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Why Strong Charter School Legislation Matters

Twenty-six years ago, Minnesota became the first state to pass a charter school law. The goal of the law was to create schools that could be hubs of innovation unconstrained by the rules and regulations required of traditional public schools. Many believed this flexibility would produce significantly better schools and educational outcomes for students. Since then, 43 states and Washington, D.C. have followed suit. Unfortunately, the charter school movement has not produced enough high quality schools to meet students’ needs.

With nearly two decades of experience, experts have found that poorly written laws fail to support the growth of high quality charter schools. Organizations favoring first-rate options for charter students such as the National Association of Charter School Authorizers and the National Alliance for Public Charter Schools stress that creating high quality schools very literally begins with well-crafted charter school laws. Strong laws contain policies that give students and families equal access to high-performing schools, encourage school autonomy and hold charter schools and authorizers accountable for student success.

Since 2012, 23 states have amended their laws to improve the quality of charter schools. Pennsylvania is not one of those states. The legislature has not revised the charter school law to include best practices for access, autonomy or accountability since it was passed in 1997.

Why Pennsylvania’s Law Misses the Mark

Some of the strongest voices in school choice, rank PA’s law fair to middling at best and ineffective at worst. Nationally, three pro-charter organizations ranked Pennsylvania’s charter law:

- 25th on the Center for Education Reform’s yearly scorecard (seven spots lower than in 2015)  
- 31st on the National Alliance for Public Charter Schools’ survey of alignment with its model law.  
- 34th on the National Association of Charter School Authorizers’ state policy analysis.

Locally, the state’s own Auditor General, Eugene DePasquale called it the “worst charter law” in the nation.

Pennsylvania’s law has earned this dubious distinction because it is missing key provisions known to support the growth of high quality charter schools. Some of the states with the strongest charter school laws in the country have specifically modified them to include more measures of accountability, performance-based growth and renewal and automatic closure for poorly performing schools.
Pennsylvania’s Charter Students Are Not Outperforming Traditional Public-Schoolers

Pennsylvania’s failure to adopt policies creating high quality charter schools isn’t just a black eye for the state; it is depriving many of PA’s 132,800 charter school students of educational success. Though often billed as a better alternative to traditional public schools, in 2016, a greater share of the traditional public school students met grade level expectations. Collectively, around 63% of traditional public school 3rd through 8th graders passed the reading portion of the test. In contrast, only about 42% of charter school students did.

Similarly, in math, 45% of traditional public school students tested on grade level. Whereas, only about 21% of charter school students were proficient.
To be fair, although almost every school district has at least one student attending a brick and mortar or cyber charter schools, many more children go to traditional public schools. There are only 28 school districts that have more than 10% of its student population in charter schools.15

When comparing PSSA scores of traditional public school students with charter school students in just these school districts, traditional public school students still performed slightly better in math, while charter school students performed a bit better in reading.16
For another comparison, consider the PSSA scores of “historically underperforming” students. Across all Pennsylvania public schools, students from this group who attend traditional public schools outperform their charter school peers. About 43% of traditional public school students passed reading and a little less than 27% passed math. Around 34% of charter school students met grade level criteria for reading, while slightly more than 14% passed math.

When comparing the same group of students’ performance in districts with more than 10% of its student population in charter schools to traditional public school students in the counties where the schools are located, the students fared about the same in each kind of school. In math, charter students perform slightly worse than traditional public school students - about 14.5% passage rate vs. slightly more than 16% passage rate. In English, the charter students performed slightly better; about 4% less charter students score basic or below basic compared to traditional school students - 34% proficiency for charter school students vs. 30% for traditional public school students.

Abysmally, for scores of children attending cyber charters, the statistics were even more alarming. More than 61% of cyber charter students failed the reading portion of the PSSA, while over 85% did not pass math.

While standardized scores are far from the only way to measure student success, they do provide insight as to whether students have mastered grade level skills. Charter school students are not outperforming their traditional school peers; results are mixed at best and extremely subpar at worse. Passing stronger legislation to link growth and charter renewal to student performance will encourage schools to strive for better student outcomes.
High Quality Charter Schools are Few and Far Between

Unfortunately for students, most charter schools are not making the grade. The Pennsylvania Department of Education uses the Pennsylvania School Performance Profile (SPP) as a measure to compare performance for all public schools. The SPP uses several factors including exam scores, graduation and promotion rates, and attendance to measure how traditional and charter schools are schools are doing. Schools that achieve an SPP of 70 or above are considered to be “good schools”.

During the 2015-2016 school year, only 24% of the 161 brick and mortar charter schools earned an SPP above 70. The average score was around 58.

Contrasting the SPP scores of traditional public schools with all – brick and mortar and cyber charter schools – 54% of traditional public schools scored at 70 or above, while only 21% of all charters had SPP scores above this benchmark.

Alarmingly, none of the 14 cyber charters had a score above 70. The mean score was around 51. To put these figures in context, none of PA’s cyber schools beat the average SPP score of all schools across Pennsylvania. Even the best-performing cyber charter school has a “below-average” overall rating from the Commonwealth.

Students and Taxpayers Deserve a Better Return on Their Investment

Regardless of performance, charter costs keep rising for school districts and taxpayers. Adopting potent legislation that rewards high quality schools with an expedited renewal process and closes poor performers would encourage schools to strive for excellence.
In 2016, school districts paid a stunning $1.5 billion dollars in charter school tuition payments.\textsuperscript{26} By statute, a school district’s charter school tuition payment is calculated using the prior year’s expenditures and student attendance minus the district’s cost for non-public school programs such as pre-k, adult education, etc. Federal aid to the district is also excluded from the calculation. The tuition payment each district is required to pay charter schools does not consider the financial solvency of the district, and when considering added expenses, like stranded costs, per student charter school expenditures may exceed what a district actually spends on its traditional public school students.

Moreover, if a student is in special education, the district’s per student tuition payment is much higher than the payment remitted to charters for non-special education students. Based on the Special Education Funding Commission’s recommendation, during the 2014-2015 school year, the state adopted a formula that can stabilize these costs. The formula sends dollars to districts based on student needs and district specific factors.\textsuperscript{27} Unfortunately, the legislature failed to apply the new special education formula to charter school students.

Instead, the current special education tuition payment for charter school students assumes that 16\% of the children attending school in the district are students with disabilities and rates are calculated using a formula based on that assumption.\textsuperscript{28} No study is conducted to determine if the district actually has a population of 16\%, nor is a needs assessment done to determine the actual cost of a student’s services. No other public schools receive funding for special education students this way.

Even more illogically, cyber charters receive the same funding per student as brick and mortar charter schools, although they should have lower overhead expenses.

Pennsylvania’s school districts not only pay charter schools $1.5 billion in tuition, they are unable to reduce their own costs proportionately when a student leaves (i.e. classroom space for remaining students and teacher salaries). For example, if 28 children are in a classroom and two leave to attend a charter school, the district does not close a classroom; it spends the same amount on space for the remaining students, the teacher’s salary, benefits and pension costs, etc. Thus, any savings a district realizes when a student leaves is minimal compared to the new costs it incurs for charter tuition.

Furthermore, even after years of charter growth and large numbers of students leaving districts for charter schools, Pennsylvania school districts continue to be impacted by these significant “stranded costs.” In a recent study considering the fiscal impact of charter expansion in Pennsylvania, Research for Action (RFA) found that districts are only able to reduce their own costs by between 44\% - 68\% of what they are actually spending on charter school tuition.\textsuperscript{29}

For instance, in Philadelphia, for each child that attends a charter school, the district is left with $8,125 in stranded costs in the first year; by year five, the stranded costs are still hefty at $4,433 per pupil.\textsuperscript{30} In smaller districts and districts with large tuition rates, the per pupil impacts are even larger.
For example, in the Quaker Valley School district, RFA estimated per pupil stranded costs of $16,764 in year one and $7,448 in year five.\textsuperscript{31} Finally, while the per pupil impact declines over time, the total annual impact to school districts continues to rise significantly due to the cumulative effect of more students attending charter schools.\textsuperscript{32} Without a larger state contribution, school districts can never financially recover from these losses.

Considering the significant investment school districts and taxpayers continue to make in charter schools, it is fiscally sound policy to enact a strong charter school law that stabilizes charter payment rates, holds charters accountable, provides autonomy, and defines high quality charter schools for students.

**Pennsylvania Can Change the Law Now to get a Better Return on Investment for Taxpayers and Our Children**

Indiana, Nevada and Alabama top the list of states that have adopted strong charter school laws that support high quality schools and balance school autonomy with robust academic and financial accountability measures. If those states can expand high quality charter school options for students, then so can Pennsylvania.

In no uncertain terms, the idea of substantive charter school reform cannot be political fodder; the stakes are too high for all parties involved. As it has done for the past several years, the legislature is considering a charter reform bill - HB97. House Bill 97’s measures do not go far enough to ensure high quality, well managed, appropriately financed educational options for students.

Comprehensive charter school reform in the Commonwealth will begin when the state passes a charter school law that increases competition and high performance among charter schools, uniform and predictable processes that give all students access, greater accountability for all entities receiving public funds to educate children, and quickly and efficiently closes charter schools that do not meet performance, financial and managerial standards.

Legislators can pass a charter school law that:

- Approves only high quality applicants
- Allows only high quality charters to grow
- Protects students and taxpayers from paying for failure
- Provides students with stability

What follows is a checklist of academic performance elements for high quality charter schools and standard application form requirements for charter schools that legislators can use as a guide to make Pennsylvania’s charter school law work better for students (see Appendices A, B and C).
## Appendix A: Checklist for Stronger Charter School Laws

HB97 is missing key components that ensure that Pennsylvania’s charters give students greater access to high quality schools. Below, are amendments to HB97 should make to Pennsylvania’s charter law to make it more effective for students:

### STEP 1: ONLY APPROVE HIGH QUALITY APPLICANTS

<table>
<thead>
<tr>
<th>SMART CHARTER REFORM</th>
<th>MODEL LAW</th>
<th>HB97</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Defines high quality (see our list of essential elements that measure quality)</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>2. Bases decisions on the track record of prior performance of applicants from any state in which they've operated</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>3. Captures sufficient background check information to determine if the leadership is in good standing</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>4. Enables applicants to rely on a fair standard application form (see suggested standard charter application form requirements in Appendix C)</td>
<td>YES</td>
<td>YES</td>
</tr>
<tr>
<td>5. Allows ample time to review and verify application (minimum 100 days after first public hearing on the application)</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>6. Has clear criteria for approval</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>7. Gives new schools time to become high performers (3-5 year initial charters) and time for taxpayers to act if they don’t</td>
<td>YES</td>
<td>NO</td>
</tr>
</tbody>
</table>

### STEP 2: LET HIGH QUALITY CHARTERS GROW

<table>
<thead>
<tr>
<th>SMART CHARTER REFORM</th>
<th>MODEL LAW</th>
<th>HB97</th>
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</thead>
<tbody>
<tr>
<td>8. Sets threshold for high quality as the top 10% of all schools within a district, where the charter is educating students who have a comparable demographic profile of the district and are fiscally solvent</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>9. Gives high flying schools in the top 10% more flexibility to expand</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>10. Allows schools enough time to become high performers (5 year renewals)</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>11. Assesses schools exhibiting poor performance for 3 consecutive years and implements mandatory oversight with clearly defined goals and performance expectations with a one year deadline for improvement</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>12. Provides clear guidelines for how &amp; when high quality schools are identified</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>13. Spells out a clear process for renewals for charters that are performing moderately well, but do not meet the high quality criteria threshold</td>
<td>YES</td>
<td>NO</td>
</tr>
</tbody>
</table>

### STEP 3: PROTECT STUDENTS AND TAXPAYERS FROM FAILURE

<table>
<thead>
<tr>
<th>SMART CHARTER REFORM</th>
<th>MODEL LAW</th>
<th>HB97</th>
</tr>
</thead>
<tbody>
<tr>
<td>14. Sets the threshold for failing charters so the bottom 10% can be closed</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>15. Makes closure mandatory and non-appealable for chronically failing schools</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>16. Tells schools and families the procedure for closing so families can prepare</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>17. Expedites closure</td>
<td>YES</td>
<td>NO</td>
</tr>
</tbody>
</table>

### STEP 4: GIVE STUDENTS STABILITY

<table>
<thead>
<tr>
<th>SMART CHARTER REFORM</th>
<th>MODEL LAW</th>
<th>HB97</th>
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</thead>
<tbody>
<tr>
<td>18. Deems closed schools ineligible for reopening with EITC funds</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>19. Sets clear and limited guidelines for amendments associated with items that moderately adjust the charter but do not include substantial changes to grades or more students</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>20. Gives predictable criteria for review</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>21. Provides authorizers with reasonable timeline to complete review</td>
<td>YES</td>
<td>NO</td>
</tr>
</tbody>
</table>
Appendix B: Policy Recommendations to Produce High Quality Charter Schools

Recommendation 1: National Association of Charter School Authorizers (NACSA) academic performance standards:

- Set expectations for student academic achievement status or proficiency, including comparative proficiency
- Set expectations for student academic growth, including adequacy of growth toward state standards
- Incorporate state and federal accountability systems, including state grading and/or rating systems
- Set expectations for postsecondary readiness, including graduation rates (for high schools), and
- Provide schools an option to incorporate mission-specific performance measures for which the school has presented valid, reliable, and rigorous means of assessment approved by the authorizer

Recommendation 2: Normed academic performance framework for all public schools that compares each school’s performance and progress to other schools serving similar student populations and includes:

- State assessments (PSSA)
- Keystone exams or other exams approved by PDE
- Student growth (rolling 3-year average of PVAAS)
- Graduation rates
- Attendance (student retention must be reported, but not scored)
- SAT/ACT (based on a scoring criteria, such as the share of the student population taking the assessment)
- Achievement gap(s)
- Measure(s) of college and career readiness and/or post-secondary success (this could be a menu of measures to choose from or a combined measure)
- Creation of a standard compliance template authorizers must review to determine compliance in the areas of accessibility, transparency, and fiscal responsibility in accordance with state school code and existing charter law
Appendix C: Standard Application Form Requirements for Charter Schools

In addition to the current requirements for charter applications, the legislature should amend existing law to require all charter applicants to complete a standard application form, that at minimum, includes the following key components:

1. Application fact sheet providing basic overview of the application, including:
   - grade levels the school hopes to serve
   - proposed enrollment
   - description of other schools connected to applicant (if applicable)
   - address of proposed facility (if applicable)
   - contact information for primary contact person completing application

2. Executive summary of application including a description of:
   - mission and vision of the proposed school, academic plan for the proposed school, description of team’s operational and financial capacity, target community of students, description of the applicant’s current portfolio of schools (if applicable)

3. Evidence of nonprofit status

4. Detailed description of academic program including:
   - description of educational philosophy
   - description of curriculum and educational plan with detailed description of curriculum for, at a minimum, each subject and grade level taught during the first year of the proposed school’s operation
   - rationale for use of proposed curriculum (evidence curriculum is research based, relevant to targeted student population, aligned to school’s mission, and likely to succeed with gifted students and students needing accelerated learning opportunities)
   - estimated disability types and numbers expected to be served
   - proposed school’s language instructional program for English Language Learner students
   - description of the proposed school’s policies and standards for promotion of students to higher grades and credit plan for graduation
   - description of retention strategies for students at risk of failing to graduate
   - description of plan for proposed school culture and climate
   - outline of all school plans for monitoring academic data and setting goals

5. Detailed description of organizational capacity and compliance planning, including:
   - applicant capacity as demonstrated by the expertise of founding coalition
   - applicant capacity as demonstrated by the expertise of founding leadership team (including proposed principal and all other known leadership personnel)
• plan for recruitment of teaching staff (including copy of proposed school's hiring and personnel policies and proposed school's organizational chart)

• chart outlining hiring plan for all years of the term of the proposed school

• explanation of leadership and staff development plan (including any evaluation tools already developed)

• detailed professional development plan including training subjects, frequency, and personnel responsible for leading each training

• proposed school calendar

• proposed school's health care benefits

• proposed school's retirement benefits

• plan for managing proposed school's operations

• recruitment, admissions, and enrollment plan outlining general enrollment target populations, recruitment and marketing plan, and the plan for an equitable and transparent enrollment plan

• student discipline and code of conduct with adopted plan included

• school safety plan

• Board of Trustees creation and transition plan

• resumes of all proposed board members

• schedule of board meetings and planned board trainings for proposed schools utilizing Charter Management Organization (CMO) and third party service providers:

  • copy of management agreement

  • identify all proposed management and/or operational service providers and expected duration of the contract and expected annual costs of contracts

  • table indicating the percentage of time each CMO or network-level employee will dedicate to the proposed charter school and to the existing schools in the network plan for dissolution

6. Evidence of detailed financial and facilities planning including:

• preliminary detailed one-year budget and a high level five-year operating budget

• financial narrative describing revenue assumptions for each year of the proposed school's operations

• budget narrative describing expenditure assumptions for each year of the school's operations

• plans and evidence for any additional opportunities for financial support

• details regarding the source of start-up funds and expected start-up expenditures

• detailed internal financial controls

• provide all appropriate insurance coverage plans

• overview of key financial responsibilities and positions
• proof of past financial practice where appropriate
• location and facility financing plan
• details of all solidified facilities arrangements
• information on secondary or backup facility
• description of proposed school’s space requirements and how the proposed site meets these requirements

7. Evidence of community engagement and support for the school
• describe targeted community and how proposed school will foster choice for targeted community and how the school will consider offering enrollment preference for students residing in a specific geographic area
• will the proposed school offer other enrollment preferences for students who are underserved in the proposed community
• identify steps taken to assess the educational needs and priorities of families in the community where the proposed school will be located
• provide evidence of support from parents and confirmed community partners
• attach concrete evidence of community support for the school and demand for enrollment
• describe the role of parent engagement and community member involvement in developing the proposed school
• describe strategy for parent and community engagement with the proposed school before and after school opening

8. An assessment of “impact” (positive and negative effect that the school would have on the surrounding area and the educational system if approved. This section is mandatory but cannot be used as a basis for denial of an application) including:
• projected effects on academic performance, including historical student achievement and growth trends of the applicant and the projected sending schools and districts
• comparison of applicant’s current performance data (for applicants currently operating existing schools) with specific focus on performance for the student demographics proposed to be served
• programmatic offerings and grade levels, including other information about similar programs in the surrounding area and unique program offerings as detailed in the application
• partnerships with local education agencies (including potential opportunities for district collaboration, innovation, and parent and community involvement), and
• projected social, cultural, demographic, environmental, and economic trends and effects on the surrounding area
Endnotes


8. Ibid.


12. Ibid.

13. Ibid.

14. Ibid.

15. The districts considered are: Aliquippa SD, Allentown City SD, Ambridge Area SD, Avon Grove SD, Bedford Area SD, Bensalem Township SD, Bethlehem Area SD, Carbondale Area SD, Chester-Upland SD, Clairton City SD, Coatuesville Area SD, Duquesne City SD, East Allegheny SD, Erie City SD, Harrisburg City SD, McKeesport Area SD, Midland Borough SD, Oxford Area SD, Penn Hills SD, Philadelphia City SD, Pittsburg SD, Rochester Area SD, Steel Valley SD, Sto-Rox SD, Wilkinsburg Borough SD, Woodland Hills SD and York City SD. Legislative Budget and Finance Committee. A Joint Committee of the Pennsylvania General Assembly. (2017). Public Charter School Fiscal Impact on School Districts. Retrieved from http://lbfc.legis.state.pa.us/Resources/Documents/Reports/605.pdf

16. About 37.6% of students in traditional public schools passed the ELA portion of the test, while 22.4% passed math. Of the children who attended the charters in the county, about 41% of students were on grade level in English; 20% passed math. Information retrieved from Pennsylvania Department of Education. (2016). 2016 PSSA school level data [Data file]. Retrieved from http://www.education.pa.gov/Data-and-Statistics/PSSA/Pages/default.aspx#tab-1.

17. PA department of education defines “historically underperforming” students as a “nonduplicated count of students with disabilities, economically disadvantaged students, and English Language Learners enrolled for a full academic year taking the PSSA.” http://paschoolperformance.org/FAQ


19. Ibid.

20. Ibid.

21. Ibid.

22. Ibid.

24. Ibid.


30. Ibid. The estimate for Philadelphia assumes charter growth of 0.5% for 5 years at 2.5% total growth.

31. Ibid. The estimates for Quaker Valley assumes charter growth of 0.5% for 5 years at 2.5% total growth.

32. Ibid.


Public Citizens for Children and Youth (PCCY) serves as the leading child advocacy organization working to improve the lives and life chances of children in the region.

Through thoughtful and informed advocacy, community education, targeted service projects and budget analysis, PCCY watches out and speaks out for children and families. PCCY undertakes specific and focused projects in areas affecting the healthy growth and development of children, including child care, public education, child health, juvenile justice and child welfare.

Founded in 1980 as Philadelphia Citizens for Children and Youth, our name was changed in 2007 to better reflect our expanded work in the counties surrounding Philadelphia. PCCY remains a committed advocate and an independent watchdog for the well-being of all our children.

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