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CHARTER SCHOOL FUNDING REFORM: CRITICAL RELIEF NEEDED FOR SCHOOL DISTRICTS AND TAXPAYERS

HARRISBURG (5/29/19)—The PA Association of School Business Officials (PASBO) urges the General Assembly to include meaningful charter school funding reform in any future modifications to the charter school law.

Charter school tuition is one of the largest areas of mandated cost growth for school districts. During the 2017-18 school year, school districts paid charter schools \$1.8 billion—representing nearly 7% of total school district expenditures.

This \$1.8 billion grew by 10%—or \$170 million—from the prior year, and since charter schools are entirely locally funded by school districts, this growth meant that \$0.37 of every new dollar raised in property taxes in 2017-18 went directly to charter schools.

The amount of tuition a school district must pay a charter or cyber charter school each year is dependent on a formula defined in the charter school law. Based on this law, each school district must pay a unique charter school tuition rate for each regular and special education student enrolled in a charter school. Therefore, each charter school collects a different tuition rate for students based on the sending school district.

Based on this calculation, in 2017-18, regular education charter school tuition across school districts ranged from \$7,600 to \$18,500 per student, and special education tuition ranged from \$15,100 to \$48,000 per student. None of these rates corresponds to a charter school's actual costs to educate a student.

Based on the formula, the amount of charter school tuition a school district pays—and how quickly the tuition increases from year to year—is largely dependent on factors outside a school district's control.

Charter school tuition increases over the past five years wiped out all of the state basic education funding increases for nearly 20% of school districts. For these school districts alone, charter school tuition increases totaled \$394 million over five years, eclipsing their basic education funding increases by more than \$135 million. Additionally, almost 10% of school districts sent at least \$0.50 of every dollar of their basic education funding increases and property tax increases over the past 5 years directly to charter schools.

The result of this mandated cost is fiscal stress to fund their own school programs for the school districts, and an increase in the property tax burden for taxpayers. There is certainly a better way to fund charter schools, and PASBO urges the General Assembly to prioritize a funding solution that provides needed relief from charter school tuition costs. Failing to address this critical issue only ensures that the burden on school districts and taxpayers gets worse.