Charter & Cyber Charter School Reform Update

An update on charter school legislation and the Academic Performance of Charter Schools

April 2014

Democratic House Education Committee
Representative James R. Roebuck, Chairman

HOT TOPICS:

- HIGHER EDUCATION AUTHORIZERS
- GREATER SCRUTINY OF CYBER CHARTERS
- CHARTER LEASE OVERPAYMENTS
- SPECIAL EDUCATION FUNDING RECOMMENDATIONS
- ENROLLMENT CAPS
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What is a Charter School?

- Charter Schools were established by Act 22 in 1997 to offer alternatives in education of students using innovative strategies meant to improve student performance and save money.

- Charter Schools are self-managed Public Schools that are created and controlled by parents, teachers, community leaders, and colleges or universities.

- Charter Schools are approved and held accountable by School Districts through a 3-5 year charter that can be renewed for up to 5 years
  - Charter Schools Not Approved by School Districts can seek approval from State Charter School Appeals Board

- An existing public school can be converted into a charter school if 50% of the school staff and parents of its students agree to the conversion.

What is a Cyber Charter School?

- A Cyber Charter School, established by Act 88 of 2002, primarily delivers instruction to students over the Internet which allows them to enroll students throughout the state.

- Cyber Charter Schools are approved and are to be held accountable by the State since the passage of Act 88 in 2002.

- Like Charter Schools, Cyber Charter Schools are approved through a 3-5 year charter that can be renewed for up to 5 years.

- A significant number of cyber school students were formerly home schooled students.

What are some important features about Charter and Cyber Charter Schools?

- Charter and Cyber Charter Schools are relieved of many State Education Mandates, except for those concerning nondiscrimination, health and safety and accountability.
  - Major mandate exemption is up to 25% of Teachers do not have to be certified.

- Charter and Cyber Charter Schools are funded with State and Local Funds through a Funding Formula at 70-80% of a traditional public school funding.

- Like all public schools, Charter and Cyber Charter Schools are responsible for their students taking the PSSA’s and are held accountable under the federal No Child Left Behind law.

- There are no enrollment caps on Charter and Cyber Charter Schools.
How many Charter and Cyber Charter Schools are there?

- 162 brick and mortar Charter schools (as of 3/5/14)
  - 10 Regional Charter Schools
  - 86 Charter Schools in Philadelphia
- 14 Cyber Charter Schools (as of 3/5/14)
  - 4 Cyber Charter Schools Based in Philadelphia
    1. ACT Academy Cyber Charter School (07/01/2012)
    2. ASPIRA Bilingual Cyber Charter School (07/01/2010)
    3. Education Plus Academy Cyber Charter School (07/01/2012)
    4. Esperanza Cyber Charter School (07/01/2012)

Charter School Enrollment for 2012-13 = 84,886
  - Special Education population = 10,293 – 12.1% (State=268,640 15.3%)

Cyber Charter Enrollment for 2012-13 = 34,579
  - Special Education population = 5,019 - 14.5% (State=268,640 15.3%)

Total Enrollment for 2012-13 = 119,465 (State = 1,760,233)

How are Charter and Cyber Charter Schools Funded?
As public schools, charter and cyber charter schools are funded in the same way that district-run public schools are funded, namely through tax dollars. Charter and Cyber Charter Schools are not allowed to charge tuition.

- Currently, charter school entities receive from the school district of residence for non-special education students the budgeted total expenditure per average daily membership of the prior school year, 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.

- For special education students, the charter school entities receive for each student enrolled the same funding as for each non-special education student 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 the special education payment times the district of residence’s total average daily membership for the prior school year.

When does a school district have to provide transportation to a charter school?
- The law requires school districts to provide transportation to resident students attending a charter school "on such dates and periods that the charter school is in regular session" if:
  - The charter school is located within the district, or
  - The charter school is located not more than ten miles by the nearest public highway beyond the district boundary, or
  - The charter school is a regional charter school in which the district is participating.

Who is responsible for the actions of a charter school and its employees - the charter school or the School District?
- As an independent, publicly funded school, each charter school has its own Board of Trustees. According to the charter law (Act 22 of 1997), the school is a non-profit, non-sectarian corporation and is “solely liable for any and all damages of any kind resulting from any legal challenges involving operation of a charter school.”
State law regarding the conversion of a public school to a charter school in Philadelphia differs from the state law for other school districts.

**Charter School Law in Philadelphia School District:**

Act 83 of 2001 established that The School Reform Commission (SRC) is responsible for the operation, management and education program of the Philadelphia school district. The powers and duties of the board of school directors of the district were suspended.

Act 83 allowed the same provision as under current law for the establishment of a charter school by an individual or entity authorized in law to establish a charter school; however, the law makes the following changes concerning the conversion of an existing school building in Philadelphia into a charter school:

- The conversion of an existing public school building to a charter school may only be initiated by the SRC; the provision are as follows:
  - An existing school building cannot be converted into a charter school by individuals or entities authorized to establish a charter school, only by the SRC;
  - Removes 50% parent/staff approval requirement to convert an existing building;
  - All provision related to the application, approval/denial, revised application and appeals process are suspended;
    - The charter application required the charter to demonstrate sustainability of support, capability of academic achievement, conformity to legislative intent and ability to serve as a model to other public schools. No longer required.
  - The Charter Appeal Board’s exclusive review of denied or non-renewed/revoked charter school appeal is suspended;
    - SRC has the power to approve and deny all charter applications and non-renew or revoke a charter with no review by the appeals board.
  - No public hearing required for conversion of an existing school to charter school;
  - No majority vote by board needed to convert existing school into charter school;
  - Not required to establish alternative arrangements for students attending converted school who do not wish to attend the charter school;
  - Not required to comply with charter school staff provisions which include:
    - Certification requirements for 75% of staff, enrollment in the PSERS, health care benefits and leaves of absence for professional employees.

**Renaissance Schools in Philadelphia**

On January 27, 2010, the School District of Philadelphia launched the Renaissance Schools initiative. The initiative is aimed at bringing transformative changes to the District’s lowest performing schools in order to bring about dramatic improvement in student achievement.

The Renaissance Schools Initiative provides an opportunity for school communities to rally around the transformation of their neighborhood school in partnership with organizations and individuals who can bring dramatic improvements to chronically underperforming schools. The Renaissance Schools initiative is highlighted in the School District’s “Imagine 2014” strategic plan and is based on the belief that the School District has chronically underperforming schools that are not serving the needs of students and families, and that these schools need fundamental change that facilitates a transformation of the learning environment.
Now in its fourth year, serving 20 schools, the Renaissance Schools initiative is aimed at bringing transformative changes to the District’s lowest performing schools by working with school communities to recruit and select individuals and organizations that have proven track records of operating and supporting high-achieving schools.

There are three major components of the Renaissance Schools initiative:

- Identifying chronically low-performing District schools (Renaissance Alert Schools) that are not likely to achieve dramatic improvements without transformative change
- Identifying individuals and organizations that are capable and prepared to turnaround around failing schools in Philadelphia
- Empowering school communities to play an active role in the turnaround and ongoing support of their schools

The District believes that these components must be implemented with rigor and transparency in order to create an effective and lasting process for turning around failing schools in Philadelphia.

The RFP (Request for Proposal) is the competitive procurement process by which the District determined which applicants would be selected as Renaissance Turnaround Teams to operate Renaissance Charter Schools for each year of the initiative.

Renaissance Schools for Year I - 2010-11
- Guion S. Bluford Elementary School - Universal Companies
- Samuel H. Daroff Elementary School - Universal Companies
- Frederick Douglass Elementary School - Young Scholars Charter School
- William F. Harrity Elementary School - Mastery Charter Schools
- William B. Mann Elementary School - Mastery Charter Schools
- Franklin Smedley Elementary School - Mastery Charter Schools
- John B. Stetson Middle School - Aspira Inc. of PA

Renaissance Schools for Year II – 2011-12
- Audenried High School - Universal Companies
- Vare Middle School - Universal Companies
- Simon Gratz High School - Mastery Charter Schools
- Clymer Elementary - Mastery Charter Schools
- General David B. Birney - Mosaica Turnaround Partners
- Olney High School - Aspira Inc. of PA

Renaissance Schools for Year III – 2012-13
- Cleveland Elementary - Mastery Charter Schools Inc.
- H.R. Edmunds Elementary - String Theory Schools
- Jones Middle School - American Paradigm Schools
- Thomas Creighton - Universal Companies

Renaissance Schools for Year IV – 2013-14
- James Alcorn Elementary School - Universal Companies
- Kenderton Elementary School - Young Scholars Charter School
- Francis D. Pastorius Elementary School - Mastery Charter Schools
Basic Facts 2013-14

86 Authorized District Charters, including Renaissance Charter Schools
66 Charter Schools
20 Renaissance Schools
83 Approved by School District
3 Approved by State Charter Appeal Board

Enrollment

60,774 Total number of District students in charters (District – 142,224 - 30%)
42,677 Enrolled in District charters
14,984 Enrolled in Renaissance charters
3,113 Enrolled in cyber charters

Multiple Operators

6 Management Organizations with two or more charters
Mastery (15)
Belmont Charter (2)
Young Scholars (3)
Universal Companies (7)
KIPP (4)
Aspira (4)
As of March 2014 NO Charter School Reform legislation has passed the General Assembly in the 2013-14 session. In 2013, the House passed HB618 and in the Senate SB1085 reached the Senate floor for a vote, though there are still several important issues that are still unresolved and it is expected that additional changes will be made to SB1085 before it is voted on by the Senate.

**Attached as Appendix A for your review is a comparison of current Charter School law with HB618 and SB1085 as well as Rep. Roebuck’s comprehensive charter school reform legislation HB934.**

**Major Differences between HB618 and SB1085**

Further there are also several significant differences between HB618 and SB1085 that will have to be resolved. These major differences include:

- **State Authorizer -** SB1085 adds institutions of higher education as authorizers of charter schools. HB618 does not include any new authorizer of charter schools.

- **Pension Double-Dip Funding Changes -**
  - SB1085 would require the Commonwealth to make only one-half (50%) of its contributions to PSERS on behalf of charter school employees, saving the state but not the school district’s money. HB618 does not include this provision.
  - SB1085 excludes thirty percent (30%) of the school district’s share of retirement contributions from the calculation of charter school entity funding - includes both charter and cyber charter schools. HB618 only eliminates the double dip for cyber charter schools and only for the 2013-2014 and 2014-2015 school years. SB1085 would reduce the pension savings for school districts from cyber charter schools but add savings from charter schools as compared to HB618 that only impacts cyber charter schools.

- **Overall School District payments to Cyber Charter Schools -** SB1085 reduces school district payments to cyber charter schools by 5% for both non-special education students and special education students. HB618 has no such provisions.

**Unfortunately there are several issues that are not addressed in either HB618 or SB1085 but are addressed in Rep. Roebuck’s comprehensive charter school reform legislation HB934 that need to be addressed, such as the following:**

1. Requiring year end audits by the Department of Education to determine the actual costs of education services of a Charter or Cyber Charter School and then conduct an annual year end final reconciliation process of tuition payments against actual costs of education services of a Charter or Cyber Charter School. In determining the actual cost of education services, the amount spent on media advertisement to promote enrollment of the charter may not be used to determine the charter schools actual cost of education services. This would ensure that tax payers are not funding advertising activities of the charter school. If the actual cost of education services exceeds the tuition payments from the school district, then the Charter or Cyber Charter School would return any overpayments to the school district.
2. Removing 100% of the “double dip” for pension costs by Charter AND Cyber Charter Schools and do so permanently. While HB618 only ends the double dip for cyber charter schools and ends it only for two years, SB1085 only ends the state’s portion of the double dip and provides only a 30% savings in charter and cyber charter school pension costs for school districts. Only HB934 provides full savings to school districts by ending the double dip for pension costs for charter and cyber charter schools.

3. Eliminating **non-instructional services** from tuition payments to charters such as expenditures for athletic funds, nonpublic school programs and services, tuition payments for Charter Schools from the Charter School tuition calculation, programs and services funded by federal funds, publicly or privately funded competitive grants and contributions or donations from private sources as they are unrelated to Charter School operational costs.

4. Providing adequate transparency and financial accountability for contractors, including for-profit management companies that provide management, educational or administrative services to charter school entities. Also requiring these entities to publicly disclose the use of any monies received from a charter school as well as subject those funds to audit by the state. The contracting out of charter and cyber charter schools to management companies has increased significantly to where 42 percent of cybers and 30 percent of brick-and-mortar charters paid management companies to manage their schools. Yet a lack of transparency and oversight has led in many instances to excessive management fees increasing schools' administrative costs and result in less money being available to educate students. As noted by Rep. Roebuck, “Charter schools were meant to be schools of innovation, not tools for corporate profit.”
In terms of school performance, in 2013 the state changed how it measures academic performance of schools from Adequate Yearly progress to a School Performance Score on the new School Performance Profiles. Although the measures have changed on average, charter schools, particularly cyber charter schools, still perform academically worse than other traditional public schools. For 2012-2013, based on a scale of 100, the average SPP score for traditional public schools was 77.1, for charter schools 66.4 and for cyber charter schools 46.8. None of the 14 cyber charter schools had SPP scores over 70, considered the minimal level of academic success and 8 cyber charter schools had SPP scores below 50.

These results mirror results in both the 2010-2011 and 2011-2012 school year where traditional public schools performed better than charter schools and significantly better than cyber charter schools in terms of achieving Adequate Yearly Progress (AYP), the federal school performance standard established under the federal No Child Left Behind law. AYP is determined by student academic performance on state reading and math assessments (PSSAs).

For 2010-11, while 94% of school districts met AYP, 75% of public schools met AYP. In contrast, only 61% of charter schools met AYP and only two of the 12 cyber charter schools met AYP.

The percentage of students performing at grade level in Math and Reading in order for a school to achieve AYP increased from 67% of students in Math in 2010-2011 to 78% in 2011-2012 and increased from 72% in Reading in 2010-2011 to 81% in 2011-2012. This resulted in reducing the percentage of all public schools achieving AYP in 2011-12 with larger declines for charter and cyber charter schools.

For 2011-12, while 61% of school districts met AYP, 50% of public schools met AYP. In stark contrast, only 29% of charter schools met AYP and none of the 12 cyber charter schools met AYP.

Performance of Charter Schools Based on How Long They Have Existed

In looking at the performance of just brick-and-mortar charter schools, their results do not significantly improve the longer that a charter school has been open. Fifty percent of brick-and-mortar charter schools have now been open for ten years or more. Unfortunately, for 2012-2013, a majority, 51%, of the charter school open 10 years or more have SPP scores below 70. While this is better than those charter schools opened within the last 3 years, where 85% have SPP scores below 70, these results are not encouraging and it raises concerns about renewing many charters with poor performance over so many years.

Charter schools in the Philadelphia school district do slightly better that charter schools located outside Philadelphia the longer that they have been opened, with 52% of charters open 10 years or more in Philadelphia having SPP scores above 70. In contrast, none of the 10 Philadelphia charters open 3 years or less has an SPP score above 70.

For cyber charter schools, no cyber school, no matter how long they have been open has an SPP score above 70.
The following Charts illustrate the performance of charter schools based on how long they have been open.

**Charter Schools**

**SPP Scores by Years Open**

<table>
<thead>
<tr>
<th>Years Open</th>
<th>Under 3 years</th>
<th>Between 3 and 5 years ago</th>
<th>Between 5 and 10 years ago</th>
<th>10 years or more</th>
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<tr>
<td>0-59.9 (F)</td>
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<td>2</td>
<td>3</td>
<td>15</td>
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<tr>
<td>60-69.9 (D)</td>
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<td>1</td>
<td>6</td>
<td>14</td>
</tr>
<tr>
<td>70-79.9 (C)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>19</td>
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<td>80-89.9 (B)</td>
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</tr>
<tr>
<td>90-100 (A)</td>
<td>3</td>
<td>5</td>
<td>8</td>
<td>23</td>
</tr>
</tbody>
</table>

**Philadelphia Charter Schools**

**SPP Scores By Years Open**

<table>
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<tr>
<th>Years Open</th>
<th>Under 3 years</th>
<th>Between 3 and 5 years ago</th>
<th>Between 5 and 10 years ago</th>
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<tr>
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<td>0</td>
<td>1</td>
<td>3</td>
<td>14</td>
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<tr>
<td>60-69.9 (D)</td>
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<td>12</td>
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<tr>
<td>70-79.9 (C)</td>
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<td>90-100 (A)</td>
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**Cyber Charter Schools**

**SPP Scores by Years Open**

<table>
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<th>Under 3 years</th>
<th>Between 3 and 5 years ago</th>
<th>Between 5 and 10 years ago</th>
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<td>1</td>
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Last year’s report contained a detailed section on Charter and Cyber Charter School investigations that revealed the lack of accountability over the governance and financing of many Charter and Cyber Charter Schools across the Commonwealth. Many of these investigations have led to the revocation of charters and in some instances, criminal investigations of Charter and Cyber Charter schools.

To view a copy of last year’s report, which includes this detailed information, please go to the link below.

2014 In-depth Look at High Performing Charter Schools

While overall academic performance of charter schools and particularly cyber charter schools is disappointing and trails the academic performance of traditional public schools, there are many examples of charter schools that are successful in terms of academic performance and in being innovative in their approach to educating students.

Twenty-eight of the 163 charter schools had SPP scores of 80 or above. When examining the characteristics of these high performing charter schools there are certain common characteristics amongst the 28 charter schools. What is most common is that they offer innovative education programs with most of them focused on a specific approach to education instruction or a specific academic area of instructional focus. Three offer the Montessori approach to instruction, many offer longer school days and more days of schools and many offer more individualized education programs. These charter schools also tend to be smaller with less than 1,000 students in part because more of them are elementary schools. Only seven out of the 28 had enrollments more than 1,000 students and only two of the 28 schools serve only a high school population, though there are five charter schools that serve K-12 grades.

These charter schools also serve significantly fewer special education students than traditional students. Only two of these 28 high performing charter schools have a special education student population greater than the 15% average of traditional public schools. Further, as noted in the 2013 Special Education Funding Commission report, charter school enroll significantly less special education students with severe disabilities than traditional public schools.

These charter schools have demonstrated innovative approaches to education instruction, but one characteristic that differentiates one group of high performing charter schools from the other is the percentage of students enrolled that are economically disadvantaged. Thirteen of these 28 charter schools have more than 50% of their enrollment from students who are economically disadvantaged ranging from 51% to 87%, while 15 of these 28 charter schools have less than 50% of enrollment from students that are economically disadvantaged from no disadvantaged students at two of these charter schools to 44% of students.

The tables on the next two pages have important information about these 28 charter schools and are broken into two sections based on whether a charter school has more or less than 50% of its enrollment from economically disadvantaged students.
While all these 28 charter schools deserve the accolades they have received, special recognition should go to those charter schools that provide innovative educational programs for largely disadvantaged students. A few examples include:

**City Charter High School**, 2002, 9-12, Pittsburgh  
[http://www.cityhigh.org](http://www.cityhigh.org)  
- CCHS is a year-round, career-oriented, technology infused public school located in downtown Pittsburgh.  
- CCHS students receive laptop computers and have internet access from school or home, allowing teachers to integrate technology and the Internet into the curriculum.  
- CCHS has an orientation towards workforce preparation and has earned the Bronze medal of distinction award in the US News & World Report rankings for Best High Schools.

**Folk Arts-Cultural Treasures CS**, 2005, K-8, Phila., Chinatown  
[http://www.factschool.org](http://www.factschool.org)  
- Asian Americans United started FACTS to address the particular needs of Asian American immigrant and refugee students,  
- FACTS offers a curriculum that builds strong academic skills and emphasizes folk-arts, languages, and histories of many cultures.  
- FACTS students have the opportunity to study with master folk-artists like African storytellers or Tibetan sand artists.

**Urban League of Greater Pittsburgh CS**, 1999, K-5, Pittsburgh  
[http://ulgpcs.org](http://ulgpcs.org)  
- ULGPCS offers small class sizes, Afro-centric social studies, character education and extended school year.

[http://phillyscholars.org/yscs](http://phillyscholars.org/yscs)  
- YSCS uses an extended school day and school year, engagement of families and community stakeholders and created enriching after school programs to further students’ studies.  
- YSCS is acknowledged as the highest performing charter middle school in Philadelphia for the last 5 years in a row.
Those charter schools that provide innovative educational programs not necessarily focused on disadvantaged students tend to focus on a specific academic area of interest to their enrolled students. **A few examples include:**

**Collegium Charter School**, 1999, K-12, Exton
[http://www.collegium-charter.com](http://www.collegium-charter.com)
- CCS’s goal is to prepare each student for the rigors of college life and is ranked in the Top 50 Pa HS for its outstanding SAT Scores: 1615
- CCS provides students the opportunity to take Advanced Placement course work and exams.
- CCS teachers create annual Personalized Education Plan for each student to differentiate student instruction to meet individual needs.

**Infinity Charter School**, 2003, K-8, Harrisburg Area
[http://www.infinityschool.org/infinity](http://www.infinityschool.org/infinity)
- Infinity is a U.S. DOE Blue Ribbon designated school designed to serve the needs of intellectually and/or academically gifted children.
- Infinity focuses on personal learning plans, multi-age classrooms, frequent field trips and speakers, learning specialist, and direct parent involvement to achieve student success.

**MAST Community Charter School**, 1999, K-12, Philadelphia
[http://mastccs.org](http://mastccs.org)
- MAST is an innovative school which focuses on STEM (Science, Technology, Engineering, and Mathematics) programs.
- MAST has received many commendations such as the #1 Charter School in Philadelphia as rated by Philadelphia Magazine and the House of Representatives Citation for an Outstanding Educational Facility.

**Souderton CS Collaborative**, 2000, K-8, Montgomery County
[http://www.scscc4kidssj.org](http://www.scscc4kidssj.org)
- Souderton creates a learning environment that encapsulates hands on learning, inclusive and flexible groupings and strong parent partnerships.
- Souderton, a U.S. DOE designated Blue Ribbon School, has a student-teacher ratio of less than 12:1 and multi age groupings that allow children from different grade levels to work on projects and activities together.
It is important to stress that these charter schools fulfill one of the original and what many of the original sponsors of the Charter School law enacted in 2007 believe is the most important intent of the law; to “encourage the use of different and innovative teaching methods” to improve student learning. Unfortunately, one of the bills being seriously considered for charter school reform, SB1085, would eliminate one of the crucial criteria that shall be used by a school district in evaluating whether to approve a charter school that “the extent to which the charter school may serve as a model for other public schools”. This important criteria is included in the Charter School law and maintained in HB618 and HB934 to ensure that the intent of the law to “encourage the use of different and innovative teaching methods” to improve student learning is met.

The elimination of this language in SB1085 would be a major setback to ensuring that our charter schools be more than just another choice for families but that they provide innovative teaching methods that can be replicated by other public schools.
HOT TOPICS REGARDING CHARTER SCHOOLS

SHOULD HIGHER EDUCATION INSTITUTIONS BE STATE AUTHORIZERS OF CHARTER SCHOOLS?

Presently only school districts can authorize charter schools though charter school applicants can appeal to a Charter School Appeal Board if their charter application is rejected by a school district. The State under present law authorizes cyber charter schools.

SB1085 seeks to add institutions of higher education as authorizers of charter schools. HB618 does not include any new authorizer of charter schools. SB1085 would allow nearly 100 Pennsylvania institutions of higher education to approve charter schools without review or approval of local school boards. More specifically, major research universities could approve a charter school anywhere in the Commonwealth. Supporters argue that this will also improve oversight of charter schools that they believe has been lacking by school districts; advocates of this legislation argue that many districts do not take an active role in overseeing the charter schools they have approved as required by state law.

Critics, such as school districts and intermediate units, of adding institutions of higher education as authorizers of charter schools believe that, in the words of the Allegheny Intermediate Unit, “permitting any entity, other than the local school district the right to approve charters removes all local control from the elected officials (the school board) while still requiring the local district to incur significant expenses totally beyond their control or that of the taxpayers. The university authorizer would have no accountability to the local school district who in fact would be incurring the costs and be accountable for regulations in the school code without any voice in the decision. This is unfair to the taxpayers in the local communities.”

A January 2014 Research for Action brief on Charter Schools and Higher Education Authorizers reported that fewer than 5% of the nation’s approximately 1,000 charter school authorizers are institutions of higher education. Nine percent of charter schools nationwide, 542 charter schools, are authorized by IHEs. Of the 12 states that permit higher education institutions to authorize charter schools, 9 of those states have a total of 40 institutions or centers of higher education having approved at least one charter school.

As noted in the Research for Action brief “The legislation [SB1085] does not require that the higher education institutions possess educational or managerial expertise or capacity related to charter schools or public K-12 education more generally. In this way, the proposed structure differs from the framework in other states. For instance, New York’s higher education authorizer is a dedicated center – the State University of New York Charter School Institute – within a single public university system.” There is no similar center dedicated to charter schools in Pennsylvania, nor is one envisioned by SB1085.

Finally, a review of research by Research for Action found no evidence that a relationship exists between higher education authorizers and improved student achievement outcomes at charter schools. A comprehensive study of charter school performance in 16 states found lower achievement in states with multiple authorizers, including non-profit organizations and higher education authorizers.
Cyber Charter Schools have become a larger part of the charter school movement in the last decade. In 2012-13 more than 35,000 students from 498 of the state’s 500 school districts are enrolled in cyber charter schools at a cost of $366 million in taxpayer funds. With the growth in these cyber charter schools, over the past few years has seen a greater scrutiny of cyber charter schools in terms of both their finances and performance. In terms of school performance cyber charter schools have on average performed poorly particularly when compared with traditional public schools and brick and mortar charter schools. This despite the fact that according to a November 2013 Research for Action report Pennsylvania’s cyber charter schools enroll a student population that broadly reflects the state as a whole in terms of special education identification rates, English language learner status, and other characteristics. Yet their performance is well below that of the overwhelming majority of public schools, both traditional and brick-and-mortar charter schools.

As noted earlier in this report, for the 2012-2013 school year, none of the cyber charter schools made federal Average Yearly Progress and for the 2013-14 school year none of the 15 cyber charter schools had SPP scores over 70, considered the minimal level of academic success and 8 of the 15 cyber charter schools had SPP scores below 50.

An ongoing investigation of Nick Trombetta, founder of the largest Cyber Charter School, PA Cyber School, and seven of his employees has raised serious concerns about the financial affairs of cyber charter schools. Trombetta faces an 11-count indictment against him including charges of fraud, theft or bribery related to alleged diversion of around $1 million in school money for personal uses through a series of management companies. Of particular concerns about cyber charter schools are the management companies, both profit and non-profit, that provide services or even run some cyber charter schools and the cost of their management fees and transparency of their expenses.

This greater scrutiny of cyber charter schools’ finances and performance can be seen in the following:

- The Pennsylvania Department of Education has denied over the last two years all 14 applications to establish new cyber charter schools.

- Since 2012, two of the 16 cyber charter schools surrendered their charters and ceased operations under threat of having their charters revoked. In June 2012, Frontier Virtual Charter High School closed within a year of opening amid numerous charges of financial and academic improprieties including not providing students with basic learning tools like computers and the Internet and blatant violations of the Charter School Law. Philadelphia-based Solomon Charter School surrendered its charter in October 2013 as a result of significant violations of the state’s Public School Code and provisions of the school’s charter.

- Rep. Fleck’s HB980 that included a three year moratorium on the approval of cyber charter school was approved by the House Education Committee on a bi-partisan vote in June 2013.

- The House in passing HB618 only focused on eliminating the pension double dip for cyber charter schools and not charter schools.
Finally in response to the financial costs of cyber charter schools to school districts, more and more school districts are initiating on-line education courses and programs to serve the growing demands for alternative modes of instruction for its students. These programs that include blended learning programs that combine in class and on-line instruction are now being provided by school districts at a lower cost than cyber charter schools. It is still too early to determine whether these school district based programs will have any impact on the future growth or decline in cyber charter school enrollment.

One area where cyber charter school enrollment appears to be increasing is the growing number of cyber school students coming from both non-public schools and home schooled students. For public school districts this could mean increased cyber charter school costs as they are responsible for paying for these non-public education and home schooled students that previously they were not financially responsible for educating.
Since December 2012, audits by the Department of the Auditor General found that the Department of Education approved and paid $1.8 million in lease reimbursements to 7 charter schools despite questions about whether those reimbursements are allowed under Section 2574.3 of the Public School Code and PDE guidelines, specifically that state lease reimbursements to charter schools are prohibited for facilities owned by individuals or entities related to the school. The largest of these improper lease reimbursements were to the Chester Community Charter School, the largest charter school in the state, totaling $1,276,660. The Auditor General noted in March 2013 that “If the improper lease reimbursement problem is more widespread among the state’s 157 brick and mortar charter schools it could be siphoning off millions of dollars away from other education priorities.”

In August 2013 the Auditor General called on the Department of Education to correct the problem. He wrote to the Department of Education that “Our department’s auditors have identified a clear pattern of abuse by some charter school operators toward PDE’s own lease reimbursement eligibility parameters. While not every charter school operator seeks a lease reimbursement for facilities owned by individuals or entities related to the school, those that do are defrauding our students and taxpayers.”

The Auditor General noted that during the 2009-10 school year, the Department of the Auditor General worked with PDE to attempt to prevent the loss of education funding to lease reimbursements. PDE acknowledged the problem and began requiring charter school operators to submit copies of their lease agreements, property deeds and other documentation with their reimbursement application. However, that practice was stopped in 2011. PDE clearly approves the lease reimbursement requests but we cannot confirm the diligence of that review process.

As the commonwealth’s chief fiscal watchdog, I recommend that PDE immediately halt charter school lease reimbursement payments until a process is in place to verify that the facilities are not owned by the school or any individual/entity related to the school, in compliance with current regulations. It is crucial that PDE implement an effective review process for lease reimbursements to ensure that taxpayer funds are being spent in the classroom.”

So far no corrective action has been taken by the Department of Education on the findings of the Auditor General report on the $1.8 million in charter school lease overpayments. In fact, according to the Auditor General’s office, no corrective action by PDE on a charter school lease issue related to property ownership has been taken since the Franklin Towne Charter School in Philadelphia was required to repay $225,000 in 2009-10.

At this year’s budget hearings with the Department of Education, Acting Secretary Dumaresq responding to a question on this matter said that the department has not changed the reimbursement process that was in effect during the Rendell Administration. She indicated that the law is vague regarding the lease reimbursement and the department is working with the Office of the Auditor General on the issue. “We need to sort out when it is not a true lease reimbursement and then discuss the regulation process that would go into place there,” she stated. “We’re not talking about is going back and taking money away from things that have already been approved.”
In response to these lease overpayment concerns and the urgent need to address them, Rep. Roebuck will be introducing in the near future legislation that will put into law specific and clear language regarding state reimbursement of charter school leases. The legislation will make clear that a person who serves as a founder, a board of trustee or an administrator of a charter school as well as an administrator or executive of the educational management service provider of a charter school shall not receive any payments for approved reimbursable annual rental for leases of buildings or portions of buildings for charter school use. The legislation will also require that in its application for funding for lease reimbursement that the charter school shall provide a copy of the signed lease agreement for the leased building and a copy of the deed for the leased building that was previously required by the Department of Education in 2009-10.
SPECIAL EDUCATION COMMISSION’S RECOMMENDATIONS ON SPECIAL EDUCATION FUNDING FOR CHARTER AND CYBER CHARTER SCHOOLS

In December 2013 the Special Education Funding Commission in its report to the General Assembly made recommendations regarding changing how the state funds special education. Included in those recommendations were ones regarding special education funding of charter and cyber charter schools. The Commission recommended that the same funding principles that apply to traditional public schools would also apply to charter and cyber charter schools with special education funding based on the actual costs of special education students and the actual number of special education students in three different categories of special education costs. The Commission recommendation seeks to address the real concern that the existing charter school law is resulting in significant overpayments to charter and cyber charter schools by school districts.

The Commission noted in its findings that while “charter schools and cyber charter schools follow the same federal requirements for special education as all other public schools, their funding is handled differently. Payments to charter schools by school districts are based on the school districts’ expenditures, not the charter schools’ cost of educating students. The payments are made through the school district of residence for each student.”

In its recommendations, the Commission noted that “special education funding is currently paid on a per-student basis for charter schools and cyber charter schools, with funding transferred from the school district of residence for each eligible student. The existing funding process is flawed, using an assumed percentage of 16 percent of all children enrolled in the district of residence and paying the same rate regardless of student differences in educational need and cost.” This system penalizes school districts with more than 16 percent of students receiving special education services, forcing them to pay a much higher rate to charter schools than actually occurs in the district.

“The Commission recommends applying the same principles for a new formula ... for all local education agencies, including school districts, charter schools, and cyber charter schools. The use of three cost categories will improve the accuracy and fairness of funding distribution for charter schools and cyber charter schools. This change should be phased in over three years, so that the new reimbursement rate affects LEA budgets in three equal steps.”

The Commission further noted in its recommendations that “compared to school districts, charter schools and cyber charter schools on average enroll relatively few students with high special education costs. For this reason, the payment rate will usually fall within Category 1 (up to $25,000 in excess of regular education costs). The Department will promulgate regulations allowing charter schools and cyber charter schools to document higher costs and receive funding within Category 2 (greater than $25,000 and less than $50,000) or Category 3 (equal to or exceeding $50,000). Such documentation should be reasonable but not excessive, in order to avoid incentives for over-identification and over-spending.
The payment rate for each category will be calculated by multiplying (i) a special education weight by (ii) the average regular education expenditure amount for the district of residence, as calculated pursuant to the current provisions of Section 1725-A(a)(2). The weights will be 1.51 (Category 1), 3.77 (Category 2), and 7.46 (Category 3). Districts will adjust the weights to be more accurate based on local per student costs relative to average state costs for special education.”

The Commission’s recommendations received unanimous bi-partisan support from Commission members that included members of the Corbett Administration. Bipartisan legislation has been introduced (HB2138 and SB1316) to implement the recommendations of the commission including the recommendation regarding special education funding for charter and cyber charter schools. The House and Senate Education Committees have taken action to move these bills for consideration by the full House and Senate. This legislation is expected to be considered prior to the enactment of the 2014-2015 state budget that includes a proposed $20 million increase in special education funding for public schools.

The Philadelphia School District is grappling with a deep financial crisis. Part of the school district’s financial crisis is the result of the rising cost of tuition payments to charter schools. In February 2014 the School district announced that it may spend nearly $700 million on charter payments by the end of the school year -- $25 million more than budgeted due to charters having enrolled 1,600 more students than permitted in charter school agreements with the school district.

These rising costs have been exacerbated by the state when in Governor Corbett’s first budget in 2011-12 the Corbett Administration cut more than $224 million in state aid to reimburse school districts for a portion of their charter school payments. Prior to the 2011-12 school year, the state tried to reduce the impact of charter school education on traditional public schools by reimbursing school districts a portion of their charter school tuition payments according to established rates (30 percent to 41.96 percent in some instances). The purpose of this funding was to replace a portion of the funding a school district paid to a charter school in order to continue to pay for the fixed costs of maintaining and operating their schools. The reimbursement was eliminated in the state’s 2011-12 annual budget without any changes to the way charter schools are funded. The elimination of this funding particularly hurt the Philadelphia school district. With more than half of the charter schools in the state located in the Philadelphia school district, the elimination of this line item in the state budget resulted in the loss of over $110 million in the 2011-12 school year. According to the school district, if the charter school reimbursement had not been eliminated, the district would have received at least $170 million more in state funding this year.

Facing the loss of this funding it is not surprising that the Philadelphia school district is concerned about the continued growth of charter school enrollment in the school district and is attempting to enforce caps on charter school enrollments established in the charters of these schools. This has resulted in conflict between the school district and charter schools over the legal authority of the school district to cap charter school enrollments.

In the spring of 2012, Commonwealth Court ruled that the school district violated a 2008 law when it limited enrollment at two charter schools and refused to pay for additional students. The court said that under state law, enrollment could not be limited – unless the school had agreed to a cap in its signed charter. The state Supreme Court has agreed to review a narrow portion of the ruling. In the meantime, several schools have refused to sign their charters because they include enrollment maximums.

When the district refused to pay for extra students, several charters took advantage of a provision in the charter law that allows them to send the bill to the state Department of Education. The state deducts that amount from the district’s share of state aid and sends the money to the charters. According to the school district, six charters collected about $7 million from the state in this way in the last school year.
Citing its financial emergency and what was then a $302 million deficit, the School Reform Commission that governs the school district in August 2013 voted to suspend that part of the state School Code that bars districts from capping charter enrollment and also waived a section in the code that allows charters to bill the state Department of Education when a school district refuses to pay for students above that cap. In October 2013 the school district warned it could begin charter-revocation proceedings against 29 charter schools unless they signed agreements by December 15, 2013 to limit enrollments. Many charter schools have still not signed agreements, contending that state law does not allow for enrollment caps. The school district’s lawyers, citing the School Reform Commission’s suspension of these School Code provisions, are trying to persuade the state Department of Education to stop paying the charters for the extra students they enroll. The Department of Education continues to maintain that it is required to withhold funds from a school district if it does not pay a charter school for the students it enrolls.

Due to conflicting provisions of the School Code and the differing interpretations by the school districts, charter schools and the Department of Education on this issue there is still no resolution on the authority of the school district to cap the enrollment of charter schools.

What is certain is that the loss of state funding to reimburse school districts for part of its costs for charter schools is creating financial difficulties not only for the Philadelphia school district but for school districts around the state. The Auditor General in remarks concerning an upcoming audit of the Pittsburgh school district has criticized the state’s elimination of its partial reimbursement to school districts for charter school costs in recent years, a move that he said has hit Pittsburgh hard. “If the state had not cut the charter school reimbursement, the school district of Pittsburgh could have put at least $25 million more into education programs in the past three years,” he said in a recent news release. In an October 2013 audit of the Pocono Mountain school district, the Auditor General also cited an unanticipated growth in payments to charter schools and the elimination of the charter school reimbursement in the 2011 state budget as contributed to the financial crisis facing the school district. He noted that the Pocono Mountain School District’s tuition payments for students to attend charter schools jumped from $7.2 million in 2009-10 to almost $10 million in the 2011-12 school year, with no state charter school reimbursement.
# APPENDIX A - CHARTER SCHOOL LEGISLATION COMPARISON

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<thead>
<tr>
<th>ESTABLISHING CHARTER SCHOOLS</th>
<th>CURRENT LAW 24 P.S. 17-1701</th>
<th>SMUCKER BILL (SB 1085)</th>
<th>EMRICK BILL (HB 618)</th>
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| State Authorizer             | No                           | Yes. Higher Education Authorizer established which would allow a governing board of an institution of higher education the ability to elect, by majority vote, to become an authorizer of charter schools and to assume the same powers and duties as a local school board when granting or renewing charters; The governing board of an institution of higher education must be primarily domiciled in the Commonwealth and may approve a charter school or regional charter school application beginning July 1, 2015. Specifies that an institution:  
  - with at least 2,000 students that confers a doctoral degree in education may authorize a charter school anywhere in the Commonwealth;  
  - with at least 2,000 students that confers a bachelor’s degree in education may authorize a charter in the county which it is located; and  
  - with at least 2,000 students that does not confer a bachelor’s degree in education or a doctoral degree in education may authorize a charter school in the school district which it is located. | No, although the bill does ask the funding commission to make a recommendation on whether to allow for higher education institutions to be charter school authorizers. | No. Strengthens local school board and taxpayer ability to approve and have authority over charter schools. |
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<tr>
<td>Limits on Converting Public Schools to Charter Schools</td>
<td>Yes, both 50% of teachers and parents of students are needed to convert</td>
<td>Yes, same as existing law</td>
<td>Yes, same as existing law</td>
<td>Yes, same as existing law</td>
</tr>
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<td>Changes the Charter Denial Appeals Process</td>
<td>No, denied application may be revised. Denial can be appealed to charter appeal board but must have signatures of at least 2% of residents of school district or of 1000 residents, whichever is less.</td>
<td>Yes. Removes the appeal requirement for a denied charter applicant to obtain signatures (2% of residents or 1,000).</td>
<td>No. Adds language that requires the School Reform Commission (SRC) of Philadelphia to provide written notice of the SRC's action concerning a charter school application to be sent to the applicant, the department and the appeal board. If the application is denied, the reasons for the denial, including a description of deficiencies in the application, shall be clearly stated in the notice sent by the SRC to the charter school applicant. Any charter school application denied or revoked by the SRC would have the ability to be appealed to the Charter School Appeal Board. Currently the distress school provisions in Section 696 of the public school code concerning establishing charter schools in the Philadelphia SD exempts the SRC from these provisions of the charter school law.</td>
<td>No</td>
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<td>Fair Charter School Appeals Board</td>
<td>Yes</td>
<td>No, same as HB618</td>
<td>No, adds 2 members: a charter school trustee and charter school administrator, making the board stacked pro charter. The parent member of the board must have a student who attends a charter school entity.</td>
<td>Same as current law</td>
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<td>Model School Provision</td>
<td>Yes. Language that indicated that a charter school application must detail how the charter school may serve as a model for other public schools.</td>
<td>No</td>
<td>Same as current law</td>
<td>Same as current law</td>
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<td>Term of Charter</td>
<td>Charter granted for 3 to 5 years. Renewals are for 5 year periods. (For first class school districts, may renew for 1 year.)</td>
<td>Same as HB618</td>
<td>Initial Term 5 years, Renewal Term 10 years for those charter school entities that satisfy an academic performance benchmark established by the State Board, and 5 year renewal terms for those charter school entities that do not satisfy the benchmark.</td>
<td>Same as current law</td>
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<tr>
<td>Multiple Charter School</td>
<td>No</td>
<td>Yes, similar to HB618, but places a time limit on the application process for consolidating already established charter schools, after 90 days no more multiple charters would be granted for already established charter schools, this language is similar to SB1115 and unlike HB618 which allows the consolidation of established charter schools indefinitely.</td>
<td>Yes. Allows two or more high performing charter schools to merge or consolidate into a multiple charter school organization which will operate two or more schools under the oversight of one board and one chief administrator. Applications must be approved by the department of education and the local school districts.</td>
<td>Yes. Allows existing charter schools managed by the same entity to consolidate administration of the charter schools but with the school district still maintaining oversight of all the charter schools.</td>
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<td>Cyber Charter School</td>
<td>PDE to authorize the establishment of Cyber Charter Schools.</td>
<td>Yes, same as HB618</td>
<td>Yes. Permits a Local school board or intermediate unit to establish a cyber-charter school if the procedures and requirements of this article are satisfied. School Districts and IU’s are still permitted to offer instruction via the internet or other electronic means.</td>
<td>Same as current law</td>
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<td>GOVERNANCE</td>
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<td>Creates an Office of Charter/Cyber Charter Schools at PDE</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Yes, created in order to provide oversight of Charter School and Cyber Charter School functions, including the ability to investigate complaints of fraud, waste and mismanagement.</td>
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<tr>
<td>Creation of a Standardized Application for parents to apply their students to any Charter School Entity in the Commonwealth</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Yes, this measure will ensure that barriers are removed to ensure that all students have an equal and fair opportunity to apply to the charter school of their choice especially students with special needs and Pennsylvania’s most vulnerable students.</td>
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<td>FINANCIAL ACCOUNTABILITY</td>
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<td>Year End Audit and Reconciliation by PDE</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Yes, to determine the actual costs of education services of a Charter or Cyber Charter School and then conduct an annual year end final reconciliation process of tuition payments against actual costs of education services of a Charter or Cyber Charter School. Excess payments would be returned to the district.</td>
</tr>
<tr>
<td>Independent Audit Committees conducted by an independent CPA</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes, to review a complete certified audit of the charter school entity’s operations and to publicly disclose online all audits and annual budgets.</td>
</tr>
<tr>
<td>Accountability and Transparency Extended to Educational Service Providers and Contractors</td>
<td>CURRENT LAW 24 P.S. 17-1701</td>
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<td>No</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Yes. Provides adequate transparency and financial accountability for contractors, including for-profit management companies that provide management, educational or administrative services to charter school entities. Also requires these entities to publicly disclose the use of any monies received from a charter school as well as subject those funds to audit by the state.</td>
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<tr>
<th>Direct Pay Language</th>
<th>No</th>
<th>Yes, same as HB618, but includes additional language that in any year that the Philadelphia school district is declared distressed by the secretary under section 691, the school district and not the secretary is required to make payments to charter schools or regional charter school, using the same pay schedule and provisions required under the direct pay language. The secretary can withhold payment after a hearing if the school district fails to comply.</th>
<th>Yes. Requires payments from PDE to flow directly to the charter or cyber charter school. Requires charter school entities to provide PDE and the school district of residence with enrollment documentation on a form to be developed by the Secretary, including actual residence verification documents used by the charter school entity. Prohibits the Secretary from holding any payment in escrow absent a court order.</th>
<th>No, allows the charter school to decide if they want to participate in direct pay or continue receiving payment from the school district.</th>
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<tr>
<td>Charter/Cyber School Funding</td>
<td>N/A</td>
<td>Same as HB618, but the language does not incorporate the Longietti amendment (A-1832 to HB618) that passed in HB618 and that made even the number of legislators appointed from the majority and minority parties on the commission two (2) each appointed from the house and senate. Under this bill the majority party would have two (2) appointees from the House and Senate and the minority party would only have one (1) appointee from the house and senate.</td>
<td>Yes. Commission is tilted toward charter school proponents over school districts. And the commission is not required to determine the actual educational costs of charter schools; or to develop a funding formula that provides funding equity and accountability for charter schools; nor is the commission required to address specific financial concerns about the costs of charter schools for the state and school districts.</td>
<td>Yes. The focus of the commission will be on determining the actual cost of charter schools; developing a funding formula that provides funding equity and accountability for charter schools and addresses specific financial concerns about the costs of charter schools for the state and school districts.</td>
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<tr>
<td>Charters/Cybers Treated Same as Public Schools on Special Education Funding</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Yes, caps special education reimbursements to Charter and Cyber Charter Schools at the Same Reimbursement Level School Districts Receive from the State.</td>
</tr>
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<td>Eliminates Double Dip for Pension Costs</td>
<td>No</td>
<td>No</td>
<td>Yes, but for Cyber Charter School costs only and only for two years.</td>
<td>Yes, for both Charter Schools &amp; Cyber Charter Schools costs and makes it permanent.</td>
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<td>Eliminate non-instructional services costs from funding that are unrelated to charter operational costs</td>
<td>No</td>
<td>Yes, but only eliminates for programs &amp; services funded by publicly or privately funded competitive grants and contributions or donations from private sources.</td>
<td>No</td>
<td>Yes, eliminates for athletic funds, nonpublic school programs and services, tuition payments for Charter Schools from the Charter School tuition calculation, programs and services funded by federal funds, publicly or privately funded competitive grants and contributions or donations from private sources as they are unrelated to Charter School operational costs.</td>
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<tr>
<td>Limits on Charter/Cyber fund Balances (Surpluses)</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>Cyber Charter School Funding Reforms</td>
<td>No</td>
<td>Yes. For non-special education students, cyber charters are to be paid 95% of the amount calculated to be paid by the district of residence under the charter funding formula, section 1725-A(a)(2). For special education students, cyber charters are to be paid 95% of the amount calculated to be paid by the district of residence under the charter funding formula, section 1725-A(a)(3).</td>
<td>Yes, provides a deduction for food services for Cyber Charter School payments.</td>
<td>Yes, include Cyber Funding Reforms such as a &quot;Cyber Program&quot; deduction to allow school districts to deduct 50 percent of the costs of any cyber program they offer to their own resident students. &quot;Extracurricular Activities&quot; deduction which would allow districts to deduct 50 percent of the costs they incur for extracurricular activities. &quot;District Pupil Services&quot; deduction which would allow districts to deduct 100 percent of the costs associated with certain services that are offered in a brick-and-mortar setting but are not necessarily offered by cyber charter schools. These deductions include student health services, food services and library services.</td>
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<td>JANUARY 13, 2014</td>
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<td><strong>ACADEMIC ACCOUNTABILITY</strong></td>
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<td>Performance Matrix</td>
<td>No</td>
<td>Yes. Requires the department (State Board in HB618), within 1 year (18mo. in HB618) to develop a standard performance matrix to evaluate charter school performance and to promulgate regulations to implement the matrix; The matrix must be used as a primary factor in evaluating new charter applicants and applicants for charter school renewal and in annual monitoring. The department must determine an academic quality benchmark which if met, will qualify a charter school entity for a ten (10) year renewal term.</td>
<td>Yes. Requires the State Board of Education, in consultation with an advisory committee composed of representatives of PDE, charter school entities, institutions of higher education with experience in oversight of charter schools, and school district personnel to create a performance matrix to measure and assess the academic performance of charter school entities, through regulations promulgated under the Regulatory Review Act.</td>
<td>No</td>
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<td>System of Teacher Evaluation for Charter &amp; Cyber Charter School Educators</td>
<td>CURRENT LAW 24 P.S. 17-1701</td>
<td>SMUCKER BILL (SB 1085)</td>
<td>EMRICK BILL (HB 618)</td>
<td>ROEBUCK BILL (HB 934)</td>
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<td>No</td>
<td>Yes, similar to HB618</td>
<td>Yes, but a Charter School entity’s initial and renewal application must include a system of evaluation for educators that has been approved by PDE and determined to be rigorous and that includes at least four (4) rating categories of educator performance and multiple measures of student performance which shall include, value-added assessment system data and student performance on the most recent assessments and may include specific goals related to the mission of the charter school entity’s charter. The term “educator” includes all professional employees who are certified as teachers and noncertified staff members who teach in a charter school entity. Clarifies that a professional employee who teaches in a charter school as well as noncertified staff members who teach in a charter school entity would have to be evaluated under this new educator evaluation system.</td>
<td>Yes</td>
<td>Yes. Charter and Cyber Charter school teachers, principals and certified support staff are evaluated under the same system of evaluation as other public schools under Section 1123 (Rating System) of the Public School Code.</td>
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<td>January 13, 2014</td>
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<td>ESTABLISHING CHARTER SCHOOLS</td>
<td>CURRENT LAW 24 P.S. 17-1701</td>
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<td>Truancy enforcement by Charter School Entities</td>
<td>No</td>
<td>Yes. Charter School entities must comply with Section 1333 of the School Code. Must have truancy policies.</td>
<td>Yes, each charter and cyber charter school must demonstrate compliance with sections 1332 &amp; 1333, including institution of truancy proceeding when required under section 1333.</td>
<td>Yes</td>
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<td>TRANSPARANCY</td>
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<td>Charter School Entity Amendments to its initial Charter.</td>
<td>No</td>
<td>Yes, amendments are deemed approved if the authorizer fails to hold a public hearing on the charter’s proposed amendments.</td>
<td>Yes</td>
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<td>Conflict of Interest Provisions</td>
<td>Yes, but weak</td>
<td>Yes, similar to HB934</td>
<td>Yes, similar to HB934</td>
<td>Yes. Specifies that the Ethics Act applies to all charter school entities, board trustees and employees; prohibits conflicts of interest by charter school entity administrators, board of trustee members and their immediate family members; the BOT must have a minimum of five (5) non-related voting members, requires dismissal for any felony or immoral conviction and requires annual ethics filings. Prohibits administrators from receiving compensation from another charter school entity or from an educational management service provider unless the BOT agrees by resolution to grant permission to the administrator. Within one year of the effective date of the act, at least one member of the board of trustee shall be a parent of a child currently attending that school. Finally prohibits compensation of members of the BOT for their duties as trustees.</td>
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<td>Ban on taxpayer funding used for advertising by Charter School Entities/Public School Entities.</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Yes. School entities would still have the ability to advertise to promote enrollment in their schools, but they would not be permitted to expend taxpayer funds for this purpose.</td>
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<td><strong>COST SAVINGS TO SCHOOL DISTRICTS</strong></td>
<td>PASBO estimates that school districts could save $32 million in 2014-2015, plus $18 million through the 5 percent cut to cyber charters. The provisions which reduce the requirement for the Commonwealth to make contributions on behalf of charter school entity employees enrolled in the Public School Employees’ Retirement System (PSERS) by fifty percent (50%) are estimated to save the Commonwealth $43,990,832 in FY 2014-15. Future savings will be dependent on charter school entities’ salaries and the PSERS employer contribution rate. The provisions which exclude thirty percent (30%) of the employer’s share of retirement contributions from the calculation of charter school entity funding should reduce school districts’ obligations to charter school entities by $43,917,907 related to pension payments made for salaries paid in FY 2014-15. Future savings will be dependent on school districts’ salaries and the PSERS employer contribution rate.</td>
<td>PASBO estimates the savings for all school districts will total approximately $41 million for each fiscal year they are in effect, $27 million for the retirement expenditure deduction and $14 million for the food service deduction.</td>
<td>A 2012 report by the Auditor General’s office estimates $365 million annually in savings to taxpayers by enacting charter school funding reform provisions included in HB934 that are similar to other states funding methods for charter schools. PASBO analysis of Charter school pension costs also estimates that between 2011-12 and 2016-17 that eliminating the “double dip” for pension costs would save school districts $510 million, with savings for 2012-2013 totaling $45.8 million.</td>
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