

public citizens for children + youth

July 7, 2017

Dear Senators,

We are writing to you today about House Bill 97 which seeks to amend the charter school law. As advocates for high quality educational options for students, we believe that students should have greater access to high schools, charter or traditional public schools. We agree that the current law is outdated and needs revision, but this bill misses the mark on several fronts.

Here are several reasons why:

- **The bar for charter renewal is too low to protect students or taxpayers**
- While HB 97 allows charters satisfying academic performance matrix criteria to be automatically renewed for 10 years, underperforming schools can be reauthorized for five (5) years regardless of whether they meet academic benchmarks. Further, failing schools are *only* subject to review if they have failed to meet the academic criteria for **two** consecutive years *beginning* in year 6 of the 10-year period. This backdoor path to renewals for low performing brick and mortar and cyber charter schools does not promote quality options for students.
- Additionally, as stewards of taxpayer dollars, high performance, solvency and the demonstration of fiscal responsibility should be dominant factors in approving renewals of charter schools. However, in HB97, financial stability and fiscal management play a nominal role in renewal considerations. The law currently lists “failure to meet generally accepted standards of fiscal management or audit requirements” as a factor for non-renewal, but the bill fails to define this standard.
- **It creates inefficient and arbitrary approach to charter amendments**
- While requirements for charter applications are explicitly stated, HB 97 is silent with respect to the scope of what constitutes an allowable amendment, yet it permits charters to submit limitless amendments on an annual basis during the term of their charter. Nonetheless, the bill requires boards to hold a public hearing on the requested amendment within 60 days of the receipt of the request and grant or deny them. Given that there are no parameters for review, it’s unclear what if any criteria will be legally acceptable for school boards to rely on for approval or rejection of an amendment. This poorly crafted provision opens the door to haphazard, inefficient reviews and approvals.



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- **Compressed timelines don't allow for reasonable review of renewals.**
- HB 97 requires existing charter schools to submit renewal applications to the local board on December 1 and within ninety (90) days of receiving the renewal application, boards must vote to either renew or not renew the charter. A 90-day window beginning in December and running through February constitutes an abbreviated time of review for the renewal application as school districts are closed for several weeks in December and early January for winter break and holidays. It is unrealistic to expect that school districts with several pending reviews can conduct thorough reviews within this condensed time frame.
- **Contradictions within the bill allow multiple charter schools to consolidate even if they are poor performers**
- Two or more charter schools may consolidate into a multiple charter school organization with few restrictions. One of the most troubling provisions allows charter schools to consolidate if they have failed to meet student performance requirements, accepted standards of fiscal management or audit requirements. For example, the bill permits three “failing” charter schools to consolidate with one “passing” school to form a multiple charter school organization. As noted above, as stewards of taxpayer dollars, high performance, should be a dominant factor in approving renewals of charter schools.
- **Business transactions remain opaque for Charter Management Organizations**
- HB97 may allow for greater transparency for fundraising for charter schools. However, Educational Management Service Providers/ Charter Management Organizations are not obligated to comply with Right to Know or Sunshine laws. Considering how many charter schools are affiliated with these organizations, and how much public money flows through them, these organizations should be subject to the aforementioned laws.
- **Charter schools are allowed higher unassigned fund balances as a percentage of their total budgeted expenditures than traditional public schools**
- HB97 allows charters to maintain fund balances between 12% and 16%. This is two to three times more than recommended and much higher than the law allows for non-charter public schools. The opportunity for misuse and mismanagement of these unallocated funds is great given the allowable largess and sparse regulations regarding use.

- **Criteria for new charters opens the door to bad actors operating in the Commonwealth**
 - Pursuant to HB97, the Department of Education must create a standard application for charters containing specified information, but it is not thorough enough to protect children and taxpayers from bad actors. While Educational Management Organizations working with charters must provide additional records such as evidence of student performance or demonstration of ability to manage academic school functions, charters without affiliation to an Education Management Organization do not.
 - Additionally, HB97 mandates criminal, employment, child abuse background checks for individuals named in the charter application and any staff having contact with children. The bill does not extend those requirements to named individuals of related educational management organizations.
 - Keep in mind that HB97 also prohibits school districts or boards from requesting information other than what is explicitly listed in the standard application. These loopholes present opportunities for unscrupulous individuals and organizations to manipulate the system, perpetrate fraud, waste taxpayer dollars and deprive students of high-quality educational opportunities.

- **There is no protection for taxpayers as they are forced to spend on failing schools**
 - In 2016, none of the cyber charters met the state's academic benchmark on the performance profiles. However, taxpayers are spending hundreds of millions of dollars each year to “educate” students in these schools. At least, the cost saving provisions initially proposed in the bill, would have resulted in immediate savings - \$27 million for 2017-18. Currently, nothing in the bill protects taxpayers from footing the bill for this failing system.

For the reasons stated above and others, HB 97 creates gaping new loopholes and inefficiencies while failing to substantially ensure high performing charters can operate with predictability and low performing charters are terminated in a timely manner. Charter school reform is necessary, but HB97 misses the mark.

Sincerely,



Donna Cooper
Executive Director