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PASA POINTS

The Pennsylvania Association of School Administrators

About PASA

The Pennsylvania Association of School Administrators (PASA) is an organization that is instrumental in developing successful school leadership through advocacy, support, sustenance of high-quality school administrators and a statewide collegial network.

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The pandemic has negatively impacted our students, staff, families, and school finances.

In this issue

- PASBO, PASA, PARSS School District Budget Report
- Cyber Charter Schools Cost Explodes with the Pandemic

Report Delivers Somber Financial Outlook for Schools

The PA Association of School Business Officials (PASBO), the PA Association of School Administrators (PASA) and the PA Association of Rural and Small Schools (PARSS) conducted a survey of school district business managers and superintendents in the fall of 2020. In addition to the survey data, which was collected in November and December 2020, data was also collected the 2019-20 school district Annual Financial Reports (AFRs) from the survey respondents to provide a look at actual results. To provide a wider lens, all school district 2018-19 AFR data as well as all district 2020-21 PDE budget submissions were used. You can read the full report at: <https://www.pasbo.org/2021-budget-report>.

The main findings of the report are as follows:

1. All school districts are negatively impacted by the COVID-19 pandemic, and there is an overarching uniformity in the manifestation of the impact on everything from educational programming to revenues to costs to staffing to never anticipated new needs. Some school districts have experienced serious revenue declines, while others have seen expenditures sky-rocket—and for very different reasons. While no two school districts are responding to and experiencing the pandemic in the same way, all are affected.
2. The effect of the pandemic on school districts is not over. With the end of the 2019-20 school year impacted by school closure and the current school year continuing to bear the brunt of the pandemic, we are not out of the woods. The financial challenges—both on the revenue and expenditure side—will continue into the 2021-22 school year, making the COVID-19 pandemic at least a three-year event and heightening the need for constant attention to this evolving situation. Trillions in federal stimulus funds flowing across the country to schools, employers and households will mitigate the immediate future, but all eyes need to be wary for when that flow stops.
3. School districts need resources. Many school districts are struggling. Rising mandated costs stressed school districts budgets every year before the pandemic, and in 2020-21, those rising mandated costs and a host of pandemic-related expenditures are challenging many district budgets, especially at a time where state and local revenue growth is minimal at best.

Cyber Charter School Tuition Wreaks Havoc on School District Budgets

The report also examined the exploding cost of cyber charter school tuition during the current 2020-2021 school year. One of the fastest growing mandated costs for school districts in a normal year is due to the mandated payment of charter school tuition. The massive cyber charter school tuition increase due to the pandemic is wreaking havoc on school district budgets for 2020-21. This expenditure alone was cited frequently by survey respondents as a priority budget concern both in 2020-21 and looking ahead to next year.

Overall, charter school tuition costs increased by \$1.4 billion between 2013-14 and 2018-19, an average of more than \$250 million per year, and while increases in charter school enrollment have not been the driving factor behind charter school cost increases in the past several years (with annual tuition rates outpacing enrollment growth), this year is different.

In addition to the “routine” increase in the cyber charter tuition rate (estimated to be between \$125-150 million this year), which results from the statutory tuition calculation that is based on school district budgets, the increase in cyber charter enrollment could mean that school districts must pay an additional \$350 million more in cyber charter tuition in 2020-21—an estimated total increase of about \$475 million compared to 2019-2020.

As outlined in a 2017 White Paper on Charter School Reform, PASA recommends the following changes in charter school law:

- The funding formula for cyber charter school entities must be changed to reflect the actual cost needed to educate students in these alternative environments and should not vary by district.
- The cost of special education students attending cyber charter school entities must reflect the actual cost to instruct the students through the IEP process.
- Professional educators in cyber charter school entities must meet the same certification requirements as educators in traditional public schools.
- Cyber charter school entities must display the same level of transparency with their finances that are required of traditional public school districts.
- More scrutiny and review must be applied to cyber charter school entities, as their academic performance is significantly lower than brick-and-mortar charter schools and traditional public schools.

Cyber charter school reform in Pennsylvania is long overdue. The pandemic has put a spotlight on virtual learning, exposing its inadequacies. Significant questions of accountability and actual cost in cyber charter schools remains a significant issue. More importantly, research and data have shown that students attending cyber charter schools have not performed well academically in comparison to their traditional school and brick-and-mortar charter school peers, despite more than 20 years of existence. It is time to amend this outdated law.