

## Report Highlights

### Public Charter School Fiscal Impact on School Districts

In July 2016, the Officers of the Legislative Budget & Finance Committee adopted a study of the financial impact of public charter schools on Pennsylvania school districts.

We found:

- **Pennsylvania is one of 43 states with laws providing for public charter schools.** In 2015, about 135,000 special education and nonspecial education students were enrolled in PA “brick and mortar” and cyber charter schools. Ten percent of PA school districts with more than 5 percent of their students enrolled in charter schools accounted for almost 80 percent of all such enrollment. While Philadelphia accounts for half such enrollment, the other 50 districts are found in all corners of the state and include small rural and larger urban districts.
- **In FY 2014-15, PA charter schools had \$1.7 billion in total revenues.** Tuition payment from school districts accounted for most of their revenues. Pennsylvania is one of 13 states that routinely include access to local revenue sources to fund charter schools. In 2011, PA’s proportion of local revenue going to support charter schools was substantially more than New Jersey’s (84 percent compared to 23 percent), twice that of Florida, Massachusetts, and New York, four times more than California, and seven times more than Delaware. California, Massachusetts, and New York are among the 21 states that limit the number of charter schools and/or enrollment through statutory “caps,” and Delaware provides for consideration of financial impact along with other criteria when approving charter applications and expansion requests.
- **Pennsylvania is one of 11 states that require school districts to be responsible for charter school student transportation.** PA is unique among such states as it mandates school districts provide transportation for charter school students they are not required to provide district students, including transportation based on the charter school’s operating schedule (i.e., hours, days, school closings), and 10 miles outside of the district’s geographic boundaries. This results in some districts having to operate “two busing systems” at significant costs.
- **School district superintendents with significant charter enrollment report some positive, but mostly negative, charter school financial impacts.** Positive impacts include provision of a local high school for one small district, prevention of overcrowding, and some innovative programs. Negative impacts include charter schools attracting students from private schools (e.g., 30 percent in some districts) and shifting educational costs onto the public sector; added costs to operate more than one public education system, as there are too few charter school students from one school or grade to allow fixed costs such as personnel, utilities, debt, etc., to be reduced; and added costs associated with attendance monitoring and the state tuition payment intercept process.
- **State policies that also negatively impact school districts, include:**
  - Statutory tuition formulas that are not related to actual charter school costs, in particular the costs to serve special education students, and cyber charter costs.
  - Requirements for tuition payments to out-of-district “brick and mortar” charter schools that have not sought approval as regional charter schools, thereby resulting in districts paying different amounts to educate the same number of students at the same charter school.

#### Recommendations:

1. Allow fiscal impact to be taken into account for new and expanded charter applications, permit districts to negotiate charter per pupil payments and payment methods, and require schools serving multiple districts to obtain regional charters.
2. Eliminate mandates for transportation services inconsistent with services for students in district operated schools, and eliminate district responsibility for charter school students’ compliance with state compulsory attendance requirements.
3. Require parents to register with their school districts and modify the state tuition intercept process to prevent district payments for non-district students and duplicate payments.