

Recent PSBA Testimony

Cyber charter school legislation Before the House Education Committee

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Good morning, my name is Ken Brennan and I am a school director with the Seneca Valley School District. (1) I want to thank Chairmen Roebuck and Stairs for coming to this region of the Commonwealth to hear testimony from public school officials on the issue of cyber charter schools. Yesterday, you heard from Marilyn Messina, the Vice-President of the Woodland Hills School Board. She shared Woodland Hills School District's experiences with cyber charter schools and thoughts on important financial accountability provisions and financial relief from an increasingly underfunded mandate, namely cyber charter schools. The Seneca Valley School District concurs with the comments made by Ms. Messina and would like to provide this committee with further information on why legislative action to address the cost and accountability of cyber charter schools is absolutely necessary when you return to session in the fall.

First, let me provide you with some background on the Seneca Valley School District and cyber charter schools. Between the 2004-05 and the 2007-08 school years, my school district's cyber charter school costs have risen from \$254,000 to a projected \$709,000 for the 2007-08 school year (See Attachment A for cost and enrollment history). This is a 59% increase in just four years and the total cost for the upcoming school year represents almost 2 mills of property taxes. Please keep in mind that the figures for this year are not final as neither Seneca Valley, nor any other school district in this Commonwealth, can accurately budget for cyber school expenses each year. We are forced to estimate based on last year's figures and often have to dip into reserve accounts to make payments that we had no idea that we would need to budget for prior to our budget deadline of June 30.

The Seneca Valley School District believes that distance-learning strategies obviously have a place within public education and we are currently working to address the student demand for cyber learning components. For the past year, my district's administrative team has been working with officials at the Midwestern Intermediate Unit to establish a cyber program with both online courses and live online teachers for Seneca Valley's students. Our hope is that with these new offerings, we will be able to draw cyber charter school students back to Seneca Valley, reduce our costs, and supplement our students' academic achievement.

On top of this new program and increases in cyber charter school expenses, Seneca Valley's basic education subsidy has increased only 17.81% since 2004-05, and the Commonwealth's investment in Seneca Valley stands just under 29%. The Pennsylvania Department of Education (PDE) has also informed my district's administration that since Seneca Valley's equalized mills are less than the state average, my district should increase property taxes further or receive less of an increase in basic education funding. My district's charter and cyber charter school reimbursement represents only 27% of the total cost for our cyber charter *and* charter school payments. On top of all this, my school district's enrollment is *expected to increase again* in the next few years. Four out of the nine municipalities within the district are projecting combined residential growth of 2,590 residential units. Assuming 1.3 children per unit, our district will need to prepare for an additional 3,367 students by the time the residential developments are completed.

Comment [MSOffice1]: This statement is reflects the problem with school funding in PA. What it is saying is that because SV's taxes are so low that the PDE thinks SV taxpayers can afford to pay more for public education through taxes and if they don't raise taxes then they will continue to see a decrease in the amount of funding for basic education. I believe the average level of funding throughout the state is at 35%. SV is now under 29%. Clearly the district is penalized for keeping taxes low.

The bottom-line is that Seneca Valley , along with many other school districts, needs relief from the mandates that only further contribute and exacerbate the deficiencies in Pennsylvania's school funding system. PSBA maintains that relieving school districts from the responsibility of funding cyber charter schools should be the first issue that the General Assembly should tackle in the fall as districts now operate under an Act 1 index and must look, every year, for ways to control expenses. The Commonwealth creates cyber charter schools by authorizing their charters and it oversees both the academic and financial operations of cyber charter schools. The Commonwealth should therefore pay for the entities it creates. Continuing to pass along the costs of mandates to local school districts will not enable our districts to provide effective educational programs by seeking out new strategies to improve student achievement.

Removing the funding responsibility of cyber charter schools is the right approach to help Pennsylvania's school districts control costs and PSBA applauds Representatives Beyer and DeLuca for their commitment to address the issue of unfunded mandates head on. PSBA especially appreciates the provision in House Bill 446 that protects school districts' basic education subsidies from being used as the funding source for Commonwealth payments to cyber charter schools. It is important to note that districts and their property taxpayers would not experience mandate relief from cyber charter school payments if those dollars were just deducted from districts' basic education subsidies. The proposed provision in House Bill 446 provides adequate protection for Pennsylvania's school districts and taxpayers.

Should the Commonwealth refuse to take over the funding of cyber charter schools, or only contribute a portion of the necessary funds, PSBA supports the concept of a standard per-student formula that reflects the actual instructional cost of providing a cyber education that meets Pennsylvania's academic standards and the requirements of No Child Left Behind (NCLB). It makes no

sense for different school districts to make different payments on behalf of students attending the same school. This method of payment continues to assume, wrongly I might add, that school districts receive funding from the state on a per-pupil basis and that such funding should be used to pay for cyber charter school students. Unfortunately, for school districts, per-student funding was abandoned years ago and the current funding non-system is based on percentage increases that have little to do with issues experienced at the school level and everything to do with capping the amount of dollars the Commonwealth is willing to spend on public education. School districts should not have to shell out dollars on a per-student basis to charter and cyber charter schools when they are not getting the same type of funding from the Commonwealth.

Either way, the association maintains that the funding formula for cyber school kindergarten students should take into account whether a student is coming from a district with half-day or full-day kindergarten. Whether it's the school district or the state paying the bill, no cyber charter school should receive funding for education services not offered by the resident school district. Consequently, if a student resides in a district that has a half-day kindergarten program, the cyber charter school should receive funding based on that type of program. If the student comes from a district with a full-day program, the funding should be based on those programs, as long as the cyber charter school offers a full-day program. Monies received for students attending half-day kindergarten programs, but at full-day rates are pure profits for the public school entities and this is exactly the kind of issue that legislation like House Bills 446 and 738 should correct.

PSBA believes that all stakeholders and policymakers can work together to address the concern with proposed Commonwealth funding that adequately provides for cyber schools' instructional costs. Establishing a standard per-student funding amount would put all cyber schools' on a common fiscal playing field and it would certainly address complaints of cyber school administrators related to delayed school district payments. Cyber school representatives at the August 2006 hearing in Allentown described common funding delays and the need to put off vendor payments until funds are available. If the funding formula in House Bills 446 were adjusted, as Representative Beyer has proposed, then cyber schools could receive adequate funding for instructional costs and districts could experience relief from an increasingly expensive mandate. PSBA sees this as a win-win situation for both districts and cyber charter schools. After all, if retrieving payments from school districts are a critical concern, why wouldn't cyber school administrators support a change to provide consistent funding from a single source?

PSBA also supports the concept put forth by Representative Pallone in House Bill 1407 (P.N. 1787), but believes changes need to be made to the proposed language to make the prime sponsor's intent clear. The association interprets the legislation as trying to address the issue of students being adjudicated for

truancy who transfer to cyber charter schools. Therefore, the issue that should be addressed in the legislation should not be school district certification of compliance with section 1327 of the Public School Code, but a prohibition of enrolling students in cyber schools who are not in compliance with section 1327.

PSBA looks forward to working with Representative Pallone in the coming weeks to improve his legislation prior to its consideration and also suggests that the committee examine the PDE guidelines regarding truancy procedures of cyber charter schools. These guidelines require cyber charter schools to report when students accumulate three or more unexcused absences, and then require the school district to enforce compulsory attendance laws in accordance with the Public School Code. However, communication between cyber charter schools and school districts is deficient. Cyber schools have not informed Seneca Valley when cyber students move out of our district, withdraw from a cyber school, or transfer to a parochial school or another cyber school. Additionally, we have been billed for students with invalid addresses. If districts are unable to receive accurate communication regarding billing and attendance of students from cyber charter schools, how can we be expected to accurately pursue truancy violations?

The bottom-line is that cyber school entities know if their students are logging on to their computers and completing their work in compliance with compulsory attendance laws, not school districts. Districts are not even authorized in the charter school law to receive such attendance information from cyber charter schools. Consequently, cyber charter schools should be required to validate that the person behind the computer completing the work is the student enrolled.

In closing, I want to emphasize that this committee and the members of the General Assembly have an opportunity with House Bill 446 to relieve school districts of an unfunded mandate and establish fiscal and academic accountability measures for cyber charter schools that will protect taxpayers' investments in public cyber schools. Thank you for your consideration of PSBA's recommendations and I look forward to your questions.

Seneca Valley School District is located in southern Butler County . The suburban districts covers 100 square miles and includes Cranberry, Forward, Jackson and Lancaster townships and Callery, Evans City, Harmony, Seven Fields and Zelenople boroughs. For the 2006-07 school year, there were 7,575 students in grades K-12. Of that, approximately 4,072 students are elementary (K-6) and 3,503 are secondary students (7-12).