

PSBA SPECIAL REPORT: The Critical Need for Charter School Reform





Founded in 1895, PSBA is the voice for public education and the work of strong local school boards in the halls of the Capitol. The association is committed to supporting an effective child-centered public education that is adequately and equitably funded.

In October 2014, school directors voting at PSBA's Delegate Assembly selected four legislative priorities for the 2015-16 session of the General Assembly. This paper provides an in-depth discussion on the priority issue of enacting meaningful charter school reform.



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2015-16 PSBA Legislative Priority:

Enact meaningful charter school reform
to remove inequities within the system

Pennsylvania's current law allows charter schools to operate under separate rules. PSBA seeks to level the playing field between charters and traditional public schools. The state must enact comprehensive and meaningful reforms to the Charter School Law to address areas of charter school operations, funding and accountability. PSBA will seek changes that require charter schools and educational management organizations (EMOs) to be subject to the same laws and regulations that all public schools must follow, including the same financial, academic and ethical accountability standards as school districts.





SECTION 1

Pennsylvania Charter School Law: It's time to update to improve accountability

As the state's leader in public education, PSBA promotes high quality, locally driven public education for all Pennsylvania students. Charter schools are part of the public school equation and they provide an academic or lifestyle fit for a number of parents and students. Because PSBA ultimately has the interest of all Pennsylvania students in mind, its members support charter schools as an educational option as long as they do not impose financial hardships on taxpayers and provided that they are held to the same standards of academic performance, accountability and transparency that local school districts must uphold or that school districts are provided the same flexibilities as charter schools.

However, in the years since the charter school law was enacted, no updates have been made to bridge the gap between the *concept* of the charter school experiment in 1997 and the *reality* of charter school education in 2015. The only change to the charter school law was the addition of cyber charter schools in 2002. In the 13 years since cyber charters were approved, education, technology, and our knowledge of charter school education are significantly different, warranting a thorough examination of the law and updates to bring charter school requirements in line with the accountability required of all public schools in the commonwealth.

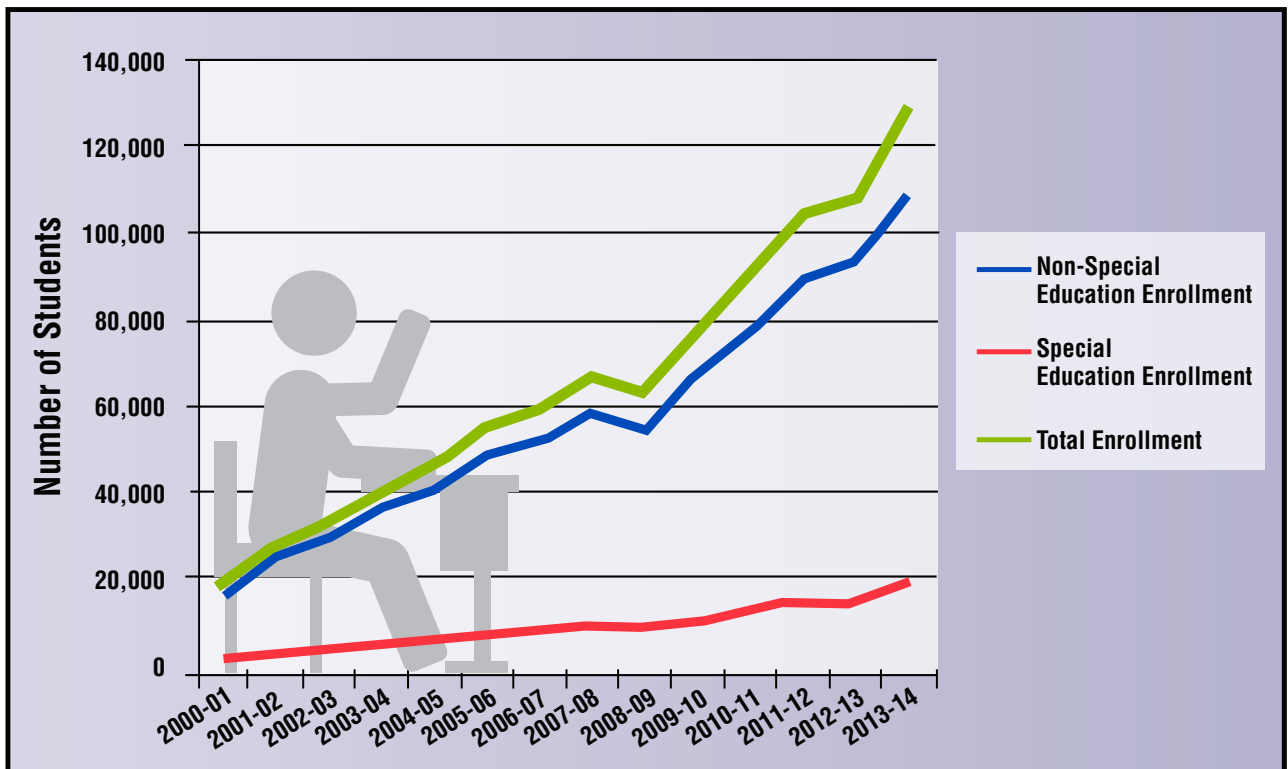
Since the inception of Charter School Law in 1997, the number of charter schools has sky-rocketed. Pennsylvania currently has 173 charter schools: 149 brick and mortar, 14 cyber and 10 regional charter schools

for a total of 173. The highest concentrations of brick and mortar charter schools are located in Philadelphia and surrounding counties, Pittsburgh, and the Lehigh Valley. With this, the state's student enrollment in charter schools also is growing.

Pennsylvania's Charter School Law began as an educational experiment and an outlet for innovation. Educators and lawmakers could not predict such growth or what public school choice would become, but they did anticipate that charter schools would serve as an educational model for all public schools in exchange for the additional flexibilities they enjoy. However, after 17 years of experience and only one change to the original law – authorizing the addition of cyber charter schools – it is time to examine where it stands, re-evaluate, and determine the future direction of charter school education in Pennsylvania. The following recommendations for charter school law reform will increase charter school accountability to both students and taxpayers, improve charter school governance and foster better equity among all public school children.

It is worth noting specifically that if a measure of accountability or mandate is not applied to charter schools because it is believed not to be effective, then PSBA suggests examining the effectiveness of that measure or mandate for school districts as well. What is good for one, is good for all; and, likewise, if it is not good for one, it is important to find a better way for all, rather than perpetuating a culture of broken systems and double standards purchased using taxpayer dollars.

Pennsylvania Charter School Enrollment, 2000-2014



Source: Pennsylvania Department of Education



SECTION 2

Advocating meaningful reform that is good for students, fair for taxpayers

PSBA's position on charter reform

Charter schools are public schools, but by their very nature, they have been designed through state law and regulation to be treated separately from traditional public schools. In many ways, charter schools, administrators, teachers and students are not held to the same level of accountability as their traditional public school counterparts. Pennsylvania's Charter School Law purposefully exempts charters from many of the state's statutory and regulatory requirements, creating an uneven playing field that has not led to a transparent, accountable or high-performing system of education, especially with regard to cyber charter schools.

Charter school reform continues to be an important topic of discussion with the goal of creating a fair and transparent charter school law. PSBA urges the General Assembly to enact these common-sense policy changes to the current charter school law in order to restore some balance to the current inequities in charter school/school district authority and accountability. The changes suggested will have an immediate, positive impact on student performance and accountability with respect to charter school students. Furthermore, the recommendations will help course-correct charter school performance and operations across the state and ultimately provide a better balance for the interests of parents, traditional public schools and taxpayers.

PSBA believes that the following improvements to Charter School Law must be enacted for meaningful charter school reform that will truly benefit students and their preparation for success.



SECTION 3

Accountability for Student Success Charter schools must have increased academic accountability

Part of making charter schools work in Pennsylvania includes holding these schools to a higher performance standard, putting them on the same playing field as traditional public schools, and holding them accountable for their academic results.

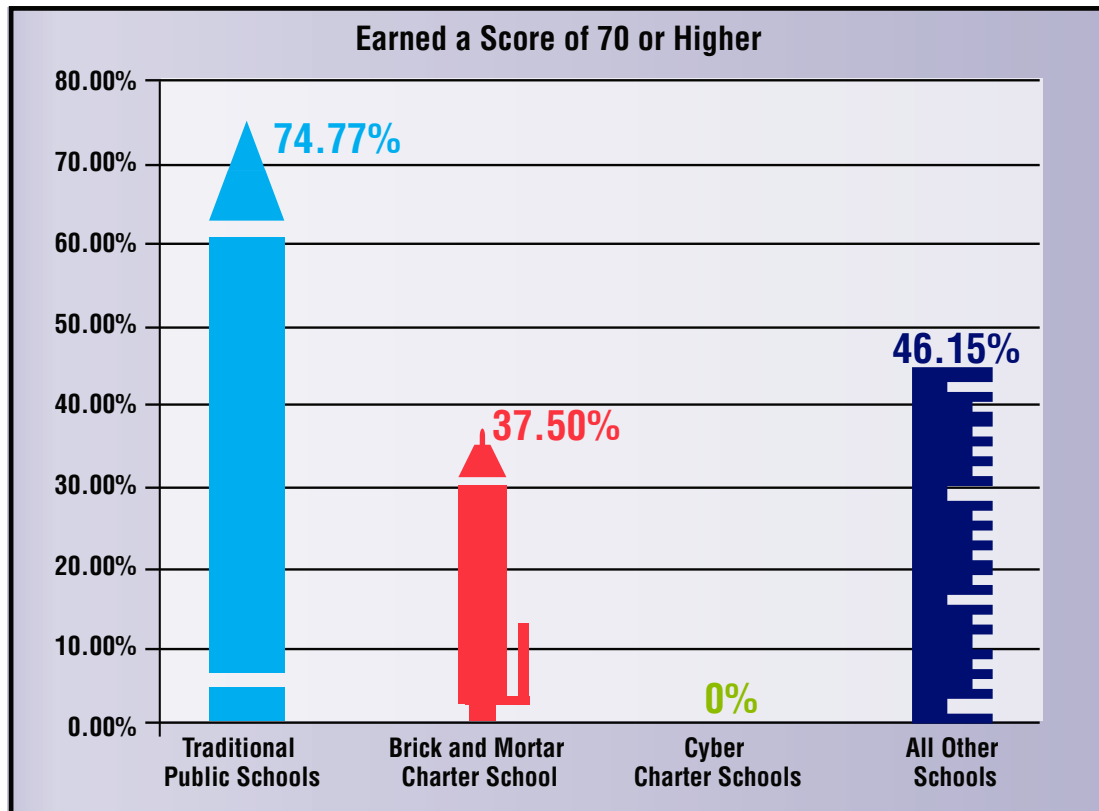
To ensure that charter schools are accountable to the taxpayers who are footing the bill, charter schools must be held to the same financial and academic accountability requirements as their traditional public school counterparts. Under Pennsylvania's system of rating the performance of its public schools using the School Performance Profiles, the results show that charter schools continue to academically underperform. These results must be considered before critical decisions are made. Are charter schools providing quality education for their students? How can charter school law be improved to guide charter schools to the right standards of accountability and ultimately required charter schools to achieve higher educational outcomes?

- Appropriate requirements and mechanisms for authorization, oversight and intervention, such as annual financial audits, fund balance caps, and a system of revocation for repeated failure to achieve academic performance, are needed to remedy funding and governance concerns.
- Administrators and members of a charter school board of trustees must be held to the same ethics and transparency standards that govern their counterparts at traditional public schools.

- Charter schools must be held to the same academic standards as school districts. Legislation that creates a separate performance matrix or other model to measure student success creates double standards and injustices for students. It is time to hold charter schools, especially cyber charter schools, accountable to a higher level for student performance.
- Critical factors to be included in academic performance assessment are the School Performance Profile (SPP) scores that every public school building (including all charters) receive, and the Federal Accountability Designation (Reward, Focus, Priority) that some Title I schools receive.
- Teacher evaluation systems for charter schools must be the same as teacher evaluation for traditional public schools. If it has been determined that the requirements Act 82 of 2012, which implemented a new statewide teacher evaluation system based on multiple measures of student performance, are inadequate and thus should not be applied to charter schools, adjustments must be made to the entire system to improve its effectiveness for all public schools, not just charter schools.

Looking at the 2013 SPP scores, **less than half of the brick and mortar charter schools met the benchmark score of 70** necessary to be moving toward success as defined by the Pennsylvania Department of Education, and none of the cyber charter schools met the mark. Only 37.5% of the 148 brick and mortar charter schools in Pennsylvania earned a score greater than 70. The highest score earned by any of Pennsylvania's 16 cyber charter schools was 66, meaning 0% met the benchmark score of 70. In contrast, **almost three quarters of Pennsylvania's public school districts met the benchmark that year.**

2013-2014 Schools Earning a School Performance Profile Score (SPP) of 70 or Higher



Source: Pennsylvania Department of Education



SECTION 4

Funding and Financial Reform Charter school funding formula must be revised

Pennsylvania's school districts are being asked to provide more services and increased educational opportunities for their students despite thinning resources. The cost of charter schools for districts continue to grow with no help from the state since partial reimbursements (which provided districts with about \$225 million in state funding each year for up to 30% of their charter costs) were eliminated in 2010-11.

The concept of charter schools was not only to provide another public school choice, but also a more efficient and less expensive model not bound by much of the bureaucracy required in the Public School Code. Charter school funding reform must return to the concept of efficient operations and achieving economies of scale, or cost-savings based on providing a service across a platform that can reach a large audience at once, especially with respect to cyber charter schools. Efficient charter school funding means basing tuition on the charter or cyber charter school's actual instructional costs, not on how much it costs to educate a child in the sending school district.

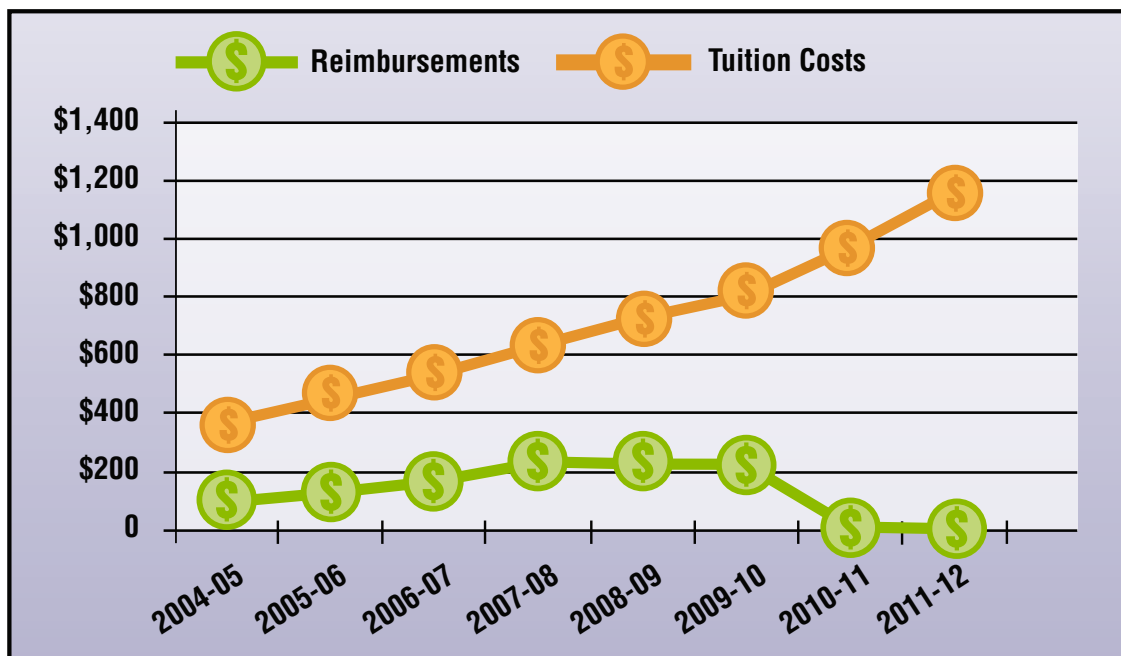
Under the current statutory funding formula, the basis of calculating the tuition payments has no basis in what it actually costs to educate a child in the charter school. School districts make payments to charter schools for each resident student who attends a charter school. The current state funding formula for charter and cyber charter schools bears no relationship to the actual instructional costs incurred by the charter schools. Rather, it is based on the sending school district's prior year budgeted expenditures per average daily membership minus certain budgeted expenditures of the district of residence. In order to balance competing financial

priorities in upcoming years, school districts must be afforded immediate relief from the flawed charter school funding formula.

By proposing these reforms to the current charter and cyber charter school funding formula, the cost of charter and cyber charter school tuition will represent a more balanced cost for school districts and will help to balance what can be spent to educate all public school children:

- The state should enact policy that significantly reduces or eliminates the financial burden of charter and cyber charter school costs on local school districts, accounting for the actual per student *instructional* expenditures of the charter and cyber charter school as confirmed by an annual financial audit. Funds received from school districts above the audited amount for educational costs should be returned to the sending districts.
- Where school districts offer a comprehensive online curriculum, cyber charter tuition should be capped at the school district's cost to provide online education. School district online programs should receive priority, and traditional school districts and taxpayers should not bear the burden of excess costs incurred by cyber charters above their district costs to provide online academic programs.
- In the case that the funding formula is revised and not completely replaced, significant changes must be made to more closely reflect payment for charter schools' instructional costs. Expand the list

Effect of Charter School Tuition on School District Finances Tuition Payments to Charters vs. State Tuition Reimbursements (in \$Millions)



Source: Pennsylvania Department of the Auditor General, "Pennsylvania Charter School Accountability and Transparency: Time for a Tune-Up"

Seventy-nine Pennsylvania public school districts paid more than \$1 million each to cyber charter schools in tuition in the 2013-14 school year.



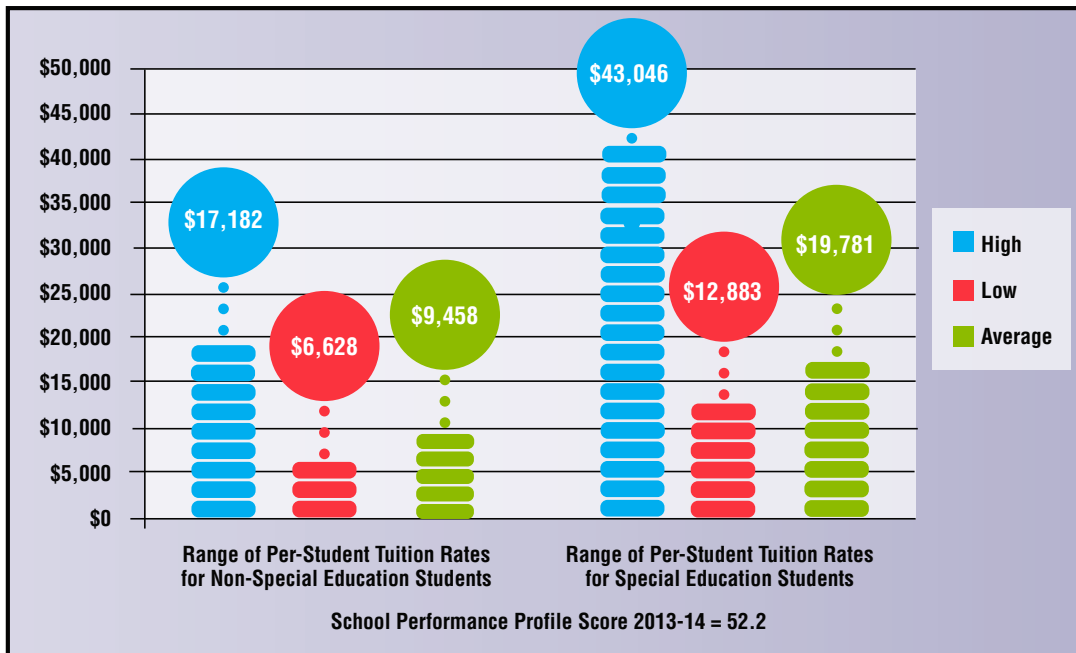
of costs that school districts can deduct from their total budgeted expenditures when determining the per student amount paid to a charter school. Under section 1725-A of the Public School Code, school districts may deduct their expenditures for nonpublic school programs, adult education programs, community or junior college programs, student transportation services, special education programs, facilities acquisition, construction and improvement services, and other financing uses. The list of deductions should be expanded by allowing districts to subtract their tax collection costs, grants, athletic funds and costs related to school-sponsored extra-curricular activities, and tuition to charter schools.

- Allow school districts to make additional deductions in calculating their payments to charter schools, particularly for services and programs that cyber charter schools do not offer, including costs for food services, library services and health services.
- Adjust requirements for the transportation of charter school students to reflect the resident district's transportation policy and limit the number of miles a school district that provides transportation must travel from a charter school student's home. If a school district chooses not to provide its students with transportation to school, it should also not be required to provide transportation to resident students attending charter schools. Likewise, if transportation is provided, transporting students outside of the district and across state lines should be prohibited.

Charter School Costs

	NET DISTRICT COST	% CHANGE
2003-2004	\$286,507,997.68	
2004-2005	\$364,052,873.54	21.30%
2005-2006	\$457,106,978.21	20.36%
2006-2007	\$434,026,584.00	-5.32%
2007-2008	\$459,637,556.00	5.57%
2008-2009	\$489,243,436.00	6.05%
2009-2010	\$578,053,318.00	15.36%
2010-2011	\$740,700,736.00	21.96%
2011-2012	\$1,145,248,954.00	35.32%
2012-2013	\$1,268,330,875.70	9.70%
	Total % Change since 2003-2004	77.41%

Source: Pennsylvania Department of Education



Source: Pennsylvania Department of Education



Commonwealth Connections Academy enrolled 8,037 students from 478 Pennsylvania districts in 2013-2014. The cyber charter school received 474 different tuition rates from sending school districts for non-special education students for the same educational opportunities. Furthermore, it also received 474 different tuition rates for special education students, without accounting for any of the necessary services actually provided to students. Tuition rates for students attending Commonwealth Connections Academy ranged from \$6,628 per student to \$17,182 per student for non-special education students, and \$12,883 per student to \$43,046 per student for special education students. On average, school districts paid \$185,012 each in total tuition payments for their students attending Commonwealth Connections Academy.



SECTION 5

Charter school funding formula for special education must be revised

Special education tuition to charter schools is over-funded, and this is unfair to the school districts and taxpayers who are footing the bill.

Special education funding is currently paid on a per-student basis for charter and cyber charter schools, with money transferred from the school district of residence for each eligible student. For school districts, funding is received from the state based on the assumed percentage of all children enrolled in the district needing special services prior to June 2014, with any funds added by the state after that time distributed according to a new formula based on three tiers of need. These three tiers of need were not applied to charter schools, however, and the district of residence currently continues to pay a charter school based on the formula in the charter school law which does *not* differentiate between students and their individual special needs.

A school district pays a charter school the same rate for each special needs child, based on the school district's prior year expenditures, regardless of student differences in educational need, cost or services provided. This means a school district pays the same amount to a charter school in tuition for a child needing speech therapy once a week as it does for a child needing a full-time support aide, personal care and health services, special instructional materials, furniture and equipment or specialized buses for transportation services. Additionally, compared to school districts, charter and cyber charter schools on average enroll relatively few students with high special education costs and, therefore, charter schools

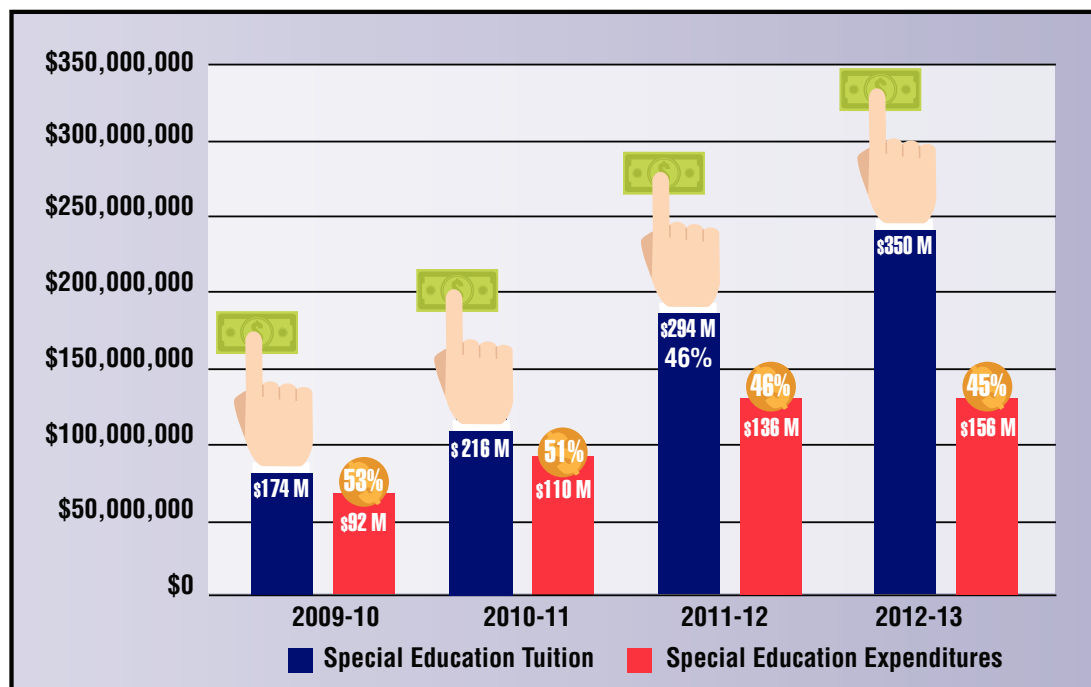
generally need a lower tier cost reimbursement, yet still receive a full special education tuition amount.

In real dollars, the current special education tuition rates paid to charter schools by school districts ranges from just over \$12,000 per student in one school district to over \$43,000 per student in another. The payment does nothing to account for the cost of providing services to those children, yet state funds appropriated to school district do. Furthermore, the actual percentage of the total special education revenue charter schools receive from school districts has been declining since 2009.

PSBA advocates for the following changes to help to correct this inequity:

- The funding received by charter schools for special education should be subject to the three-tier formula enacted in 2014 at the recommendation of the Special Education Funding Commission and capped at actual costs. The charter and cyber charter school funding formula for special education differs from the formula used to calculate school district special education subsidies and again is based on the student's district of residence's special education expenditures for the prior school year. PSBA believes that payments school districts make to charter schools for special education services should be made based on the new special education funding formula, such

During the 2012-13 school year, school districts **sent charter schools more than \$350 million in special education tuition**, while charter schools only spent approximately \$156 million on special education, leaving them with **nearly a \$200 million profit.**



Source: ELC, PARSS, PASBO, PASA, PSBA and PPC, "The Facts on HB 2138 and SB 1316"

that funding received is a reflection of the student's disability and educational needs, and that ultimately, the funds sent by a school district to a charter school for each special needs student are capped at the actual cost of the special education services the charter school provides to that student. Applying the special education funding formula to charter schools' special needs students would decrease the tuition amount they receive for low-need students, and it would actually increase the amount they receive to educate high-needs students.

- Charter schools should be required to report to the school district annually the actual cost of the special education services provided to each special education student of residence. Where the school district has paid the charter school in excess of the cost of the actual special education services provided to resident students, the charter school should be required to refund the excess to the school district.
- When a charter school identifies a student as a special education student, the school district of residence should have the power to administer and deliver the educational services the student needs in lieu of paying the special education tuition rate to the charter school.



SECTION 6

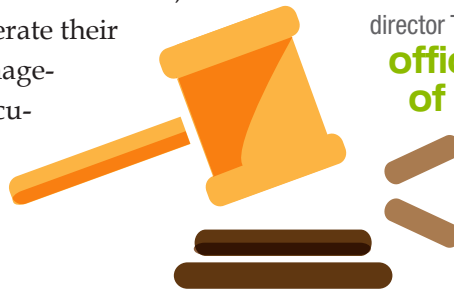
Governance and Transparency

Charter schools must be held to higher levels of governance accountability and transparency

Charter schools are publicly funded with taxpayer dollars, yet unlike school districts, they have a great deal of flexibility within the law to determine their own operations as non-profit school entities. Charter school law does not provide much guidance on financial, governance or operational requirements, and thus there have been numerous instances where charter school operators were found to be taking advantage of their authority at the detriment of Pennsylvania's students and taxpayers.

Operational and financial accountability and transparency measures are lacking in the current law. Governance and many records not required to be posted publicly, unlike the public governance process of school boards. Charter schools are privately managed by boards of trustees that vary in number and may set their own rules of operation. As well, they often contract with for-profit companies to operate their schools. These for-profit companies, education management organizations (EMOs), operate, provide curriculum and courses, and offer other services to charter schools. They are not subject to the transparency and accountability measures required of school

The Pennsylvania Open Records Office reported to the State Senate in 2013 that they received 239 appeals in cases where **charter schools had either rejected or failed to respond to requests for public information under the Right-to-Know Law.** Former executive director Terry Mutchler said that **the office ruled in favor of charter schools on only six (2.5%) of those appeals.**



In researching Pennsylvania's cyber charter schools, Temple University Law Professor Susan DeJarnatt found that PA Cyber Charter School created its own non-profit organization called the National Network of Digital Schools (NNDS) to manage its schools. She uncovered that **PA Cyber pays NNDS more than \$30 million each year for the rights to curricula that PA Cyber actually originally developed.**

(<http://www.newsworks.org/index.php/local/education/63557-temple-prof-pa-cyber-charters-turning-huge-profits-sending-tax-dollars-out-of-state>)

districts and other local governments, despite being paid with taxpayer money. The profits made by such companies are unknown because contracts and invoices paid by charter schools are kept private and sometimes charter schools themselves do not comply with applicable transparency laws. Contracts and other records must be available for public review and charter school operators must be held to the same standards of transparency as public school districts.

In order to hold charter school operators to a higher level of accountability for the families they serve, charter school law must include the following requirements:

- Charter schools, like traditional school districts, must be held to higher governance standards. Charter boards of trustees are not elected by citizens nor subject to the laws governing public school boards. Rules must be applied that guard against conflicts of interest and specify appropriate board of trustee size, composition and required rules of governance.
- Charter schools, which are subject to Pennsylvania's Open Records Law, must be held accountable for their responsibility to operate openly and transparently by responding in a timely manner under the law to Right-to-Know requests, or face a penalty for noncompliance.
- Pennsylvania Sunshine Law requirements must be applied evenly to charter schools. Board meetings and other operations must be advertised to the public and held in a public forum.
- The budget adoption process and all related documents should be public.
- CEO and board member payments and bonuses must be prohibited to be paid by taxpayer dollars.
- Education Management Organizations (EMOs) that contract with charter schools should be subject to laws restricting the amount of taxpayer money made as profit from overhead in charter school service contracts. Additionally, contracts with EMOs and other related documents should be subject to the Open Records Law with enforcement, timeline for compliance and penalties for inaction.



SECTION 7

School districts deserve proper due process in making charter school payments

PSBA believes that school district payments to charter schools must be transparent and based on accurate information from the start. In cases where inaccuracies occur, there should be a set process for resolution before a charter school is paid an incorrect amount of money. Because school districts want to verify enrollment prior to sending payment, sometimes delays occur when there is a dispute over where a child is enrolled and in which district they reside. However, charter school operators argue that cash flow is problematic and have requested direct payment from the Department of Education from district funds. Proposals to establish direct payment from the Department of Education have so far made attempts to shorten the time period for, if not circumvent, a district's ability to verify correct payment. Further, they have placed the entire burden of proof and production on the school district, rather than the invoicing charter school, in the case of disputes.

In addition to the cash flow problems that could result from inaccurate invoices, direct payment to charter schools could also stifle districts' abilities to access capital markets or finance debt due to undermining the borrower's confidence. Resolving invoice inaccuracies through hearings would be time-consuming and very costly. In addition, no money is held in escrow when a dispute on payment ensues, so even prevailing districts could have difficulty recovering their funds. These effects may seem insignificant in light of larger and/or wealthy districts, but could be devastating to small or financially distressed school districts.

PSBA maintains its longstanding position that if a direct payment system is established, school districts must receive proper due process in making charter school payments, rather than simply having the Department of Education deduct funds based on a charter school's enrollment list due to the possibility of errors in enrollment, residency, or other factors that affect appropriate tuition payments. Likewise, school districts also deserve proper due process in contesting a tuition invoice. The burden of proof for any inaccuracies or overpayments should belong to the charter school, not the school district, in proving the invoices and documentation it produced are valid and accurate. To do otherwise creates disincentives to the district to dispute even egregious subsidy deductions, due to the cost and difficulty of recuperating the funds.

- School districts must receive the invoice for review prior to the date of payment with proper documentation from the charter school for each enrolled resident student of the district. No direct payments should be taken directly from the school district's funds without advance notification from the charter school to the district or without giving the district ample opportunity to review the invoice and check for accuracy.
- Legislation must afford districts at least a 30-day period prior to the date of payment to review the invoice and documentation from the charter school and to have the opportunity to appeal the invoice prior to the payment deduction.
- If a school district appeals the invoice provided by the charter school, tuition funds should not be withdrawn from school district fund, or at a minimum, should be held in escrow, until accuracy has been confirmed, or a revised invoice has been sent to the district.
- Improvements need to be made to the appeal hearing process within the Department. Currently, hearings to resolve disputes are costly and take a lot of time. School districts and charter schools alike deserve access to proper due process, but school districts often avoid this route to resolving errors because it is more costly than overpaying an inaccurate invoice. Both options, however, result in undue expenses for taxpayers.
- Provisions need to recognize and alleviate adverse impacts on school district debt service intercept and bond ratings, school district cash flow, and should clarify that school district debt service must receive priority over direct payment for charter school debt service.



SECTION 8

Charter schools must have financial accountability to the school districts, and ultimately the taxpayers, that fund them

Because school districts are a taxing authority at the local level, they must be accountable to the taxpayers in their communities. Passing budgets, paying for programs, personnel and buildings, and other financial decisions are all subject to public scrutiny. School directors' positions are elected and as such, directors can be replaced if voters are unhappy. Charter schools, on the other hand, have no direct accountability to taxpayers in the districts that fund them and, therefore, charter school law should be updated to implement measures that ensure charters schools must also be good stewards of taxpayer dollars.

- In an attempt to increase the financial accountability of charter schools to their authorizers, PSBA believes that legislation should require the Department of Education to implement an audit process for these schools to determine the actual costs of providing regular and special education services to students.
- Charter schools should be required to conduct an annual year-end audit of their instructional costs and reconcile their actual costs with the payments received from school districts so that money will be refunded back to school districts if overpayment occurred.



- Certain costs, such as advertising and the costs of bonuses provided to administrators or members of the board of trustees, should not be considered instructional costs. Just like school districts, charter schools should be accountable for their use of public dollars in a responsible manner.
- Charter schools should have undesignated fund balance limits that match school district fund balance limits. Excess funds should be returned to the school districts from which overpayment was made.
- Charter schools must have a requirement to release financial information to the public. This includes public disclosure of the cost and overhead paid to for-profit educational management organizations and other for-profits contracted for products or services by charter schools.
- To hold charter schools accountable to these financial transparency provisions, a penalty should be added for noncompliance.

(<http://integrityineducation.org/pa-charter-fraud-release/>)



SECTION 9

Authorization and Oversight

Provide school districts with the authority to improve charter application approval and oversight practices

School districts and school directors want a quality education for all of the students in their districts and across the commonwealth. Ensuring that students attending charter schools also get the education they deserve is especially important to school districts that authorize charters. However, charter school law gives little explicit authority to school districts in terms of charter school authorization and it is equally limited in the guidance it provides for oversight of those charters. Stronger guidance is necessary to ensure that charter schools are held to high academic and operational standards.

- Strengthen the authority of local school districts and school directors to exercise their legal responsibility of charter school oversight.
- A standard application to become a charter school could assist all school districts. However, as the authorizing and oversight entity, districts should have the ability to supplement it with items they believe add value to making the chartering decision, such as more comprehensive instructional plans, enrollment and growth plans, teacher, student or financial accountability, or information that is pertinent to the local community.

- The implementation of a standard application should include provisions outlining an annual review of the standard application and process for revisions sought by school districts.
- School districts should have the explicit authority for wholesale denial of applications that are incomplete. Furthermore, a one-time revision limit should be placed on a charter applicant returning to the school district with a revised application.
- Charter school law should specify that a charter may not be changed during the course of its term.
- The charter renewal process needs to be standardized and refined with an explicit application and process with student performance data being at the forefront of requirements to renew. Financial stability of the charter school must also be taken into consideration to provide educational stability for students. Relevant financial and student achievement information must be available to school districts on an ongoing basis for this purpose.
- Charter renewals should only occur for charter schools whose students are meeting certain academic benchmarks and whose administrators are regularly in compliance with federal and state laws and regulations. Statutorily allowing for a multi-year renewal of an underperforming or noncompliant charter is irresponsible for the students they serve. It is important to ensure that local school boards have the tools and resources to authorize and oversee high-performing charter schools and, likewise, that they have the resources and authority to revoke charters for low-performing charter schools.
- With respect to low-performing charters, a remediation process and timelines for compliance should be implemented to give charter schools a chance to improve student performance prior to charter revocation.
- The charter appeal board should remain balanced and unbiased with equal representation of school districts and charter schools. Lawyers currently estimate that decisions made by the charter appeal board are balanced and fair, indicating it is playing an adequate role in settling appeals. Adding additional representatives is unnecessary and would offset the current balance of the board.



SECTION 10

Empower charter school authorizers to enhance oversight practices

PSBA supports charter schools, provided they are authorized by and accountable to the school boards in the communities where they are located, or accountable to the state in the case of cyber charter schools. With respect to authorizing brick and mortar charter schools, school districts act responsibly and conscientiously in authorization and oversight. However, more resources are necessary to the strengthen the ability of both school boards and the Department of Education in their oversight and efforts for the overall improvement of charter school operations.

Providing additional local control for school board authorizers and ensuring that the Department of Education fulfills its oversight duties will result in great improvements and lead to better student outcomes.

- The local school board should determine accountability, such as selecting the criteria that will be used in establishing and renewing the charter.
- Authorization and oversight for brick and mortar charter schools should remain a local matter and not be transferred to the Department of Education or any other entity. School directors, elected by the local taxpayers, are best equipped to make decisions regarding the education needs in their districts.
- Local school boards should retain the authority to revoke or deny renewal of the charter of any school that fails to meet criteria set forth in the charter or as otherwise specified, including but not limited to a requirement that charter schools demonstrate improved student achievement.

- Clarify in statute if charter amendments are to be permitted and provide an annual deadline and other substantive and procedural requirements, including appeal and ample timeframe for decision-making, for amending a charter through the local school board.
- Provide annual funding for PSBA to develop and implement resources for authorizing school districts, potential authorizing school districts and the Department of Education that would:
 - Offer a formal education and resource program in charter school authorization and oversight;
 - Provide guidance on statutory provisions and regulations that hold charter schools accountable to students, school districts, and taxpayers; and,
 - Enable the development of comprehensive charter remediation plans that would empower districts, the department, and the charter schools within their authorization portfolios to achieve better academic and operational results.
- Increase the accountability of cyber charter schools through requiring the Department of Education to become more involved in their cyber charter oversight responsibilities.
- Limit any provision allowing the formation of multiple charter organizations to specific circumstances.
 - Only allow high-performing charter schools to consolidate into an organization for the purpose of being managed by a single board of trustees and a single administrator, rather than having a board at each school.
 - Require the approval of each school district that granted the initial charter of any charter school included in the proposed consolidation and clarify that each of the consolidating charter schools remain individually under the oversight of its initial authorizing board of school directors.
 - Clarify that the terms or conditions of individual charters remain applicable, as well as the ability of local school districts to approve or deny the individual charters.



SECTION 11

Mutually agreed-to charter school enrollment caps should be maintained.

The ability to place enrollment caps in a charter agreement allows for responsible management of the flow of students into and out of charter schools, and, thus, better ability to plan for both school districts and charter schools. Uncapping enrollment counteracts managed growth plans for all schools and is irresponsible because it would create operational and financial instability without keeping the best interest of students at the forefront of decisions.

This educational instability might be seen in large fluctuations in student enrollment in the local district, for example. And it would, therefore, adversely impact educational programming as the district would have to quickly adjust to such changes in enrollment. Furthermore, lack of any type of enrollment cap on the charter school is detrimental to the enrollment procedure specified in Section 1723-A of the charter school law that requires a charter school to randomly select students from a lottery to fill the number of attendance slots available. Therefore, a definitive enrollment cap must be agreed upon for the charter school to fulfill this obligation.

- Current enrollment cap provisions, which can be added to a charter if both the authorizing school district and the charter applicant mutually agree, are fair and should remain intact.

Since students rarely leave a school district to attend a charter school in neat groups of 25 from each grade, districts cannot reduce costs proportionally. Consequently, the school district cannot furlough staff, close classrooms, reduce transportation or reduce its debt payments as a result of having a few less students enrolled.

Furthermore, according to the Philadelphia Public School The Notebook, **20 Philadelphia charter schools are at least 10 students over their agreed-to cap and four are exceeding their cap by more than a hundred students.**

Throughout the city of Philadelphia, charter schools are collectively enrolling an additional 1,500 students above their agreements, at the taxpayers' expense. Of the 10 most over enrolled Philadelphia charter schools (24 or more students above their cap), **only one met the academic benchmark School Performance Profile score of 70 last school year.**

Source: Pennsylvania Department of Education; Philadelphia Public School The Notebook: <http://thenotebook.org/blog/146880/citys-charter-enrollment-swells-67000-many-charters-exceed-enrollment-caps>



Conclusion

PSBA stands for stronger school boards, stronger schools and a stronger Pennsylvania, and promotes high quality, locally driven public education for all Pennsylvania students. Contrary to some popular belief, PSBA is not seeking to abolish charter schools, but rather, work with the goal of improving educational outcomes and success for all public school students and do so in a way that is responsible and accountable to all local taxpayers.

PSBA's common-sense policy recommendations to the current charter school law will restore some balance to the current inequities in charter school law. Ultimately, these improvements will lead to increases in student learning outcomes and success at charter schools. Furthermore, PSBA believes the changes recommended will have an immediate, positive impact on school district academics, operations and finances by restoring some of the flexibility in how they manage programming and budgets, and will help course-correct charter school performance across the state.



The Pennsylvania School Boards Association is a nonprofit statewide association representing the 4,500 elected officials who govern the commonwealth's public school districts. PSBA is a membership-driven organization that is pledged to the highest ideals of local lay leadership for public schools. We work to support reforms for the betterment of public education and to promote the achievements of public schools, students and local school boards.

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