



Testimony on
Senate Bill 904, Charter School Legislation
Presented to the Senate Education Committee
by
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Good morning, my name is Tom Gentzel and I am the Executive Director of the Pennsylvania School Boards Association. On behalf of our members, we appreciate this opportunity to speak before the committee regarding cyber and charter school expansion as proposed under SB 904.

Let me begin by stating for the record that PSBA supports these schools as a means of creating choice within the public school system, and our members continue to believe that cyber and charter schools can play an important role in public education. Yet, as experience over the years has demonstrated, there are serious problems with the implementation of the current laws that authorize cyber and charter schools. The need for reform is pressing, and PSBA urges the General Assembly to enact legislation to correct these deficiencies as soon as possible, particularly in the areas of creating new charter schools, funding, and meaningful accountability. In addressing these issues, it is critical to remember that students and schools will have to live with any reforms that may be enacted for years to come. For this reason, I offer these comments and concerns with a number of issues under SB 904.

Creating new charter schools

SB 904 establishes a new state commission to authorize the creation and renewal of charter and cyber charter schools, oversee the performance and effectiveness of these schools, enforce the timely payment to charter and cyber charter schools and ensure that these schools comply with federal laws and regulations regarding children with disabilities, among other powers and duties. Generally, this commission would be the authorizer of all cyber and charter schools in the state; other language in the bill allows the governing board of an institution of higher education to be an authorizer of charter

schools. However, the commission is the only authorizer of a cyber charter school. In any of these instances, however it is true that the authorizers would have no direct connection to the local communities that they will affect.

- **This legislation would permit the expansion of charter schools without involvement from local communities, yet school districts would still be responsible for funding them since payments for charters would be taken from school district subsidies.** If charters are truly intended to inspire innovation and best practices for adoption by traditional public schools, why remove the authority for their sponsorship from the local school districts in which they are to be located?
- **This new state commission, which would have exclusive review of all charter applications, would be funded in part from fees assessed to cyber and charter schools.** This is a conflict of interest since it creates a financial incentive for the commission to approve more charter applications in order to fund itself.
- **The duties of this commission extend far beyond considering charter school applications.** Will the members of the proposed commission be education experts who are qualified to determine the performance and effectiveness of these schools? How will they assess whether a charter school is meeting its goals? Will they consider comments from local school officials, parents, students, and the public? How will the commission ensure that schools are complying with specific laws and regulations? Who will provide oversight of this commission, and what would happen if it were found to be out of compliance with its rules?
- **What process is there to shut down a failing charter school or a charter school that has legal violations?** Can taxpayers, parents and students initiate that process?
- **Why are districts forced to provide unused buildings to charter schools that request use?** SB 904 requires school districts to make any of their unused facilities available to charter schools or associated nonprofit corporations/foundations.

Funding Concerns Under SB 904

Currently, almost all funding for cyber and charter schools is provided by local school districts, which places a significant financial burden on districts' resources. PSBA firmly believes that the top priority should be to ensure a less costly, fairer, and more predictable charter school funding formula that empowers PDE to control and reimburse cyber charter schools for selected expenditures, but not their total expenditures. This is of the utmost importance, particularly in light of the elimination of

charter school reimbursement for school districts this past budget cycle. **Unfortunately, SB 904 does not provide funding reform in any meaningful way. In fact, it delays funding changes that should be considered prior to passage of any charter school expansion bill.**

- **SB 904 makes no changes to the current funding formula for regular and special education students, and this is a major concern. However, the bill does change how payment to charters is made, and this is another area of deep concern.** Payments to charters would be made directly from the Department of Education, rather than from districts, with an estimated amount automatically deducted from a district's subsidies. Although a district can challenge payments made as inaccurate, the district bears the burden of proof and a hearing cannot be held until after the deduction and transfer of funds is made the charter or cyber charter school. Shouldn't the cyber or charter school have to verify and justify its expenses? Would these schools be required to return overpayments? Are there guarantees that the districts would receive any funds due in a timely manner?
- Rather than offering meaningful funding changes, the bill instead calls for the Department of Education to convene a statewide funding advisory committee of legislators and political appointees to examine the financing of charter schools and cyber charter schools in the public education system. **This new state committee would make recommendations that may or may not translate into subsequent legislation for funding reform.**
- There are no requirements for this advisory committee to consider or research the impact of charter school funding on overall funding for public schools or the impact that any particular recommendations may have on school district budgets.
- **Until any future legislative changes would be made, and there is no promise that would happen, school districts will be forced to contribute local tax dollars for charters located in their community that are neither authorized by the school districts nor supported by local voters.**
- We would also note that while **this bill attaches truancy compliance responsibilities to school districts. If the student is enrolled in a cyber or charter school then we would propose it is the cyber or charter school's responsibility to ensure that child is attending its classes, performing his academic responsibilities and enforcing the truancy laws if the child does not attend class as required by law.**

Funding Issues That Must Be Addressed

There is a mistaken perception offered by proponents that districts realize savings when students transfer to charter schools. However, according to a study released in October 2010 by PSBA, 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. The truth is that charter schools can and do add expense for a school district.

- **The electric bill still has to be paid! Districts don't save money when students attend cyber or charter schools, in part, because their fixed costs remain.** Students of the same age do not leave districts in neat groups of twenty to attend charter or cyber schools. Therefore, districts are not able to reduce teacher staff, building space and materials. Transportation routes remain unchanged so the number of drivers, buses and fuel costs remain the same.
- Furthermore, many of the students who choose to attend cyber and charter schools may have previously been home-schooled or enrolled in non-public and private schools, representing an entirely new expense for school districts.
- **Currently, cyber school costs are being paid with local tax revenues with no regard to the fact that the actual costs for the cyber-charter school education is often a lower figure than the rate paid by the school district.** For example, according to PDE, for the 2010-2011 school year, the charter school selected expenditures per ADM ranged from a low of \$6,752.04 per student to a high of \$16,915.85 per student even though students from both districts attended the same cyber school and presumably received the same education.

Accountability

Appropriate mechanisms for authorization, oversight, and intervention of charter schools are needed to remedy not only funding and governance concerns, as well as to establish and maintain financial and academic accountability. Pennsylvania enacted charter school legislation that exempts them from laws governing regular public schools because of advocates' claims that they would allow for new and better teaching innovation and those practices would be shared. Cyber and charter schools have not fulfilled that promise; many struggle with poor student test scores, legal violations, and questionable leasing and management agreements.

- **Language under SB 904 regarding a cyber or charter school board of trustees is a good start but needs further refinement.** The definition of "immediate family member" needs to be broadened and should be applicable to existing as well as new charter schools. Language

also should be added to specifically prohibit state commission members from serving on charter boards. PSBA supports language under SB 904 that requires charter authorizers to annually assess whether a school is meeting its goals. Additionally, every charter school must form an audit committee that would review a certified financial audit conducted by an independent CPA. The certified audit would be a public document. While these self-imposed checks are a good step, the bill does not require the authorizing commission or state auditor general to conduct their own audits of cyber and charter schools. Rather, SB 904 simply states that charter schools “may” be subject to an audit by the commission or auditor general.

- **Regarding academic accountability, the bill calls for cyber and charter schools to be “treated in the same manner as a school district” for purposes of compliance with the adequate yearly progress requirements under the No Child Left Behind Act. This language is vague and needs clarification.** PSBA suggests that the bill require cyber and charter schools to comply with the same financial and academic accountability standards and be subject to the same penalties and mandates as school districts. Another approach would be to provide flexibility for all of these entities by relieving school districts from those same mandates and penalties.
- **SB 904 provides for an initial charter term of five years and then a 10-year renewal period upon reauthorization, but does not heighten the oversight and review process.** A 10-year renewal decreases transparency and accountability to the public; a five-year renewal would be more reasonable if there are not going to be safeguards instituted to ensure student achievement. As written, it is possible that a charter would be reviewed and revoked only after the 10-year period. Perhaps a system of renewal could be created that would include differentiated renewals based on the school’s assessments and audits.
- **While the bill mandates a comprehensive review prior to granting a 10-year renewal, this is not enough.** Consider: Should specific language be included that would automatically require a review of consistently low-performing schools? Should provisions be included that would place restrictions on a low-performing cyber and charter schools from enrolling students?

What the Research Says

While there are examples of highly effective charter schools, such examples are not representative of charters as a whole. **The research shows that students in many charter schools have significantly lower learning gains.**

- The foremost national study of charters conducted by the Center for Research on Educational Outcomes (CREDO) at Stanford University in 2009 found that only 17% of charter schools, which enroll over 70% of the nation's charter school students, across 16 states were more effective than the traditional public school their students would have attended. By contrast, students in 37% percent of charter schools performed worse than if they remained in their traditional public school, while in 46% of cases there was no difference. So overall, **the research shows that 83% of charter schools are no more effective than their neighborhood traditional public school.**
- **Also in 2009, PSBA released its own study on charter school performance that for all years analyzed, individual student performance by grade level of charter school students was significantly below that of traditional public school students.** Cyber charter schools in Pennsylvania appeared to be significantly underperforming both traditional public schools, as well as their "brick and mortar" charter school peers.
- **More recently and specific to Pennsylvania's charter schools is CREDO's report issued in April 2011 showing that, compared to the educational gains the charter students would have had in their traditional public schools, students in Pennsylvania charter schools on average make smaller learning gains.** More than one quarter of the charter schools have significantly more positive learning gains than their traditional public school counterparts in reading, but their performance is eclipsed by the nearly half of charter schools that have significantly lower learning gains. In math, again nearly half of the charter schools studied perform worse than their traditional public school peers and one quarter outperform them. The research also found that performance at cyber charter schools was substantially lower than the performance at brick and mortar charters with 100% of cyber charters performing significantly worse than their traditional public school counterparts in both reading and math.

In closing, I thank you again for this opportunity to discuss proposed changes to the laws governing cyber and charter schools and a few of our suggestions. We can agree that many aspects of the law created over a decade ago is in need of change, but urge you to consider these issues with extreme deliberation prior to moving SB 904 or any other charter school legislation.