

June 15, 2021

Senate of Pennsylvania

Re: Senate Bill 1

Dear Senator,

After careful review, and on behalf of our 4,500 publicly elected members, **we are writing to express continued opposition to Senate Bill 1 as amended by the Senate Education Committee today** due to the fact that it does not adequately address the critical need for charter school funding reform and creates an automatic escalator to the Educational Improvement Tax Credit (EITC) and Opportunity Scholarship Tax Credit (OSTC) programs which will shift precious resources away from the majority of students in the Commonwealth.

While Senate Bill 1 has now been amended to remove provisions relating to a statewide authorizing commission which undermined local control and oversight, the amended bill still does not adequately address much-needed charter school funding reform.  As amended, the bill would now create minimal cyber charter school savings by providing school districts with what amounts to a savings coupon to be deducted from the tuition rates for regular and special education students who attend a cyber charter school.

These savings coupons will do little to help school districts struggling to balance their budgets under the strain caused by ever-increasing mandatory charter school tuition payments.  Based on some preliminary estimates that we have seen, savings for the average school district will amount to only $39,000 (or 1.7%) off their entire cyber charter tuition bills in the first year under the program.  Despite coupon amounts increasing in the second and third years under the amended bill, those increases will not keep up with the current and anticipated increases in charter tuition rates school districts are experiencing due to increases in mandatory expenses such as pensions, charter school tuition, and special education, not to mention the impact of the migration of students to cyber charter schools due to the COVID-19 pandemic.

Once again, Senate Bill 1 misses the mark of achieving substantial and dynamic funding reform by ignoring the recommendations of the Legislature’s own bipartisan Special Education Funding Commission to implement a tiered funding system for special education students enrolled in a charter school, and further fails to implement a single statewide tuition rate for cyber charter students.  Implementing these recommendations would save taxpayers hundreds of millions of dollars.  As a result, Senate Bill 1 would not change the fact that school districts pay widely varying tuition rates for students receiving the same cyber charter school education.  In the current school year, tuition rates vary by as much as $13,000 for regular education and $35,000 for special education. The amended bill would also do very little to correct the fact that school districts are overpaying cyber charter schools for special education, and completely ignores brick-and-mortar charter school special education funding.  As far back as 2016, PSBA was able to verify that school districts paid charter schools more than $101 million dollars for special education than charter schools reported spending on special education.

Because of the uncorrected flaws in the charter school funding scheme, tuition costs are now the top-rated budget pressure among school district leaders. The cost of this mandate forces school boards to raise local property taxes and/or cut programs and opportunities for students in district schools in order to afford the ever-growing tuition payments to charter schools.  Without substantially addressing the priority of charter school funding reform, including an efficient and fair reconciliation process, Senate Bill 1 will not provide any real relief for school districts or taxpayers.

PSBA also has concerns with the provisions in Senate Bill 1 related to the unprecedented expansion of the EITC and OSTC programs. If the goal of the EITC and OSTC programs is to help students in struggling schools, expanding the program would shift much-needed resources away from schools that need it the most, which the majority of Pennsylvania parents do not support. In a recent statewide survey, parents were asked how to best help students in struggling schools, 63% of parents said that they supported providing additional resources and supports to the struggling schools.

Traditional public schools that educate roughly 90% of the children in Pennsylvania continue to fight for minimal increases in state education funding every year, despite Pennsylvania ranking near the bottom (44th out of 50 states) in terms of the state’s share of education revenue.  Comparatively, Senate Bill 1 would take programs that currently costs $185 million (EITC) and $55 million (OSTC) this year and grow them to a combined $1 billion in five years, $3 billion in 10 years and $8.5 billion in 15 years.  At a time when the state’s economy is only just starting to recover from the COVID-19 pandemic and the Independent Fiscal Office is projecting multi-billion-dollar state revenue deficits over the next several years, PSBA has concerns with such a drastic increase when difficult state budgets as well as increasingly restrictive school district budgets lie ahead in the foreseeable future.

Given these significant issues, PSBA remains opposed to Senate Bill 1 and hopes the Senate will engage with stakeholders to develop legislation that addresses charter school policy and funding reform in a comprehensive manner.  Recently, PSBA created a Charter School Task Force to study and make recommendations for meaningful charter school reform.  The Task Force outlined eight specific recommendations for reforming the 24-year-old law which can be found in this [**Report**](https://www.psba.org/wp-content/uploads/2021/05/PSBACharterTaskForceReport.pdf)**.**