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PASBO PREDICTS CHARTER SCHOOL TUITION WILL INCREASE BY \$475 MILLION IN 2020-21

HARRISBURG (10/29/20)—The PA Association of School Business Officials (PASBO) anticipates that school districts will pay about \$475 million more in charter school tuition this school year than last year, further straining budgets already stretched thin by the pandemic.

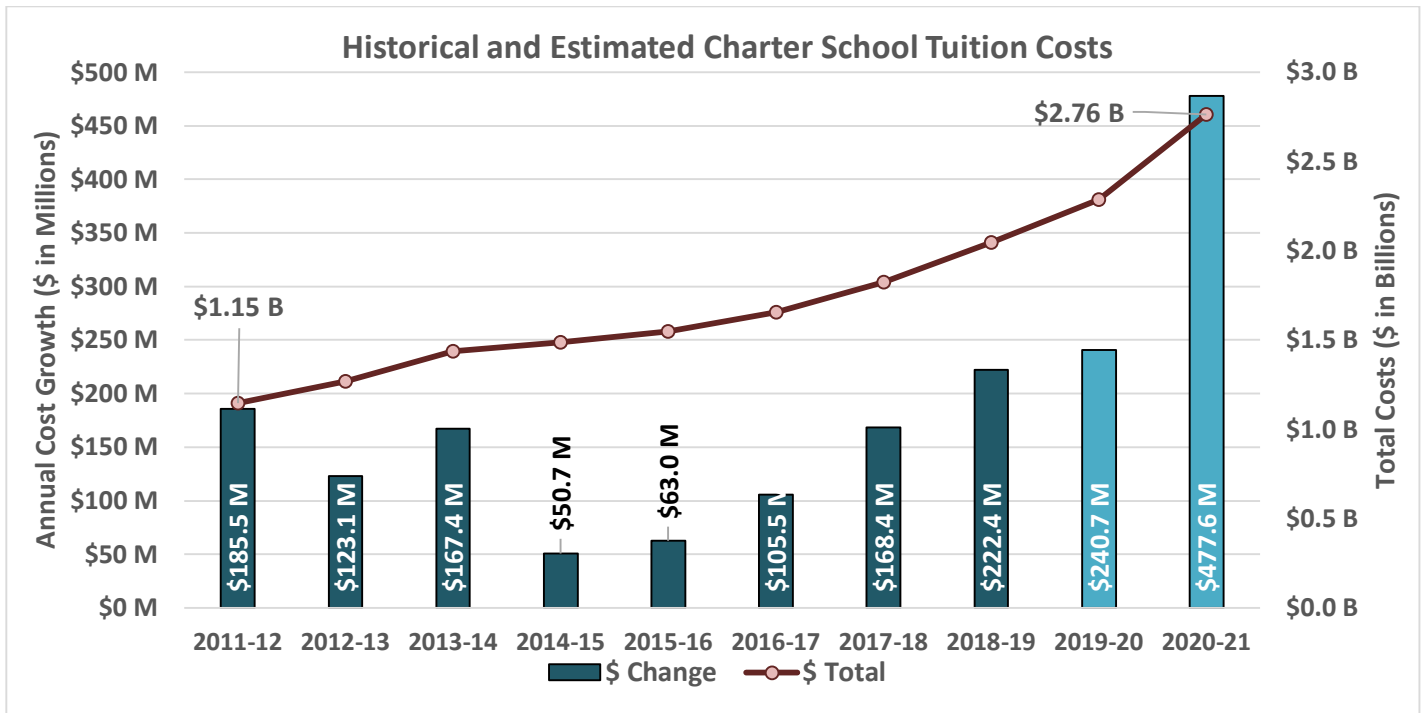
As one of the fastest growing mandated costs that school districts have to grapple with, charter school tuition costs increase each year as a result of the charter school tuition calculation itself and increased charter school enrollment. In fact, charter school tuition costs increased by \$1.4 billion between 2013-14 and 2018-19. And since there is no state funding or subsidy to school districts for charter school tuition costs, these cost increases are largely paid for by property taxes—with the average school district spending (after covering increases in special education costs) 44 cents of each \$1 of new property taxes between 2013-14 and 2018-19 on charter school tuition increases alone.

While increases in charter school enrollment have not been the driving factor behind charter school cost increases in the past several years (annual tuition rates have outpaced enrollment growth), the 2020-21 school year appears to be different. As reported last week, the statewide cyber charter school enrollment has increased by roughly 24,000 students over last year.

This enrollment increase is due to school district students, brick and mortar charter school students and non-public/private school students that have opted to begin the 2020-21 school year in a cyber charter school.

The financial implications of this cyber charter school enrollment increase are staggering. School districts could expect to pay an additional \$350 million more in cyber charter tuition alone during this current school year due to the increased enrollment. That massive sum is on top of the overall charter school tuition increase that occurs annually due to the calculation itself.

In fact, PASBO anticipates that school districts are likely to pay about \$475 million more in charter school tuition in 2020-21 than they did in 2019-20—effectively doubling the annual cost increase last year. The graph below illustrates both the annual increase in overall charter school tuition paid by school districts each year as well as the total charter school tuition expenditure.



While the extent of the financial challenges caused by the cyber charter enrollment increase are unique in size and scope to each school district, it is something that is impacting school districts across the commonwealth. For example, school districts in Bucks, Chester, Delaware and Montgomery Counties could collectively see charter school tuition growth in 2020-21 exceeding \$85 million—the equivalent to a 2.34% increase in property taxes.

Similarly, charter school tuition growth in more rural areas, such as in Blair, Cambria and Clearfield Counties, is estimated to add an additional \$7.3 million to school districts’ collective budgets, the equivalent of a 6.67% increase in property taxes.

PASBO has estimated the possible cyber charter school enrollment increase and the total charter school tuition increases—at the county level—for 2020-21. [Click here to view an interactive map.](#)

As school districts continue to navigate the many health, safety, educational and financial challenges of operating in a pandemic, the \$475 million increase in charter school tuition adds insult to injury, effectively zeroing out most of the federal funds provided to schools under the CARES Act. On top of that, for many school districts, this charter school cost increase exceeds the amount that their Act 1 Index rate can raise in property taxes.

Both short and long-term relief are needed from this exponentially growing mandated cost. In the short-term, to mitigate the impact of \$350 million increase in cyber charter tuition this year, PASBO urges policymakers to devote any additional future federal funds to school districts to cover the cost increases due to the cyber charter enrollment growth.

In the long-term, comprehensive charter school funding reform is essential, and until there is a change to the underlying policy—a policy that currently promotes a growth of hundreds of millions of dollars each year even when there is not significant enrollment growth—school districts, students and taxpayers will continue to pay the price.