budgets.

The primary argument made by charter school advocates is that these schools actually save school districts money. They argue that because school districts receive reimburse-

ment for 25-30% of their charter school costs and because the funding formula contained in Act 22 bases school district funding of charter schools on only 80% of its expenditures, school districts actually make out better financially if their students transfer to charter schools.

Charter school advocates, particularly cyber school advocates, maintain that their schools are able to educate children in a more cost effective manner than school districts. However, charter schools add expense for a school district for a number of reasons. Students do not transfer into charter schools in neat groupings of 30, nor do they all leave from the same grade or class. There

In 2007-08, 374 districts paid for fewer than 60 students to attend charter schools.

is little opportunity, therefore, for school districts to reduce their teaching force or otherwise cut expenditures once students leave. With fixed costs virtually the same, the only change for districts is the burden of paying an additional amount of money for each student who transfers to a charter school, including

those who were previously not enrolled in a public school. Legislative reform is needed to reduce the financial burden on school districts and to address several other areas of the charter school law.

This paper looks at the financial impact of charter/cyber charter funding to answer these questions: Do charter/cyber charter schools cost districts money? Does the model operate as designed – the money following the student? If the model is operating as designed, then are districts saving money?

The findings are clear: Despite the rhetoric that charter and cyber schools save districts money, PSBA's research definitively shows that districts experience a financial impact from charter school enrollments, and in fact, it is virtually impossible for districts to realize a single dollar of savings related to students attending charter schools. Because most charter schools are multiple grade levels, and because there are often multiple charter schools which students may attend, the ability to save money with fewer than 30 students attending charter schools is non-existent.

Why has this disparity occurred? Act 22 of 1997 provided a number of distinctions between traditional public schools and charter schools. At the time of passage, cyber charters were not anticipated. Requirements for charter school payments are substantially different from the tuition calculations charged by districts to other school districts for the attendance of non-resident students. Current law requires school districts to pay tuition payments to cyber charter schools based on selected per-pupil expenses in the student's resident district. This law means that the amount of funding sent to a cyber school can vary widely throughout the state – according to PDE, tuition rates have ranged from a

low of \$5,400 per student to a high of \$15,000 per student in another district.

In 2007, the State Task Force on School Cost Reduction concluded that school districts are overpaying cyber charter schools because the existing formula structure is based on the cost to educate a student in the school district, NOT in a cyber charter school. This means that the districts are not paying the actual charter school cost but rather they are paying district cost.

Key research findings

- Between 2003-04 and 2008-09, the number of enrolled charter school students increased at an annual average of 13.5%. In 2007-08, cyber enrollment accounted for 74.8% of the regular education students and 69.2% of the special education students enrolled in all charter schools.
- The basis of calculating the tuition payment as established in state law is weighted in favor of the charter schools.
- Districts are paying to send more students to cyber than “brick and mortar” charter schools. In 2007-08, 374 districts paid for fewer than 60 students to attend charter schools.
- If districts sending fewer than 30 students to charter schools were able to eliminate one teaching position, the tuition cost to the district would still result in higher district expenditures by more than \$53,000 per district.
- District expenditures for students attending charter schools increased by \$332.5 million, or by 112.6% between 2003-04 and 2007-08. In 2007-08 district spending for charter schools was 48.2% of all tuition payments.
- Between 2003-04 and 2007-08, state subsidy for charter schools increased by \$116.3 million. Over the same period, district spending for charters increased by \$336.7 million. This produced a net cost increase to districts of \$220.4 million.
- Payments by districts for regular education students in cyber charter schools resulted in a variance between lowest and highest paying districts in 2007-08 of about \$10,000, up from prior years. Variances are even greater for special needs students.

- The charter tuition calculation is the same for both cyber and “brick and mortar” charters. The difference in the calculations is weighted in favor of paying more for charter tuition than is included in actual instructional expense.
- Fund balances as reported in the charter school annual reports have been increasing.
- Substantial employer contributions to the retirement system will dramatically increase the tuition paid by districts to charter schools.

Recommendations

The original charter school law, Act 22 of 1997, did not anticipate cyber schools. Under Act 88 of 2002, the state took control of authorizing cyber charters and created a reimbursement system that has not been fully applied. Serious concerns remain as the law has ignored the financial aspect

of cyber charters. PSBA recommends the following actions be taken:

- Tuition payments should be calculated based on the charter school cost, not district spending.
- The responsibility for funding cyber charters should match the authorizing entity – the state.
- The charter school financial report (PDE 2057) needs to be provided to the sending district(s) annually when filed with the state.
- The state needs to establish reasonable limits on the amount of unexpended funds received from school districts in the form of tuition payments and return the unused balances to the sending districts.
- The state needs to establish an exception to the limits imposed by Act 1 for charter tuition payments, or re-establish the tuition payment calculation.

Pennsylvania Charter Schools: Charter/Cyber Charter Costs for Pennsylvania School Districts

Introduction

With the passage of Act 22 of 1997, Pennsylvania became the 27th state to enact a charter school law. Since the passage of that law, there has been continuous debate over the funding of charter schools. However, the most significant debate has centered on funding cyber charter schools. The centerpiece of the debate is the argument that supporters of the state’s current system of charter schools used – the money should follow the student. The legislation establishes a formula which provides for a tuition calculation for dollars to follow the student.

This paper examines the financial impact of charter/cyber charter funding. Do charter/cyber charter schools save districts money? Does the model operate as designed – the money following the student? If the model is operating as designed, then are districts saving money?

Charter school advocates, particularly cyber school advocates, maintain that their schools are able to educate children in a more cost effective manner than school districts. PSBA has argued, however, that charter schools add expense for a school district for a number of reasons. Students do not transfer into charter schools in neat groupings of 30, nor do they all leave from the same grade or class. There is little opportunity, therefore, for school districts to reduce their teaching force or otherwise cut expenditures once students leave. With fixed costs virtually the same, the only change for districts is the burden of paying an additional amount of money for each student who transfers to a charter school, including those who were previously not enrolled in a public school. The only way changes can be made is through legislative reform.

Why has this disparity occurred? Act 22 of 1997 provided a number of distinctions between traditional public schools and charter schools. At the time of passage, cyber charters were not anticipated. Requirements for charter school payments are substantially different from the tuition calculations charged by districts to other school districts for the attendance of non-resident students. Current law requires school districts to pay tuition payments to cyber charter schools based on selected per-pupil expenses in the student's resident district. This law means that the amount of funding sent to a cyber school can vary widely throughout the state – according to PDE, tuition rates have ranged from a low of \$5,400 per student to a high of \$15,000 per student in another district.

PSBA's role in current legislation

Act 22 was a sweeping measure that passed after three years of often contentious debate. PSBA offered numerous amendments and ideas for improvement, some of which were incorporated into the final version of the legislation. However, despite the association's input into the law, PSBA withheld its support because of disagreements over several key provisions, including the funding of charter schools, which remains an issue today.

The General Assembly took a step forward in acknowledging many of the contentious issues surrounding cyber education with the enactment of Act 88 of 2002. This legislation authorized state funding to school districts whose finances had been affected by charter and cyber schools, and required cyber schools to receive their charters from the Pennsylvania Department of Education. PDE could provide for reimbursement of up to 30% of school districts' charter school costs. At the time of debate and passage of Act 88, PSBA noted to legislators that, while it supported provisions for funding and state oversight of cyber schools, the association believed that the language did not sufficiently address certain key issues and remained silent on others.

The funding concerns voiced by PSBA at the time of passage of Act 22 in 1997, particularly on funding cyber schools, remain valid today. While there are many policy concerns raised by PSBA related to funding, oversight and accountability, this report address-

es only the question of the financial impact of charter and cyber schools on district budgets.

The primary argument made by charter school advocates is that these schools actually save school districts money. They argue that because school districts receive reimbursement for 25-30% of their charter school costs and because the funding formula contained in Act 22 bases school district funding of charter schools on only 80% of its expenditures, school districts actually benefit financially if their students transfer to charter schools.

In 2007, the State Task Force on School Cost Reduction concluded that school districts are overpaying cyber charter schools because the existing formula structure is based on the cost to educate a student in the school district, NOT in a cyber charter school. This means that the districts are not paying the actual charter school cost but rather they are paying district cost.

Calculating payments under the charter law

Passage of Act 22 of 1997 did not anticipate cyber charters. The charter law does not require independent audits as required for school districts. Charters are treated as a local education agency, but do not have taxing authority. This lack of taxing authority separates accountability from those that raise the funds to pay charters. Expenditures in traditional public schools have local oversight through the elected school board; however, the charter schools have appointed boards with no oversight from the public schools that are paying the bill.

Legal requirements for charter student payment were established in Act 22 of 1997. The law requires payment to charter schools by the district of residence of the student. This law provides that no tuition will be charged directly to the student and that school districts must pay the cost to the charter (24 PS § 17-1725 A). Pursuant to the provisions of the law, the calculation is based on the prior year budget with certain expenditures being excluded from the calculation. The law also includes calculations for additional payments for special education students.

Requirements for charter school payments are substantially different from the tuition calculations for charging students of other districts. To calculate

intradistrict tuition, districts calculate a single rate with no alteration for special education students. Second, the district charges are based on its cost without regard for costs in the sending districts. Additional calculations are also mandated for vocational education students. The calculation of tuition for students of another district are found in 24 PS § 25-2561, 24 PS § 25-2562 and 24 PS § 25-2563.

For district payments to charter and cyber charter schools, the basis for calculation is the district total expenditures per average daily membership minus selected expenditure. Federal fund expenditures are eliminated from the educational programs. Other expenditures that are excluded include: resi-

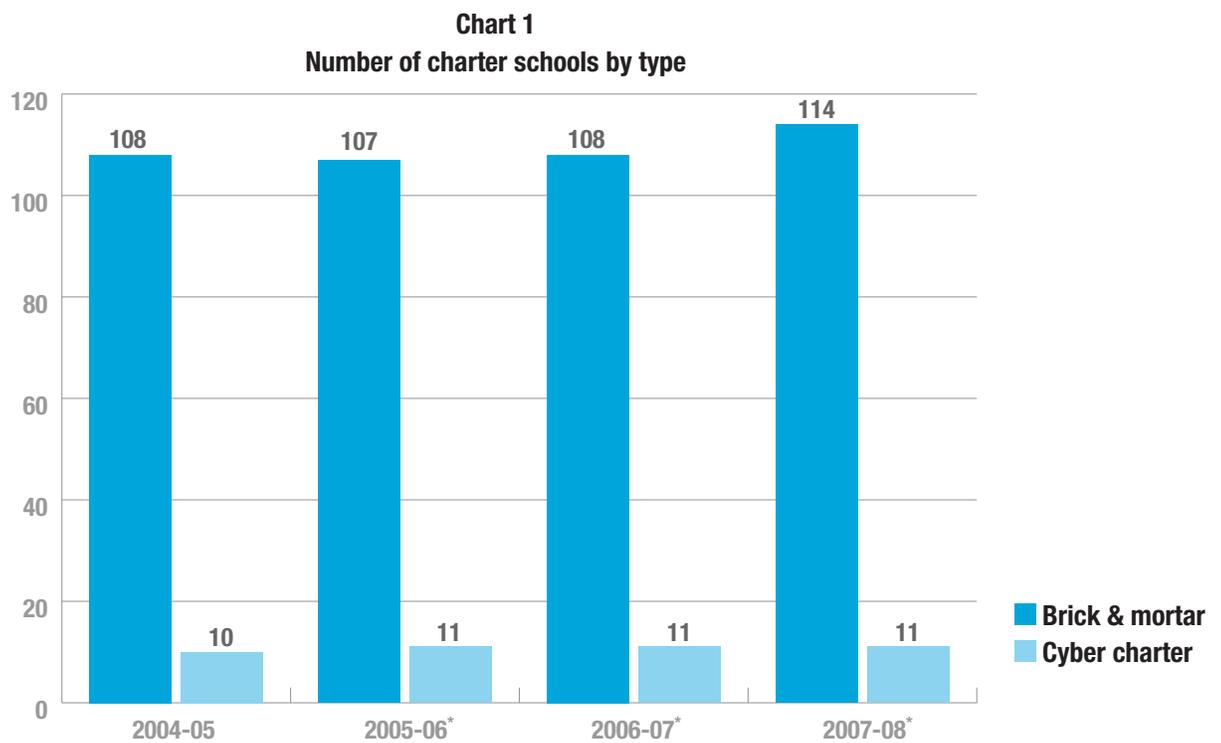
dence nonpublic school programs; adult education programs; community/junior college programs; student transportation services; special education programs; and facilities, debt and transfers. Detailed calculation requirements for charter school payments are presented in Appendix A. This means that the districts are not paying the actual charter school cost, but rather they are paying district cost. For special education students, payments are based on the prior year average daily membership multiplied by 16% (total estimated statewide special education per school enrollment). The result is then divided into the special education program spending (the 1200 account) to get an average cost per student.

Demographics of charter/cyber charter

Number of charter schools over time

There are substantially more “brick and mortar” charters than cyber charters. However, the cyber charters by their very nature are able to enroll substantially more students from more districts because

of the technology application. **Chart 1** shows the number of charter schools over time. With the passage of the Charter School Law in 1997, the number of “brick and mortar” facilities grew quickly. Over time some have closed and others have opened.



*Includes Agora Cyber Charter which is being challenged by the PA Dept. of Education for possible charter revocation.

Source: www.portal.state.pa.us/portal/server.pt/community/annual_reports/7357 Charter School Enrollment (October 1 Count): 2000/01 to 2007/08 (Excel)

Between the 2004-05 and 2007-08 school years, the number of charter schools has increased only slightly from 108 to 114. The number of cyber charter schools remained steady between 2004-05 and 2007-08.

Student enrollment patterns

As the number of schools increased, the number of students attending these schools also increased.

Chart 2 shows the enrollment pattern of students in the charter schools. As shown in Chart 2, the number of regular education students has increased by more than 20,000 between 2004-05 and 2007-08.

The number of special education students has more than doubled from 4,461 to 9,254.

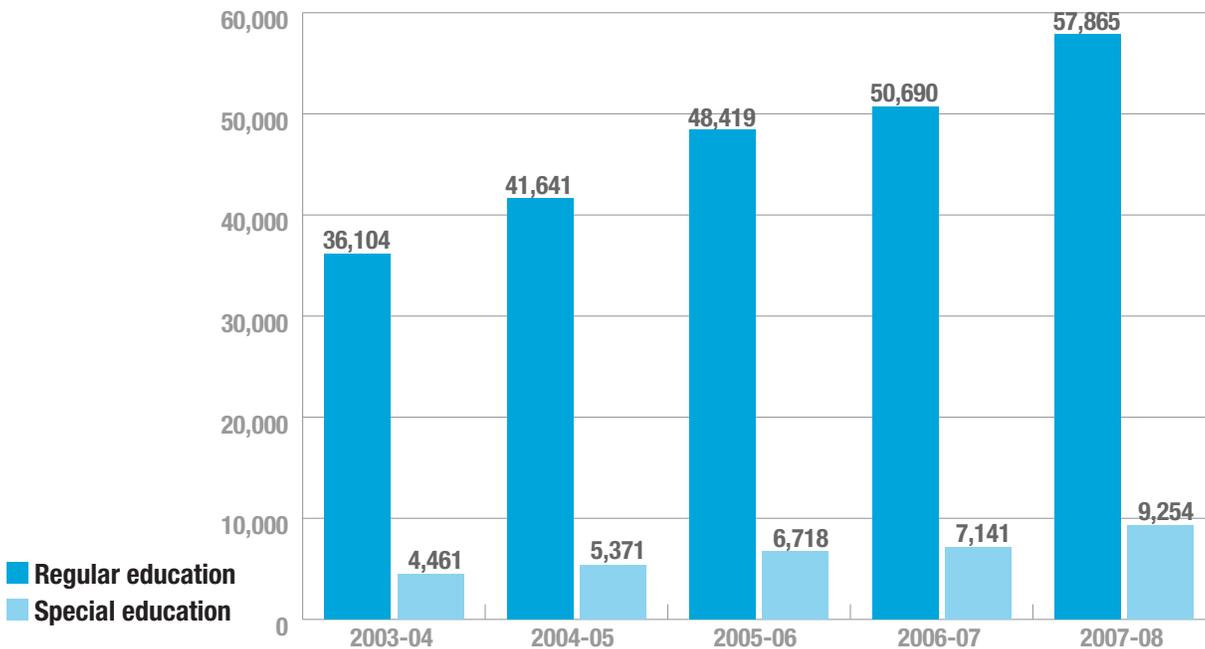
Table 1 shows the percent change in enrollment for students attending charter schools. Because the money follows the student, the increases can have a dramatic impact on an individual school district. The special education enrollments increased faster than regular students in each year presented. However, the special education students represent approximately 14% of the total students enrolled in charter schools. This is approximately equal to the distribution of special education students statewide.

Table 1
Percent change in enrollment in charter schools

| Year | Total | Reg. ed. | Sp. ed. |
|----------------|---------------|---------------|---------------|
| 2004-05 | 15.73% | 15.34% | 20.40% |
| 2005-06 | 17.50% | 16.28% | 25.08% |
| 2006-07 | 4.85% | 4.69% | 6.30% |
| 2007-08 | 16.06% | 14.15% | 29.59% |
| Average | 13.54% | 12.61% | 20.34% |

Source: www.portal.state.pa.us/portal/server.pt/community/annual_reports/7357 Charter School Enrollment (October 1 Count): 2000/01 to 2007/08 (Excel)

Chart 2
Student enrollment in charter schools by type of student



Source: www.portal.state.pa.us/portal/server.pt/community/annual_reports/7357 Charter School Enrollment (October 1 Count): 2000/01 to 2007/08 (Excel)

School districts and charter enrollment

How many school districts are feeling the impact of charter and cyber charter school enrollments, and to what extent? The answer is: Every school district today has at least one student enrolled in a charter school. There are more enrollments in cyber compared to “brick and mortar” charter schools, about 74% to 26%.

The pattern of student enrollment varies substantially across the state. “Brick and mortar” charter schools tend to be concentrated in more urban areas of the state such as Philadelphia and Pittsburgh. As the largest school districts in the state, it would be expected that they would have the most students attending.

Over the years, the number of districts throughout the state with charter school enroll-

ments has grown steadily. **Table 2** shows the distribution of school districts by the number of students enrolled in charter schools including cyber charter enrollments. Over time, as the charter enrollments increased, the number of districts with less than 30 students declined. In 2007-08, there were still 229 districts with fewer than 30 students enrolled in charter schools. Also beginning in 2006-07 school year, every district had at least one student enrolled in a charter school.

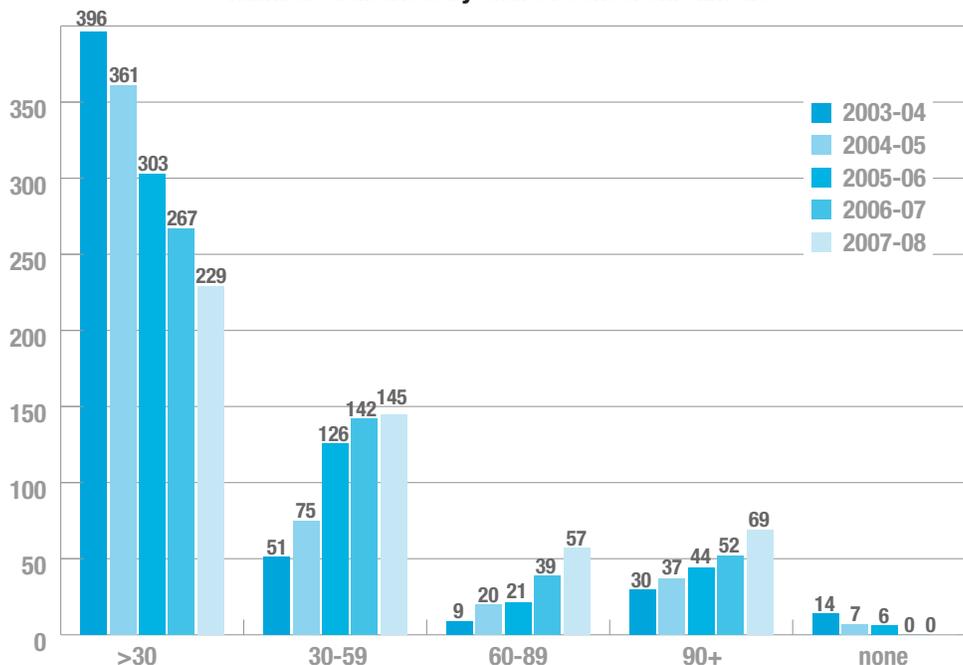
Chart 3 is a graphic representation of the data contained in Table 2. The graphic display shows the shift over time for more students moving from districts to charters. This graphic presentation also shows that each of the enrollment groups has increased. The majority of enrollments are still below 59 students.

Table 2
Distribution of districts by charter school enrollment

| Year | Less than 30 | 30 to 59 | 60 to 89 | Over 90 | No enrollments |
|---------|--------------|----------|----------|---------|----------------|
| 2003-04 | 396 | 51 | 9 | 30 | 14 |
| 2004-05 | 361 | 75 | 20 | 37 | 7 |
| 2005-06 | 303 | 126 | 21 | 44 | 6 |
| 2006-07 | 267 | 142 | 39 | 52 | 0 |
| 2007-08 | 229 | 145 | 57 | 69 | 0 |

Source: www.portal.state.pa.us/portal/server.pt/community/annual_reports/7357 Charter School Enrollment (October 1 Count): 2000/01 to 2007/08 (Excel)

Chart 3
Number of districts by charter school enrollment



Source: www.portal.state.pa.us/portal/server.pt/community/annual_reports/7357 Charter School Enrollment (October 1 Count): 2000/01 to 2007/08 (Excel)

Funding charter/cyber charter schools

Enrollment by type of charter

Charter school enrollments are heavily weighted to cyber charter schools. **Table 3** shows the 2007-08 distribution of students between “brick and mortar” and cyber charter schools. In 2007-08 cyber charters enrolled 74% of all charter school students while “brick and mortar” charter schools enrolled the remaining 26%.

Table 4 shows the 2003-04 distribution of students between “brick and mortar” and cyber charter schools. The distribution of students is significantly different from the 2007-08 year data presented in Table 3. Comparing the data in the two tables shows the reversal of percent enrollment between “brick and mortar” and cyber charter enrollment between 2003-04 and 2007-08.

Payment for charter students

The legal requirements for tuition payments resulted in a substantial amount of school district funding being transferred to charter schools. The payment is the same for “brick and mortar” charters as it is for cyber charters. **Table 5** shows the total tuition payments for regular and special education students along with total payments. The tuition payments are based on student counts multiplied by the tuition rates calculated by the PA Department of Education for each district.

Tuition payments for regular education students increased by \$226.9 million and for special education students by \$105.5 million. Total tuition payments increased \$332.5 million or 112.5% over 5 years.

Table 3
2007-08 Enrollments by type of charter

| | | Regular education | Special education | Total |
|------------------|---------|-------------------|-------------------|---------|
| Cyber enrollment | Number | 43,297 | 6,401 | 49,698 |
| | Percent | 74.82% | 69.17% | 74.04% |
| Brick & mortar | Number | 14,568 | 2,853 | 17,421 |
| | Percent | 25.18% | 30.83% | 25.96% |
| Total enrollment | Number | 57,865 | 9,254 | 67,119 |
| | Percent | 100.00% | 100.00% | 100.00% |

Source: www.portal.state.pa.us/portal/server.pt/community/annual_reports/7357 Charter School Enrollment (October 1 Count): 2000/01 to 2007/08 (Excel)

Table 4
2003-04 Enrollments by type of charter

| | | Regular education | Special education | Total |
|------------------|---------|-------------------|-------------------|---------|
| Cyber enrollment | Number | 6,526 | 493 | 7,019 |
| | Percent | 18.08% | 11.05% | 17.31% |
| Brick & mortar | Number | 29,578 | 3,968 | 33,540 |
| | Percent | 81.92% | 88.95% | 82.69% |
| Total enrollment | Number | 36,104 | 4,461 | 40,559 |
| | Percent | 100.00% | 100.00% | 100.00% |

Source: www.portal.state.pa.us/portal/server.pt/community/annual_reports/7357 Charter School Enrollment (October 1 Count): 2000/01 to 2007/08 (Excel)

Table 6 presents the detail of tuition payments including payments to other districts made by school districts for all types of tuition. The data in this table is calculated from detail data contained in the Annual Financial Reports (PDE form 2028) for each school district.

As shown in **Table 6**, payments to charter schools accounted for 45.18% of the actual 2007-08 payments for all forms of tuitions. The variation between actual payments in Table 6 (\$621,312,053) and the estimated payments in Table 5 (\$627,984,205) is \$6.6 million or 1.06%.

Chart 4 shows total of all district tuition payments and the amount of payment for charter schools. The charter school amount does not account for state subsidy. Included in the charter payments are payments to both “brick and mortar” and cyber for both special education and regular education.

Chart 5 shows the charter tuition payments (shown in detail in Table 6) as a percent of the total tuition payments made by school districts. The charter tuition payments increased from about 33% of total tuition payments to 45% of total

Table 5
Tuition payments to charter schools*

| | Regular education | Special education | Total tuition |
|-------------|-------------------|-------------------|---------------|
| 2003-04 | 235,958,948 | 59,472,050 | 295,430,998 |
| 2004-05 | 286,468,935 | 76,590,102 | 363,059,038 |
| 2005-06 | 356,131,534 | 103,827,940 | 459,959,475 |
| 2006-07 | 386,305,519 | 116,540,517 | 502,846,036 |
| 2007-08 | 462,933,344 | 165,050,860 | 627,984,205 |
| \$ Increase | 226,974,396 | 105,578,810 | 332,553,206 |
| % Increase | 96.19% | 177.53% | 112.57% |

*Data are calculated liabilities and are based on students enrolling in the charter schools and attending for a full year. This will result in some variance between the data in this table and actual dollars expended.

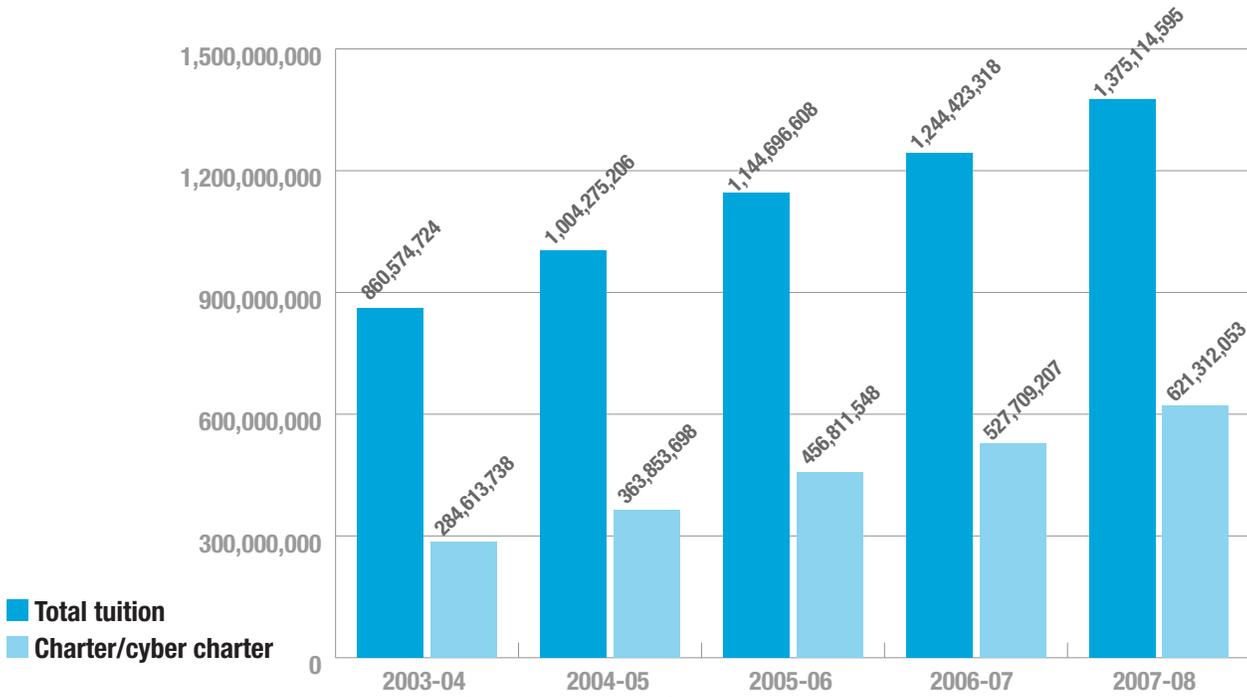
Source: www.portal.state.pa.us/portal/server.pt/community/charter_school_funding/8661. 2000-2001 through 2007-2008 Selected Expenditures per ADM (Excel)

Table 6
Total school district tuition payments by type of payment

| Object | Title | Amount | % of Total |
|--------|--------------------|----------------------|---------------|
| 561 | Other SD in state | 136,608,982 | 9.93% |
| 562 | Charter schools | 621,312,053 | 45.18% |
| 563 | Nonpublic schools | 58,441,489 | 4.25% |
| 564 | Vo-techs | 356,480,159 | 25.92% |
| 566 | Inst of higher ed. | 32,412,197 | 2.36% |
| 567 | Private schools | 73,945,873 | 5.38% |
| 568 | PRRIs & detention | 76,141,452 | 5.54% |
| 569 | Other | 19,772,391 | 1.44% |
| | Total exp. | 1,375,114,595 | 100.0% |

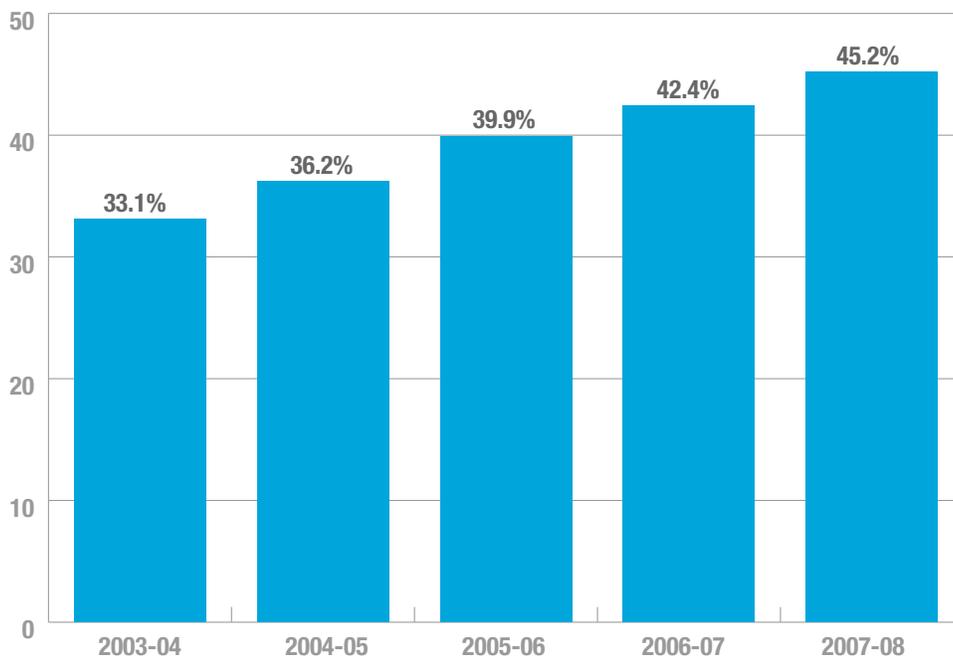
Source: District Annual Financial Reports for 2007-08, PDE 2028.

Chart 4
Total tuition and total charter/cyber charter tuition



Source: District Annual Financial Reports for 2003-04 through 2007-08, PDE 2028.

Chart 5
Charter/cyber charter tuition as percent of total tuition



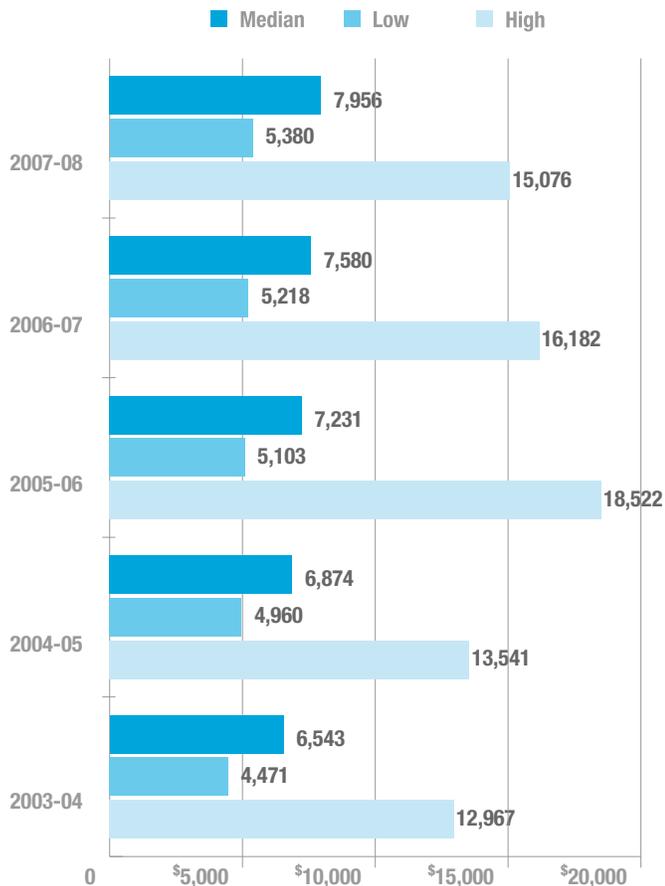
Source: District Annual Financial Reports for 2003-04 through 2007-08, PDE 2028.

Table 7
Net cost of charter school tuition

| | 2007-08 Amount | 2003-04 Amount | Increase Amount |
|-------------------------|-------------------|-------------------|--------------------|
| Charter schools subsidy | 166,986,953 | 50,613,289 | 116,373,664 |
| Charter school tuition | 621,312,053 | 284,613,738 | 336,698,315 |
| Net cost to districts | 454,325,100 | 234,000,449 | 220,324,561 |
| Subsidy as % of total | 26.87% | 17.78% | |

Source: District Annual Financial Reports for 2007-08, PDE 2028.

Chart 6
**Summary of payments to
charter schools for regular education**



Source: www.portal.state.pa.us/portal/server.pt/community/annual_reports/7357 Charter School Enrollment (October 1 Count): 2000/01 to 2007/08 (Excel) and www.portal.state.pa.us/portal/server.pt/community/charter_school_funding/8661 2000-2001 through 2007-2008 Selected Expenditures per ADM (Excel)

tuition payments made by school districts between 2003-04 and 2007-08.

The data in Chart 4 and the percent in Chart 5 show that the tuition payments for charter schools are increasing year to year.

Table 7 shows the net charter school cost to the districts for 2007-08. After reducing the charter school tuition by the amount of state subsidy for charter school tuition, the districts are paid \$454.3 million in 2007-08. For 2003-04, districts paid net of subsidy \$234,000,449.

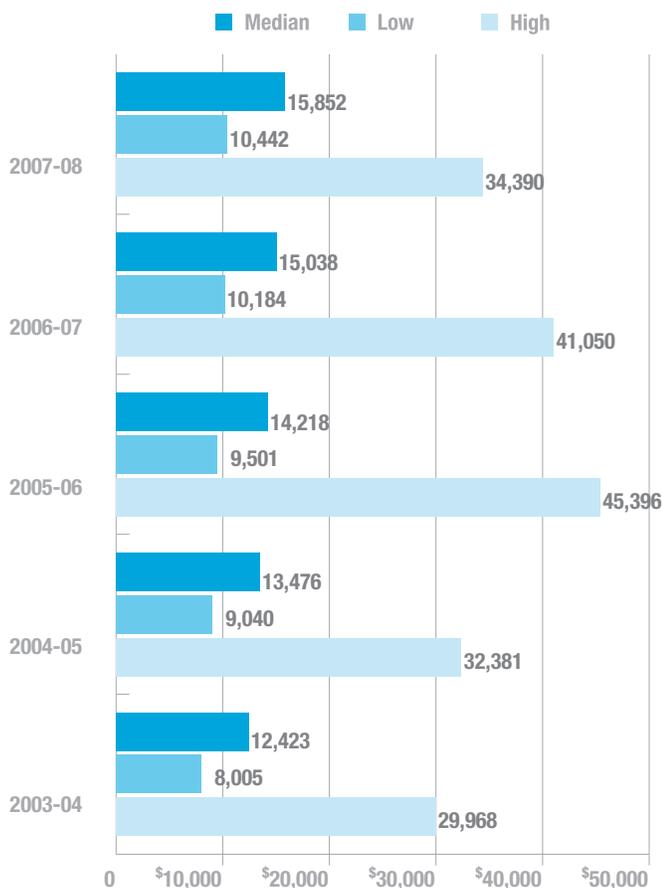
While state subsidy to school districts for charter schools increased by \$116,373,644, district taxpayers picked up an additional \$220,324,561 in tuition payments. Districts pay the same amount to “brick and mortar” as they pay to cyber charter schools. The difference is what the individual districts pay to the various schools. **Chart 6** shows the summary of the payments made by the school districts to the charter schools. On the low end, districts paid \$5,380 per student in 2007-08; the median was \$7,956 and the high was \$15,076. While the largest amount expended did vary between years, the low and median show an increasing trend.

Chart 7 shows the summary of district payments to charter schools for special education students. While the dollars are larger for special education tuition payments, the patterns for special education follow the same patterns as regular education tuition payments. The minimum payment amount increased steadily as did the median expenditure and the maximum varied across years.

Do charter schools save districts money?

The key question that has been debated many times over the last several years is: Do school districts save money when students enroll in charter and cyber charter schools?

Chart 7
Summary of payments to charter schools for special education



Source: www.portal.state.pa.us/portal/server.pt/community/annual_reports/7357 Charter School Enrollment (October 1 Count): 2000/01 to 2007/08 (Excel).
www.portal.state.pa.us/portal/server.pt/community/charter_school_funding/8661 2000-2001 through 2007-2008 Selected Expenditures per ADM (Excel)

The numbers show that it is virtually impossible for a single dollar of savings to be realized in school district budgets when students attend charter schools.

Charter schools can and do add expense for a school district. Why does this happen? Each year, districts make payments to charter schools. They use a formula to calculate their per-student educational costs, and pay that amount for each student from within the district enrolled in charter schools. Charter schools do not charge a standard rate for their educational services. In fact, the amount paid to charter schools varies greatly by school district, and is often completely unrelated to the actual operational costs incurred by charter schools.

The problem is compounded by the fact that in most cases, only a handful of students from each district attend charters, meaning districts are unable to reduce overhead costs, such as heating and electricity. Neither are school districts able to reduce the size of their faculty or staff. Furthermore, many of the students who choose to attend charter schools may have previously been home-schooled or enrolled in non-public and private schools, representing an entirely new expense for school districts.

- Tuition payments for regular education students increased by \$226.9 million and for special education students by \$105.5 million. Total tuition payments increased \$332.5 million or 112.5% over five years.
- Payments to charter schools accounted for 45.18% of the actual 2007-08 payments for all forms of tuitions.
- The charter tuition payments increased from about 33% of total tuition payments to 45% of total tuition payments made by school districts between 2003-04 and 2007-08.
- While state subsidy to school districts for charter school reimbursement increased by \$116,373,644, between 2003-04 and 2007-08, district taxpayers picked up an additional \$220,324,561 in tuition payments.
- Districts pay the same amount to “brick and mortar” as they pay to cyber charter schools. The difference is what the individual districts pay to the various schools. On the low end, districts paid \$5,380 per student in 2007-08; the median was \$7,956 and the high was \$15,076. While the largest amount expended did vary between years, the low and median show an increasing trend.

The liability for districts with fewer than 30 students is presented in **Chart 8**. The calculation is based on October 1 enrollment counts and assumes that all students will remain for a full year. The basis for using 30 students is that any district would need to have a single-grade reduction of at least 30 students to be able to reduce teaching staff. Because most charter schools are multiple grade levels, and because there are often multiple

charter schools which students may attend, the ability to save money with fewer than 30 students attending charter schools is non-existent.

As shown in Chart 8, the 2007-08 liability for districts sending fewer than 30 students to a charter school was \$35.5 million. In this portion of the distribution, it is virtually impossible for a single dollar of savings related to students attending charter schools.

Table 8 shows the basic calculations for determining a savings potential for the 229 districts

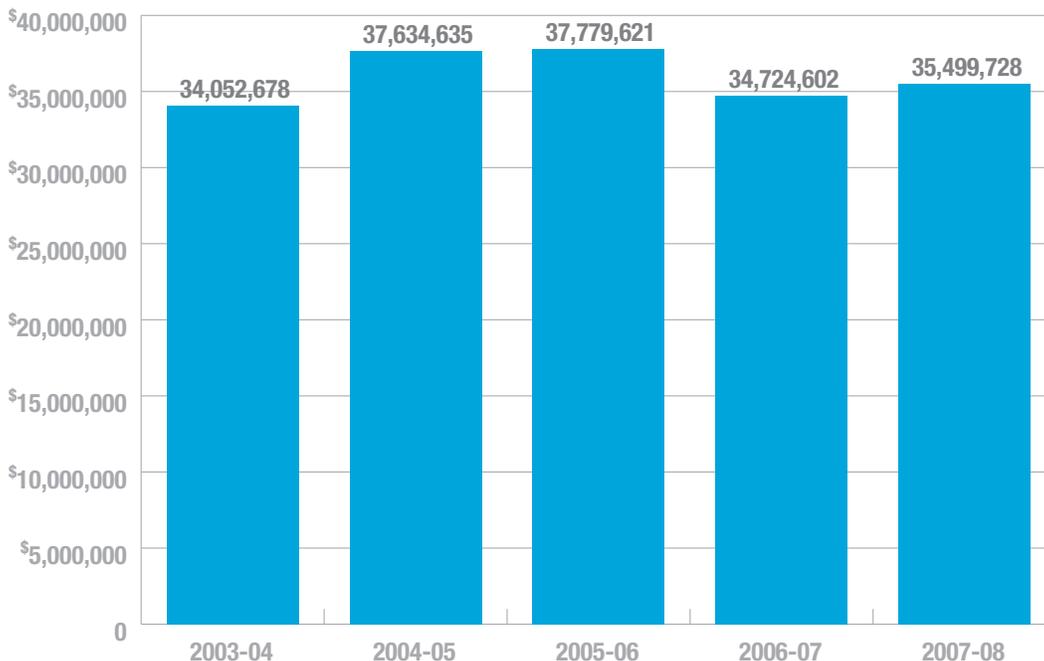
that sent less than 30 students each to charter schools. Reducing the staffing in each district by one teacher with an average salary of \$65,000 per year (state average salary plus benefits) means these districts theoretically could reduce costs by \$14,885,000. The difference is the liability minus the savings or the net cost to the district which is \$20,614,728. The average local share of funding is 59.1%. Multiplying the 59.1% local share times the \$20,679,728 net costs equals \$12,183,304 of local tax dollar cost from charter school tuition

Table 8
Estimation of potential savings 2007-08,
from one teacher in each district <30 students

| | Item | Value |
|---|--|--------------|
| 1 | 2007-08 district liability <30 students | \$35,499,728 |
| 2 | Average teacher cost (statewide)* | \$65,000 |
| 3 | Number of districts <30 students | \$229 |
| 4 | Potential savings (line 2 x line 3) | \$14,885,000 |
| 5 | Difference (line 1-line 4) | \$20,614,728 |
| 6 | Local taxpayer share (59.1% in 2007-08 line 5) | \$12,183,304 |
| 7 | Average per district (line 6 / line 3) | \$53,202 |

* Includes benefits

Chart 8
Liability for districts with less than 30 students in charter schools



Source: www.portal.state.pa.us/portal/server.pt/community/annual_reports/7357 Charter School Enrollment (October 1 Count): 2000/01 to 2007/08 (Excel)
www.portal.state.pa.us/portal/server.pt/community/charter_school_funding/8661 2000-2001 through 2007-2008 Selected Expenditures per ADM (Excel).

payments. This results in a net tax dollar cost in each district of \$53,202 even if one teacher can be eliminated.

The assumptions made to calculate Table 8 are over generous in providing for the ability to eliminate one teacher. The average charter school enrollment among these 229 districts is 16.4 students spread over 12 grades.

Another way to look at the potential of districts saving money is to examine the district actual instructional expenditure (AIE) and the charter tuition payment. **Chart 9** shows the distribution of districts in relation to the cost/savings of charter tuition compared to AIE. There was a dramatic shift in the number of districts where the charter tuition was less than the AIE for 2007-08. In 2005-

Chart 9
Actual instructional expenditure compared to charter tuition payment

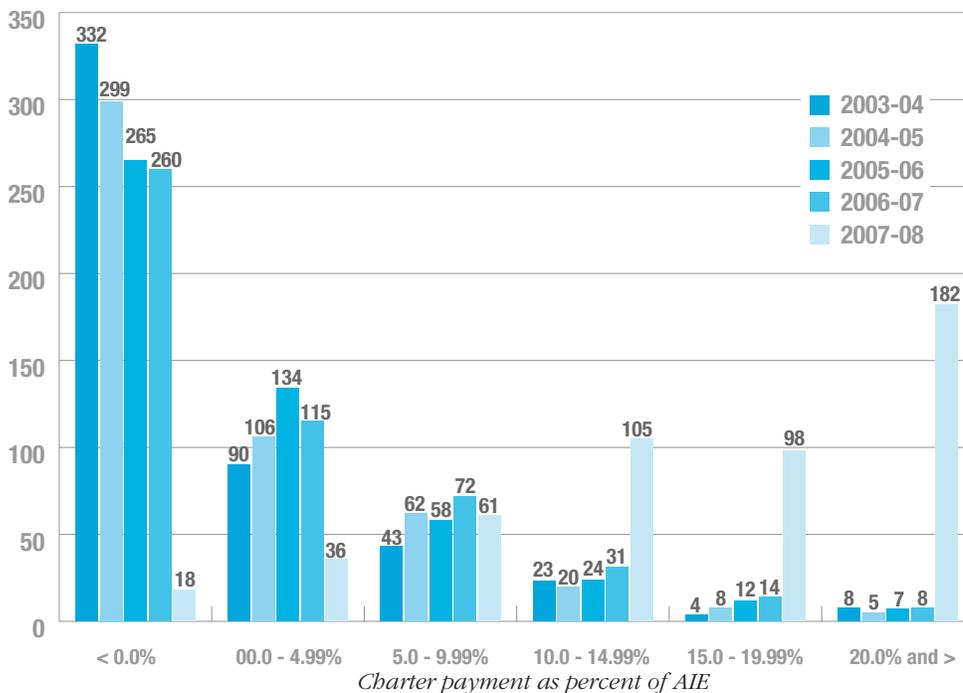
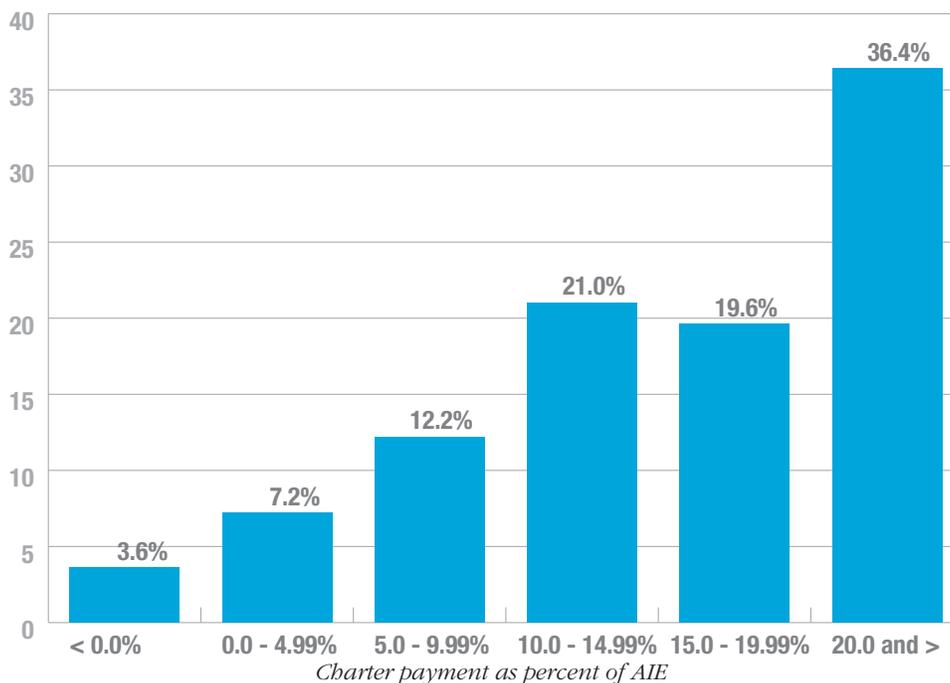


Chart 10
2007-08 Actual instructional expenditure compared to charter tuition payment



06 and again in 2006-07, about one-half of the districts were paying less than the AIE. However, in 2007-08, a majority of districts paid more in charter tuition than they expended for AIE.

Chart 10 shows the 2007-08 percent of districts paying more for charter tuition than AIE by range of payment. Only 3.6% of all districts made charter school payments that were less than the AIE in 2007-08. In 36.4% of all districts, the charter payment was more than 20% greater than the AIE.

The definition of Actual Instruction Expense from the PA Department of Education website is:

“Includes all general fund expenditures as reported on the annual financial report by the school districts except those expenditures for health services, transportation, debt service, capital outlay, homebound instruction, early intervention, community/junior college education programs and payments to area vocational-technical schools.

Deductions are also made for selected local, state and federal revenues and for refunds of prior year expenditures and receipts from other local education agencies.”

www.portal.state.pa.us/portal/server.pt/community/summaries_of_annual_financial_report_data/7673/glossary_for_expenditures/509030 PDE retrieved 6-9-10.

Table 9 shows a comparison of the mandated differences in calculation of the AIE and charter tuition payment. While both calculations start with the same total general fund expenditure, there are many more items excluded from the AIE than from charter tuition. The largest exclusion is for special education expenditures, but there is a separate calculation that is added to the charter tuition for special needs students.

The definition of charter tuition from the PA Department of Education website is:

“(2) For non-special education students, the charter school shall receive for each student

Table 9
Comparison of AIE and charter tuition elements

| Item | AIE | Charter tuition |
|------------------------------|------------------------|-----------------------|
| Total expenditures | Basis for calculation | Basis for calculation |
| Exclude from calculation: | | |
| Health services | Yes | No |
| Transportation | Yes | Yes |
| Debt service | Yes | Yes |
| Capital outlay | Yes | Yes |
| Homebound instruction | Yes | No |
| Early intervention | Yes | No |
| Community/junior college | Yes | Yes |
| Payments to vo-tech schools | Yes | No |
| State driver ed. subsidy | Yes | No |
| Selected federal revenue | Yes | No |
| Local revenue from tuition | Yes | No |
| Revenue from other LEAs | Yes | No |
| Refund of prior expenditures | Yes | No |
| Special education | Yes | Yes |
| Vocational expenditures | Yes | No |
| Non-public school programs | No | Yes |
| Adult education | No | Yes |
| Legal reference | 24 PS 25-2501 et. seq. | 24 PS 17-1724 A |

enrolled no less than the budgeted total expenditure per average daily membership of the prior school year, as defined in section 2501(20), [FN1] minus the budgeted expenditures of the district of residence for nonpublic school programs; adult education programs; community/junior college programs; student transportation services; for special education programs; facilities acquisition, construction and improvement services; and other financing uses, including debt service and fund transfers as provided in the Manual of Accounting and Related Financial Procedures for Pennsylvania School Systems established by the department. This amount shall be paid by the district of residence of each student.”

<http://weblinks.westlaw.com/result/default.aspx?cite=UID%28NAE8FAE1034%2D2F11DA8A989%2DF4EECDB8638%29&db=1000262&findtype=VQ&fn=%5Ftop&tfm=NotSet&pb=4BF3FCBE&rli=CLID%5FFQRLT21481201913154&rp=%2FSearch%2Fdefault%2Ewl&rs=WEBL10%2E03&service=Find&spa=pa%2D1000&sr=TC&vr=2%2E0>

The detailed state calculation of charter tuition is shown in Appendix A.

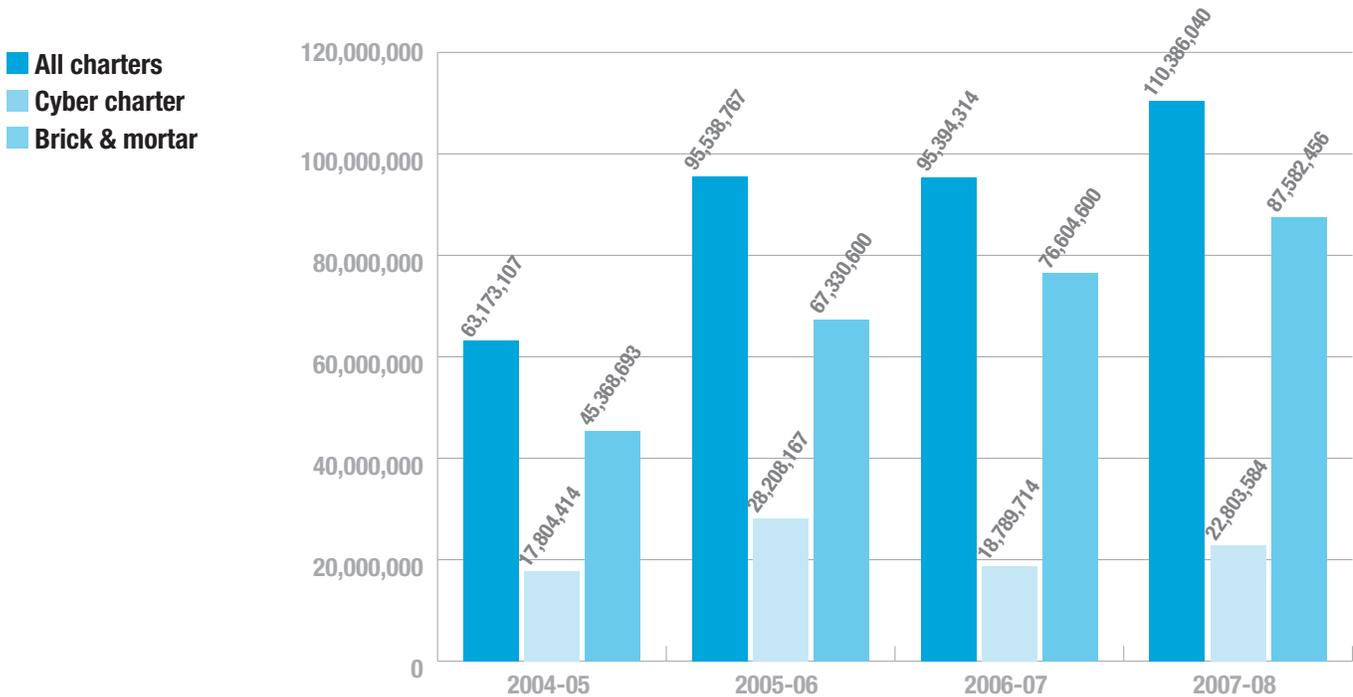
The charter tuition calculation is the same for both cyber and “brick and mortar” charters. The difference in the calculations is weighted in favor of paying more for charter tuition by including more cost elements in the charter school tuition calculation than in the actual instructional expense calculation.

Charter school fund balances

In general, charter and cyber schools are afforded a great deal of flexibility in their budgets. One example is the issue of fund balances. While the School Code creates a cap of school districts’ fund balances of 8-12%, charter schools have no such cap. According to PDE, 80% of cyber schools have fund balances exceeding the cap placed on school districts.

Chart 11 shows the history of fund balances as reported by the charter schools in their annual reports to the PA Department of Education. The total amount of fund balance has increased by over \$47 million between 2004-05 and 2007-08. In part

Chart 11
Charter school fund balance history



Source: www.portal.state.pa.us/portal/server.pt/community/summaries_of_annual_financial_report_data/7673/aftr_other_financial_information/509049 General Fund Balance: 1996-97 to 2007-08

this is attributable to the variable amounts of payments received from the districts.

Individual “brick and mortar” charter schools reported an ending fund balance in 2007-08 that ranged from a negative amount to over \$6 million. Individual cyber charters reported ending fund balances in a similar pattern, but two cyber charters reported fund balances over \$7 million in 2007-08.

Employer retirement rate increase

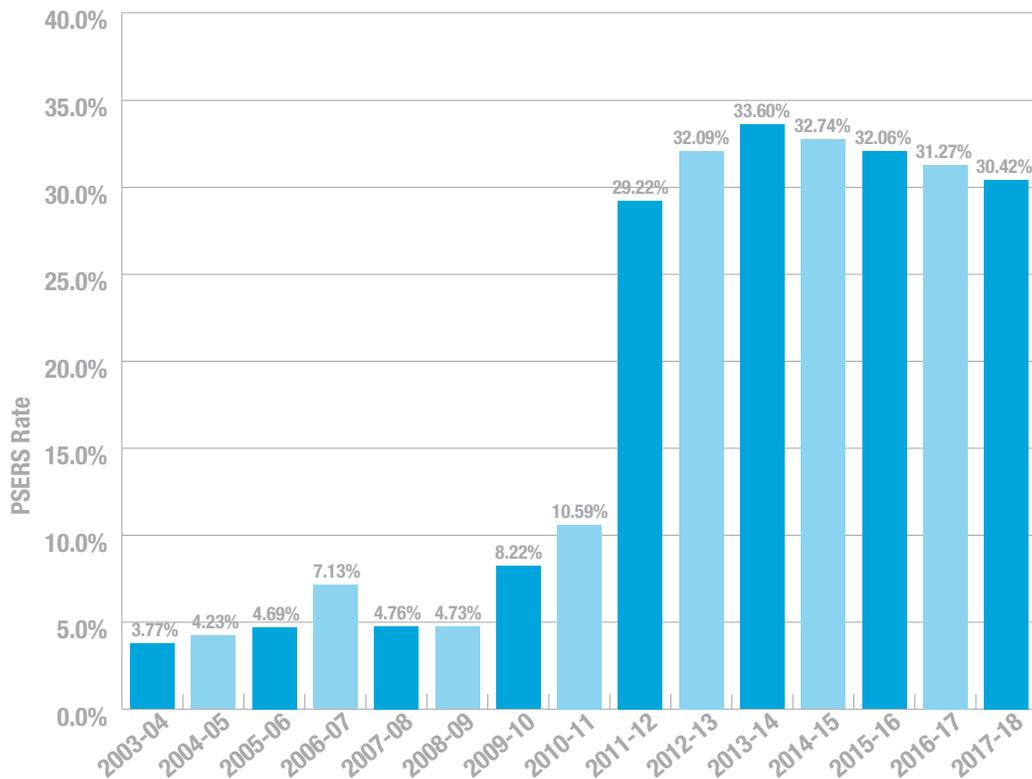
The estimated Public School Employees’ Retirement System (PSERS) rate increases for employer contribution to employee retirements will also be required of the charter schools for their employees. However, the impact will roll back to the districts through the tuition calculation. The tuition calculation includes salary and benefits of employees of the district. Charter schools will see revenue from increased tuition calculations and this will be without regard to a charter school’s actual needs. As the

rates jump substantially, see **Chart 12**, the tuition rates will also increase, thus producing more revenue to the charters and impose even larger costs on the district and its taxpayers.

As districts’ costs increase due to increased pension contribution, the tuition will increase correspondingly. Thus, the district taxpayers will be paying higher taxes to offset the pension cost for both the district and the charter schools.

PSERS estimated the total increase in district share for all districts to exceed \$1.4 billion in 2012-13 over 2007-08. The majority of the pension contribution will be included in the charter tuition calculation. While Act 1 of 2006 provides for an exception to limited tax increases for pension contributions, the increased costs imposed by the charter school tuition increases do not qualify for exceptions to the tax limits. Even if the state finds a way to reduce the required employer contribution by half, the cost to all districts will still exceed \$700 million.

Chart 12
PSERS projected rate increases



Source: Projected employer contribution rate, PSERS, Harrisburg, PA, 2009

Summary

Both types of charter schools are intended to serve as important school choice options available to parents and students and interest in these schools continues to grow. Unfortunately, almost all funding for charter schools is provided by local school districts, which places a significant financial burden on districts' resources.

Supporters of the current system claim that enrollment in charter and cyber schools save school districts money, and that there is no need for legislative change. This research shows that school districts are not saving money. School districts do not realize a cost-savings in their budgets when students attend charter schools. In most cases, only a handful of students from each district attend charters, meaning districts are unable to reduce overhead costs. Neither are school districts able to reduce the size of their faculty or staff.

The current system of paying for charter schools based on the analysis contained in this paper appears to be flawed. The payment that a school district must make for each of its resident school-age children enrolled in a charter school typically is more than the district spends for the instruction for students in traditional public schools. The higher costs result from Act 22's formula for determining how much money "follows the child" to a charter school: the child's district of residence must pay its budgeted total expenditure per average daily membership, less its outlays for nonpublic school programs, special education, adult education, facilities acquisition, construction and improvement, debt service and community/junior colleges. The resulting figure is referred to as the "selected expenditure" per student. The assumption is that by removing from a district's total spending those costs that do not apply to charter schools, the product (the selected expenditure) will represent a reasonable estimate of the cost of education in charter schools.

That approach is flawed for several reasons. First, it assumes that every program or activity not deducted in the calculation is a program that charter schools actually operate and a program for which they should receive funding from the district. That is not the case. For instance, vocational and early childhood education expenses, to cite just

two, are not removed from the district's total outlays in computing the selected expenditure figure. In effect, charter schools are receiving funding from a district for such expenses even though they may not actually operate the same program. Charter schools by law are considered local education agencies and in that capacity are eligible to receive direct funding for a number of programs. If a charter school did provide early childhood programs, for example, it could apply for and receive funding on its own. In effect, Act 22 creates the potential for double-dipping, since charter schools are eligible to receive some funding both as a direct grant recipient as well as from school districts as part of the selected expenditure calculation.

This double-payment problem is also evident in the area of retirement and Social Security for charter school employees. The commonwealth pays at least one-half of the employers' share of those costs for all public school employees. The state contribution, therefore, is included in the school district's total outlays and, as a result, is passed onto charter schools because the formula in Act 22 does not require that it be deducted in determining the selected expenditure. The double-dipping issue arises when the state makes its payment directly to the charter school for the retirement and Social Security costs for its employees.

Conclusions

- The number of students attending charter schools is continuing to increase. Between 2003-04 and 2008-09, the number of students increased at an annual average of 13.5%. In 2007-08, cyber enrollment accounted for 74.8% of the regular education students and 69.2% of the special education students enrolled in all charter schools.
- The basis of calculating the tuition payment as established in state law is weighted in favor of the charter schools.
- Districts are paying to send more students to cyber than "brick and mortar" charter schools. In 2007-08, 374 districts paid for fewer than 60 students to attend charter schools.
- If districts sending fewer than 30 students to charter schools were able to eliminate one

teaching position, the tuition cost to the district would still result in higher district expenditures by more than \$53,000 per district.

- District expenditures for students attending charter schools increased by \$332.5 million, or by 112.6% between 2003-04 and 2007-08. In 2007-08 district spending for charter schools was 48.2% of all tuition payments.
- Between 2003-04 and 2007-08, state subsidy for charter schools increased by \$116.3 million. Over the same period, district spending increased by \$336.7 million. This produced a net increase to districts of \$220.4 million.
- Payments by districts for regular education students in cyber charter schools resulted in a variance between lowest and highest paying districts in 2007-08 of about \$10,000, up from prior years. Variances are even greater for special needs students.
- Districts are not saving money from charter school enrollments. The charter tuition calculation is the same for both cyber and “brick and mortar” charters. The difference in the calculations is weighted in favor of paying more for charter tuition than is included in actual instructional expense.
- The ultimate impact of substantial employer contributions to the retirement system will substantially increase the tuition paid by districts to charter schools. Even if the state manages to find a way to reduce the impact by half, the costs will still be staggering.

Recommendations

The financial analysis indicates the need for several changes to the current charter school law related to funding. The original charter school law, Act 22 of 1997, did not anticipate cyber schools and under Act 88 of 2002, the state has taken control of authorizing cyber charters. However, the state has ignored the financial aspect of cyber charters:

- There is no way to know if the school district payments exceed the needs of the cyber school.
- Why different school districts pay cyber schools differing amounts, despite the fact that the level of services provided are the same for all students.

In addition to the recommendations based on the financial analysis, the analysis of enrollment patterns when associated with the financial analysis leans heavily toward additional changes. The following actions are recommended:

- The responsibility for funding cyber charters should match the authorizing entity – the state.
- The charter school financial report (PDE 2057) needs to be provided to the sending district(s) annually when filed with the state.
- The state needs to establish reasonable limits on the amount of unexpended funds received from school districts in the form of tuition payments and return the unused balances to the sending districts.
- The state needs to establish an exception to the limits imposed by Act 1 for charter tuition payments, or re-establish the tuition payment calculation.

Charter School Tuition and Actual Instructional Expense

24 PS 17-1724 A

(2) For non-special education students, the charter school shall receive for each student enrolled no less than the budgeted total expenditure per average daily membership of the prior school year, as defined in section 2501(20), [FN1] minus the budgeted expenditures of the district of residence for nonpublic school programs; adult education programs; community/junior college programs; student transportation services; for special education programs; facilities acquisition, construction and improvement services; and other financing uses, including debt service and fund transfers as provided in the Manual of Accounting and Related Financial Procedures for Pennsylvania School Systems established by the department. This amount shall be paid by the district of residence of each student.

(3) For special education students, the charter school shall receive for each student enrolled the same funding as for each non-special education student as provided in clause (2), plus an additional

amount determined by dividing the district of residence's total special education expenditure by the product of multiplying the combined percentage of section 2509.5(k) [FN2] times the district of residence's total average daily membership for the prior school year. This amount shall be paid by the district of residence of each student.

(4) A charter school may request the intermediate unit in which the charter school is located to provide services to assist the charter school to address the specific needs of exceptional students. The intermediate unit shall assist the charter school and bill the charter school for the services. The intermediate unit may not charge the charter school more for any service than it charges the constituent districts of the intermediate unit.

Source: <http://weblinks.westlaw.com/result/default.aspx?cite=UUID%28NAE8FAE1034%2D2F11DA8A989%2DF4EECDB8638%29&db=1000262&findtype=VQ&fn=%5Ftop&ifm=NotSet&pb=4BF3FCBE&rtl=CLID%5FFQRLT21481201913154&rp=%2FSearch%2Fdefault%2Ewl&rs=WEBL10%2E03&service=Find&spa=pac%2D1000&sr=TC&vr=2%2EO>

Funding for charter schools Calculation of selected expenditures per average daily membership

PDE-363 (7/2007)

| | | |
|-----------------------------|----------------|----------------------------|
| School district name | County name | AUN |
| Contact person | E-mail address | Telephone number extension |
| Signature of superintendent | | Date |

Calculation based on budgeted expenditures and estimated average daily membership

NOTE: When completing this form, use the most updated financial data and average daily membership for the school year immediately preceding the school year for which payments will be made to a charter school.

| | |
|--|-----------|
| FOR NONSPECIAL EDUCATION STUDENTS | |
| TOTAL EXPENDITURES | _____ (a) |
| Minus TOTAL DEDUCTIONS (see page 2) | _____ (b) |
| SELECTED EXPENDITURES (a - b) | _____ (c) |
| ESTIMATED AVERAGE DAILY MEMBERSHIP | _____ (d) |
| FUNDING FOR NONSPECIAL EDUCATION STUDENTS (c / d) (SELECTED EXPENDITURES PER ESTIMATED AVERAGE DAILY MEMBERSHIP) | _____ (e) |

Source: www.portal.state.pa.us/portal/server.pt/community/financial_documents/7676

Appendix C continued

FOR SPECIAL EDUCATION STUDENTS

| | |
|--|-----------|
| 1200 SPECIAL EDUCATION EXPENDITURES | (f) _____ |
| ESTIMATED AVERAGE DAILY MEMBERSHIP MULTIPLIED BY 0.16 (d x 0.16) | (g) _____ |
| SPECIAL EDUCATION EXPENDITURES DIVIDED BY 0.16 AVERAGE DAILY MEMBERSHIP (f / g) | _____ (h) |
| Plus FUNDING FOR NONSPECIAL EDUCATION STUDENTS (from e above) | _____ (i) |
| FUNDING FOR SPECIAL EDUCATION STUDENTS (h + i) | _____ (j) |

Provide a copy of this form to each charter school in which residents of the school district are enrolled.

Source: www.portal.state.pa.us/portal/server.pt/community/financial_documents/7676

Appendix D

Due Date: **August 31**

Return to: Pennsylvania Department of Education
 Division of Subsidy Data and Administration
 333 Market Street, 4th Floor
 Harrisburg, PA 17126-0333

PDE-363 (7/2007)

| School district name | County name | AUN | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|-------------|-----|---------------------------------------|-------|------------------------|-------|--|-------|--|-------|-------------------------------|-------|--|-------|-------------------------------------|-------|---|-------|------------------------------------|-------|----------------------------------|-------|------------------------------|-------|--|-------|--------------------------------------|-------|--|-------|---|-------|---|-------|---------------------------|-------|
| <p>The following expenditure amounts are to be subtracted from the TOTAL EXPENDITURES reported on line (a). Deduct only the federal portion of expenditures except for the following account codes: 1200, 1600, 1700, 2700, 4000 and 5000.</p> <p>NOTE: Only deduct the federal portion of expenditures if included in the Total Expenditures reported on line (a) on page 1.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>DEDUCTIONS FROM TOTAL EXPENDITURES</p> <table style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 45%;">1100 Regular education (federal only)</td><td style="width: 55%; text-align: right;">_____</td></tr> <tr><td>1200 Special education</td><td style="text-align: right;">_____</td></tr> <tr><td>1300 Vocational education (federal only)</td><td style="text-align: right;">_____</td></tr> <tr><td>1400 Other instructional programs (federal only)</td><td style="text-align: right;">_____</td></tr> <tr><td>1600 Adult education programs</td><td style="text-align: right;">_____</td></tr> <tr><td>1700 Community/junior college programs</td><td style="text-align: right;">_____</td></tr> <tr><td>2100 Pupil personnel (federal only)</td><td style="text-align: right;">_____</td></tr> <tr><td>2200 Instructional staff (federal only)</td><td style="text-align: right;">_____</td></tr> <tr><td>2300 Administration (federal only)</td><td style="text-align: right;">_____</td></tr> <tr><td>2400 Pupil health (federal only)</td><td style="text-align: right;">_____</td></tr> <tr><td>2500 Business (federal only)</td><td style="text-align: right;">_____</td></tr> <tr><td>2600 Oper and maint of plant services (federal only)</td><td style="text-align: right;">_____</td></tr> <tr><td>2700 Student transportation services</td><td style="text-align: right;">_____</td></tr> <tr><td>2900 Other support services (federal only)</td><td style="text-align: right;">_____</td></tr> <tr><td>3000 Oper of noninstructional serv (federal only)</td><td style="text-align: right;">_____</td></tr> <tr><td>4000 Facilities acquisition, constr and impr services</td><td style="text-align: right;">_____</td></tr> <tr><td>5000 Other financing uses</td><td style="text-align: right;">_____</td></tr> </table> <p>TOTAL DEDUCTIONS</p> | | | 1100 Regular education (federal only) | _____ | 1200 Special education | _____ | 1300 Vocational education (federal only) | _____ | 1400 Other instructional programs (federal only) | _____ | 1600 Adult education programs | _____ | 1700 Community/junior college programs | _____ | 2100 Pupil personnel (federal only) | _____ | 2200 Instructional staff (federal only) | _____ | 2300 Administration (federal only) | _____ | 2400 Pupil health (federal only) | _____ | 2500 Business (federal only) | _____ | 2600 Oper and maint of plant services (federal only) | _____ | 2700 Student transportation services | _____ | 2900 Other support services (federal only) | _____ | 3000 Oper of noninstructional serv (federal only) | _____ | 4000 Facilities acquisition, constr and impr services | _____ | 5000 Other financing uses | _____ |
| 1100 Regular education (federal only) | _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1200 Special education | _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1300 Vocational education (federal only) | _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1400 Other instructional programs (federal only) | _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1600 Adult education programs | _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1700 Community/junior college programs | _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2100 Pupil personnel (federal only) | _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2200 Instructional staff (federal only) | _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2300 Administration (federal only) | _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2400 Pupil health (federal only) | _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2500 Business (federal only) | _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2600 Oper and maint of plant services (federal only) | _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2700 Student transportation services | _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2900 Other support services (federal only) | _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3000 Oper of noninstructional serv (federal only) | _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4000 Facilities acquisition, constr and impr services | _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5000 Other financing uses | _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Source: www.portal.state.pa.us/portal/server.pt/community/financial_documents/7676

Appendix E

Actual instruction expense – Includes all general fund expenditures as reported on the annual financial report by the school districts except those expenditures for health services, transportation, debt service, capital outlay, homebound instruction, early intervention, community/junior college education programs and payments to area vocational-technical schools. Deductions are also made for selected local, state and federal revenues and for refunds of prior year expenditures and receipts from other local education agencies. It is calculated in accord with Section 2501 of the “Pennsylvania Public School Code of 1949.”

www.portal.state.pa.us/portal/server.pt/community/summaries_of_annual_financial_report_data/7673/glossary_for_expenditures/509030
PDE retrieved 6-9-10.

(11.1) “Actual Instruction Expense per Weighted Average Daily Membership.” For the school year 1966-1967, and each school year thereafter, the Superintendent of Public Instruction shall calculate for each school district the actual instruction expense per weighted average daily membership for each district pupil. The actual instruction expense shall include all General Fund

expenses of the district except those for health services, transportation, debt service, capital outlay, homebound instruction, and outgoing transfers to community colleges and technical institutes. From this cost shall be deducted the amount received from the State for driver’s education; special class operation; vocational curriculums; area vocational technical schools; payments of tuition by district patrons, parents, the State and Federal government; and all moneys received from the State or Federal government under Public Laws 89-10 (Elementary and Secondary Education Act), [FN8] 88-452 (Economic Opportunity Act), [FN9] and 87-415 (Manpower Training and Development Act) [FN10] and for projects under section 2508.3 of this act. [FN11] The actual instruction expense so determined, when divided by the weighted average daily membership for the district shall be the actual instruction expense per weighted average daily membership.

http://weblinks.westlaw.com/result/default.aspx?cite=UUID%28N8C3FC3B082%2D9511DDBC56A%2D9589E5F8649%29&db=1000262&findtype=VQ&fn=%5Ftop&ifm=NotSet&pb=4BF3FCBE&rt=CLID%5FFQRLT75567024996&rp=%2FSearch%2Fdefault%2Ewl&rs=WEBL10%2E05&service=Find&spa=pac%2D1000&sr=TC&vr=2%2E0
Retrieved 6-9-10.

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(Including Source Data)

Actual Instruction Expense: definition, PA Dept. of Education, retrieved June 8, 2010.

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Pennsylvania School Boards Association



The PSBA Education Research & Policy Center is an affiliate of the Pennsylvania School Boards Association. The PSBA Education Research & Policy Center is dedicated to the purpose of in-depth research and analysis of issues affecting public education in Pennsylvania.

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