

**Testimony to:  
Pennsylvania Auditor General Eugene DePasquale**

***Charter Schools in Pennsylvania***

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Fairless Hills, PA**

**Presented by:  
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General DePasquale.

Good afternoon, and thank you for the invitation to offer testimony today on the subject of charter schools.

I am Ron Cowell, President of The Education Policy and Leadership Center (EPLC). EPLC is an independent, non-partisan, and not-for-profit organization based in Harrisburg with public policy and leadership development programs and activities throughout Pennsylvania. Our purpose is to improve the development and implementation of state-level education policy.

Thank you for considering a subject that is very important to many thousands of Pennsylvania's students, to Pennsylvania's 500 school districts, and to all taxpayers across the Commonwealth.

In many ways, it is a subject often discussed by state lawmakers, but one that has many issues not sufficiently addressed. Increasingly, as the stakes grow for Pennsylvania's students and taxpayers, it is a subject that demands attention sooner rather than later.

Your series of hearings is nearing completion, and you have heard many hours of testimony. I won't attempt to discuss all of the important issues that need to be considered, but I do want to highlight a few observations and recommendations that I believe should be emphasized.

When the charter school legislation was initially considered and enacted by the Pennsylvania General Assembly in the late 1990's, I was a member of the House of Representatives, and there were two major purposes envisioned for a charter school law in the Commonwealth.

First, it was intended that the opportunity to establish this new kind of public school would create additional public school choices for Pennsylvania students and their parents. Whether parents and students were dissatisfied with the quality of their existing public school options, or simply were looking for a school that offered a different content or focus or school culture, the creation of one or more charter schools in their community would give them additional choice.

While this first purpose has been served in a most uneven manner across the Commonwealth, the establishment of charter schools in many communities has indeed expanded the options available to many parents and students. The establishment of several cyber charter schools that can reach into every community of Pennsylvania has further created some additional options for students even in the most rural areas of the state.

Second, it was intended that these new public schools – these charter schools – would serve as laboratories where new educational approaches would be attempted, often with some freedom from the regulations imposed by state policymakers on the traditional public schools. These new schools, and their new approaches, and their freedom from some state regulations, would be monitored, there would be noted “lessons learned,” and the

lessons would be disseminated to other schools and their leaders, presumably to apply the lessons learned to improve all of public education.

With regard to this second purpose, practically none of this has occurred in any formal sense. This is not the fault of those who operate charter schools, but rather the responsibility of the Department of Education and those who lead the Department, and especially of those state lawmakers who continuously erode the capacity of the Department while showing little interest in what has been learned from this bold opportunity for some public schools to operate differently than in the past.

Charter schools have often been innovative leaders concerning education strategies and policies. They have been able to operate with some greater flexibility than that afforded other public schools. There are some exceptional success stories, and there have been shortcomings and failures as well. We now have fifteen years of experience with this law and the innovations it was intended to foster. There are lessons to be learned and shared with others. We need to know more detail about what is working and what is not. Lawmakers need to know whether the relaxation of certain regulations have had any effect. But it is as though nobody in state government cares to know.

A more rigorous process of monitoring by the Department of Education also could help to strengthen the work of charter schools in the future. Of special concern to all must be the question of unsatisfactory student achievement in many charter schools. The Department should have clearly enunciated plans to address this issue.

**The Office of Auditor General should examine the extent to which the Pennsylvania Department of Education has done any monitoring for lessons learned and then disseminated such information, consider the Department's capacity to fulfill this role, and make recommendations about how to have this logical and useful purpose of the law effectively implemented.**

When the Charter School Law was enacted, it was predicated on a financial assumption that has proven to be seriously erroneous and harmful. The law then and now requires a school district to make a payment to a charter school for each student attending the charter school who is a resident of the school district. The simple assumption is that a school district would save money when a resident student attended a charter school rather than the usual public school to which the student would be assigned.

The fact is that school districts typically do not save an amount equivalent to what they are paying to the charter school for a student who moves from the traditional public school to a charter school. Most obviously, the school district reduces its spending by zero dollars when a student attends a charter school to which the district makes a payment, but was not previously enrolled in the district. This is a significant new financial obligation imposed on districts by state lawmakers for charter school students who were previously homeschooled or enrolled in a non-public school. Altogether, school districts are making payments of more than \$1 billion annually to charter schools.

This is not about being for or against charter schools. I believe charter schools are an important part of the public school menu, and they should continue to be a choice available to students and parents. But there is plenty of room to criticize the way lawmakers have provided for the funding of charter school students. This growing financial obligation for school districts and local taxpayers is especially onerous at a time when districts are receiving hundreds of millions of dollars annually less in state support for programs and services for students.

For several years, state lawmakers recognized this extraordinary financial burden they imposed on districts, and agreed to a state appropriation that would reimburse districts for up to 30% of the charter school payments they made. This annual reimbursement appropriation amounted to approximately \$225 million as recently as 2010, but was precipitously eliminated in 2011 and not restored at all since then. Obviously, school districts with the largest charter school enrollments – districts that often are among the most financially distressed – suffered the greatest loss in state reimbursement.

**Because it should be useful information for lawmakers and all taxpayers, the Auditor General should evaluate the financial impact of charter school funding obligations on school districts and local taxpayers. The Auditor General also should evaluate and report on the relative impact on districts, considering the relative capacity of districts to pay for K-12 costs, when districts lost the state reimbursement for charter school payments that existed prior to the 2011-2012 state budget.**

When Pennsylvania's Charter School Law was enacted in 1998, the internet was still a relative infant. While the idea of cyber learning may have been imagined by a few lawmakers, it was not a carefully considered factor in the debate about the proposed charter school law in the Commonwealth. The law was written as it would apply to all charter schools, not distinguishing between the brick-and-mortar school and some other form.

With the benefit of hindsight, few would think that the legislature today would pass a law that treated brick-and-mortar charters and cyber charters exactly alike. But the Pennsylvania General Assembly has been exceedingly slow – seemingly reluctant – to make changes that would fairly and appropriately distinguish between these two fundamentally different forms of charter schools.

One may reasonably debate degree, but it is intuitively obvious that there is a significant difference in cost to operate a cyber charter school in contrast to a non-cyber charter school. But lawmakers don't have to rely on intuition. There is much compelling evidence that, in many instances, the operation of a cyber charter school is a lucrative enterprise due to the excessive payments required to be made by school districts. These payments seem to benefit not the students, nor even the faculty, but instead some administrators and third-party for-profit vendors and their officers and owners.

It also defies logic that if 500 school districts each had one student in a cyber charter school, the charter school would receive 500 different levels of payment for students all enrolled in the same program. While there is a somewhat similar illogic in payments to non-cyber charter schools with students from two or more districts, the range of districts paying to any single cyber school makes that payment range especially hard to rationalize.

Even in those cases where excess profit might be used for a public benefit, such as building a community arts center, it is unreasonable to think that state lawmakers intended to effectively transfer tax dollars from school districts throughout the state to, and then through, a cyber charter school to build such a facility in a single community.

The excessive state-mandated payments from school districts to cyber charter schools is also indicated by the growing number of district or intermediate unit-based cyber programs that are offered at a substantially lesser cost than what is paid to some cyber charter schools for the same or very similar programs.

The question of efficient use of taxpayer funds for cyber programs is made all the more challenging when one considers the academic achievement results of a cyber charter school experience for students. These issues of academic achievement, and accountability for academic achievement results, also require closer objective examination.

A review of the charter law as it applies to cyber charter schools should be mindful of the following:

1. We should recognize that cyber charter schools have provided an enhanced educational opportunity for many students who otherwise would only be homeschooled in the more traditional sense, or even would have dropped out.
2. A review of cyber charter schools must not turn into an indictment of all cyber education. The fact is the way education gets delivered to students is evolving in almost all educational institutions, and cyber components will increasingly be

included in the offerings of most institutions. The questions of quality, security and accountability must be considered for all such cyber components, no matter what the sponsor, provider, or subject matter.

**The Auditor General must help to inform the public and state lawmakers with a careful examination and report concerning the actual costs for education program purposes incurred by cyber charter schools in contrast to the payments made by districts to those schools. Based upon its inquiry, the Auditor General should also make recommendations to the General Assembly concerning a more rational basis for making payments to support students enrolled in cyber charter schools.**

It is very important to deal with these funding questions so that any financial burden imposed on school districts be understood and then acknowledged by state lawmakers. Such an acknowledgement should then be the foundation for improving the manner in which we provide financial support for charter school students. The current system is wrong-headed, unfairly burdens local taxpayers, and does not necessarily benefit students.

Very importantly, the current funding system is the source of great adversity, understandable and unfortunate, between school district officials and educators and the charter schools. In most cases, charter schools are seen as a drain of resources from the district and its non-charter students, rather than a partnering asset for the district and all the students who live in the community. The full potential benefit of the charter school concept in Pennsylvania will be realized only when we have a more fair method of funding the charter students. Students, taxpayers, and the public education system have a great stake in helping lawmakers find a more appropriate way to fund this growing element of the public school community.

Finally, there continues to be some discussion about expanding the list of entities legally entitled to authorize a charter school for a not-for-profit applicant. One of the most popular proposals is to give this authority to higher education institutions. The large number of

higher education institutions, and the complexity of our “non-system” of higher education, make this proposal challenging. But the idea of having one or more not-for-profit institutions award charters that ultimately must be funded in our current system by school districts and local taxpayers make it simply wrong.

The current system has resulted in a large and growing number of charter schools across the Commonwealth. For those applicants who feel they have been wrongly denied a charter by a school district, there is an appeal process that has resulted through three administrations in judgments that have not been condemned as biased one way or another. This proposal to authorize additional entities to grant charters defies any sense of fairness and accountability for decisions, and looks much like one of those “solutions” proposed in search of a problem.

I will be happy to respond to questions today or to provide any additional help that may be useful in the future.

Thank you.

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