



## **CHARTER SCHOOLS IN PENNSYLVANIA**

**Testimony of:**

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Commonwealth Foundation**

**Presented to:**

**PENNSYLVANIA SENATE EDUCATION COMMITTEE**

**OCTOBER 22, 2019**

Thank you Chairman Langerholc, Chairman Dinniman, and honorable committee members for the opportunity to testify before the Senate Education Committee.

We'd like to first address the moral imperative of protecting parental choice and how Pennsylvania's charter schools are helping to close the achievement gap. Next, we'll review charter school funding and performance as evidenced by statistics, studies, and documented experiences by parents and students.

### **The Achievement Gap Persists**

Despite the lowest national unemployment percentages since the 1960s, many Americans still find themselves on the outside looking in, incapable of participating in the world's leading economy.

In fact, decades after ground-breaking shifts in society concerning the roles of minorities in America, topped with the two-term presidency of Barack Obama, studies show that many Americans remain woefully behind regarding employment, quality of life, health care accessibility and satisfaction, and life expectancy. These realities are even more stark here in the Commonwealth of Pennsylvania.

In late 2017, the *USA Today* listed Erie as the worst city for African-Americans to live in as measured by a range of economic disparities.<sup>1</sup> In 2018, a *Bloomberg* study indicated that Philadelphia had some of the biggest gaps in wealth disparities in the nation, with stark negative turns over recent years making the City of Brotherly Love worst in these gaps than New York City, Chicago, Los Angeles, Houston, and Dallas.<sup>2</sup> Just earlier this fall, the City of Pittsburgh released a report noting that, among other items, African-Americans in the Pittsburgh region are significantly more prone to lower rates of college readiness while suffering higher rates of poverty and occupational segregation.<sup>3</sup>

Focusing specifically on children, a September 2019 study noted Pennsylvania is one of ten states where between 2008-2017, there is *an increase* in the percentage of children living in high-poverty areas – including McKeesport, Duquesne, and North Braddock in the Pittsburgh

<sup>1</sup> 24/7 Wall Street, "The Worst Cities for Black Americans". Comen and Sauter (November 3, 2017)

<sup>2</sup> Bloomberg Magazine, "Atlanta Ranks Worst for Income Inequality in the U.S." (October 18, 2018)

<sup>3</sup> "Pittsburgh's Inequality Across Gender and Race", City of Pittsburgh's Gender Equity Commission (Howell, et al.) (September 2019)

region alone – with Black children and Hispanic children in Pennsylvania living at 50% and 84% higher than the nation’s poverty rates, respectively.<sup>4</sup>

Few methods are as effective and long-lasting in closing these economic, employment, and quality-of-life disparities as education. From the earliest days of our nation and throughout the most recent decades, it has been clear: one of the strongest bridges connecting disadvantaged Americans to the fullest pursuit of happiness has been access to quality education. During the Civil Rights Movement of the 20<sup>th</sup> Century (circa 1954-1970s), advances in access to equality in education prompted a shift in the types of opportunities that traditionally-disadvantaged and -discriminated Americans could enjoy.

However, despite multiple efforts to address racial discrimination from red-lining practices that influenced housing and education stemming back into the 1900s, neighborhoods in cities such as Pittsburgh remain rigidly segregated, thus keeping the inequalities within traditional public schools intact. For example, Wilkinsburg students being sent to Westinghouse Academy (in Pittsburgh) instead of Alderdice High School (also in Pittsburgh) despite their equitable distance from the students – further promote the societal errors from the past.<sup>5</sup> Coupling these legacy issues with the new realities of both our national and global economies, it is a heightened requirement for us all to explore and optimize all avenues with elementary and secondary education to close these stubborn societal gaps and secure the common good overall as Americans.

Nationally-renowned education expert, Dr. Steve Perry, denoted this reality during a 2019 appearance in Philadelphia:

“At the current rate of academic performance, it will take African Americans **287 years to catch up** (to others in America)...”<sup>6</sup>

Over the course of the past several decades, education experts and advocates have taken up the mantra and practice of school choice as a tool to combat the aforementioned legacy challenges and current dynamics facing disadvantaged schoolchildren.

One component of school choice in Pennsylvania are charter schools. These public schools were enacted with the necessary flexibility to address systematic and often overlooked dynamics within the traditional education system in Pennsylvania.

As codified in 1997, the Pennsylvania Legislature defines “charter school” as:

“...an independent public school established and operated under a charter from the local board of school directors and in which students are enrolled or attend. A charter school must be organized as a public, nonprofit corporation. Charters may not be granted to any for-profit entity.”<sup>7</sup>

Public charter schools within Pennsylvania have generally embraced the mantra that each student is unique and therefore the methods used to educate a child may also need to be flexible.

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<sup>4</sup> “Children Living in High Poverty, Low-Opportunity Neighborhoods,” The Annie E. Casey Foundation. (The report looked at U.S. Census data from 2008–2012 and 2013–2017)

<sup>5</sup> “Proposal Outlined to Send Wilkinsburg Students to Pittsburgh Westinghouse 6-12,” Pittsburgh Public Schools ([www.pghschools.org](http://www.pghschools.org))

<sup>6</sup> The 74 Million, “Is School Choice the Black Choice: A Lack of Student Performance Data and the Need for More Black-Run Charters Focus of Philadelphia Town Hall,” (June 3, 2019)

<sup>7</sup> <https://www.legis.state.pa.us/cfdocs/legis/LI/uconsCheck.cfm?txtType=HTM&yr=1949&sessInd=0&smthLwInd=0&act=014&chpt=17A>

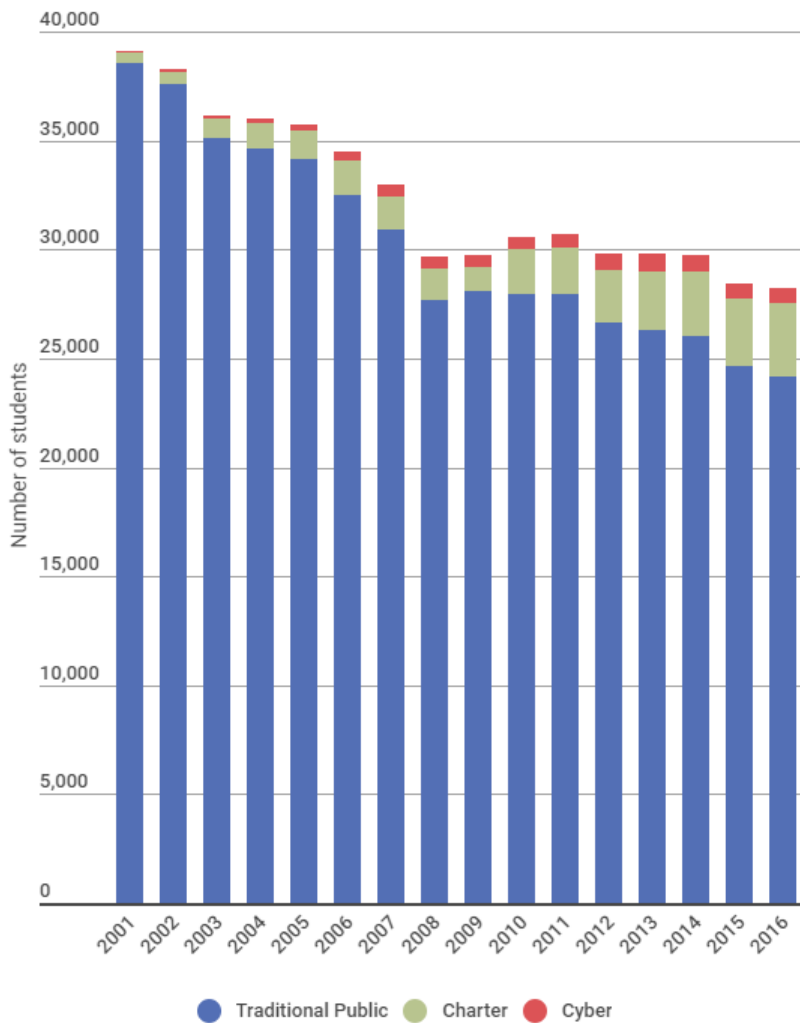
Often, this approach considers an array of dynamics that disproportionately impact African-American and Hispanic children.

### **Charter Enrollment is Increasing**

It is no wonder that, considering the aggressive and insightful approaches that charter schools take, enrollment in charter schools has become an increasingly popular. Enrollment in charter schools has seen an increase of 81% over the past decade alone.<sup>8</sup>

Pittsburgh is an illustrative example. Despite being a public school district of 28,000 students during the 2015-2016 school year, over 4,000 of its students enrolled in charter schools.<sup>9</sup>

### Pittsburgh school enrollment breakdown

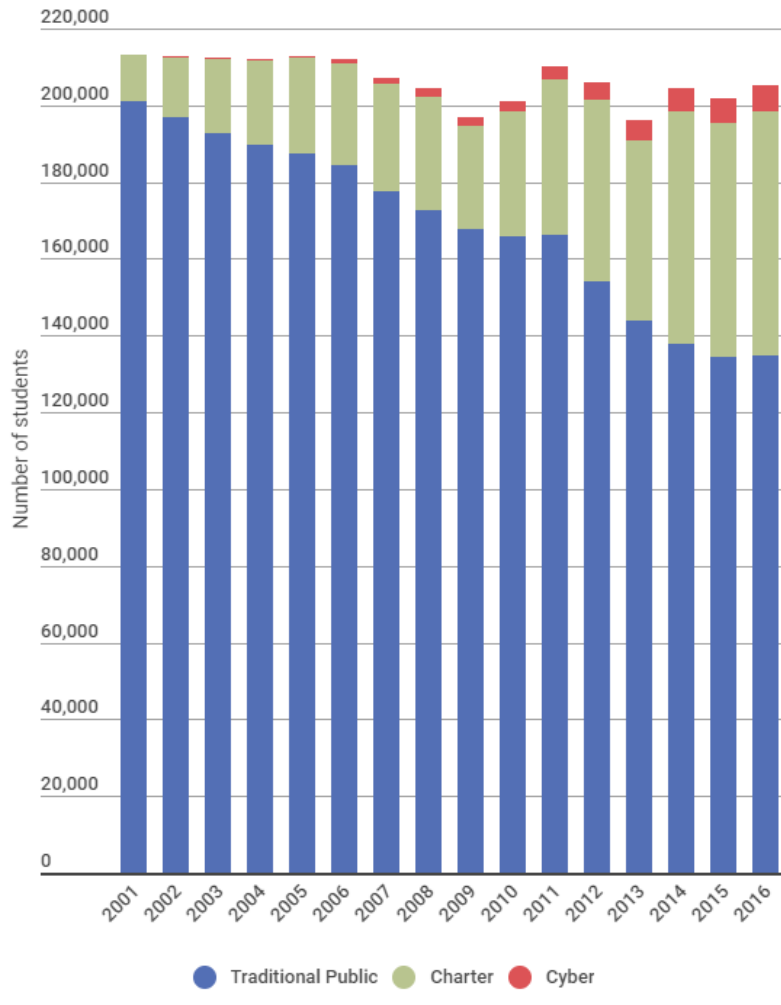


<sup>8</sup> Pennsylvania Department of Education enrollment reports: <http://www.education.pa.gov/Data-and-Statistics/Pages/Enrollment%20Reports%20and%20Projections.aspx>

<sup>9</sup> WESA 90.5, "Philly Embraced Charters, Pittsburgh Is Skeptical: How School Choice May Be Linked To Enrollment," (July 10, 2018)

In the 2015-2016 school year, over 30% of all Philadelphia public school students attended some form of a charter school.<sup>10</sup>

## Philadelphia School Enrollment Breakdown



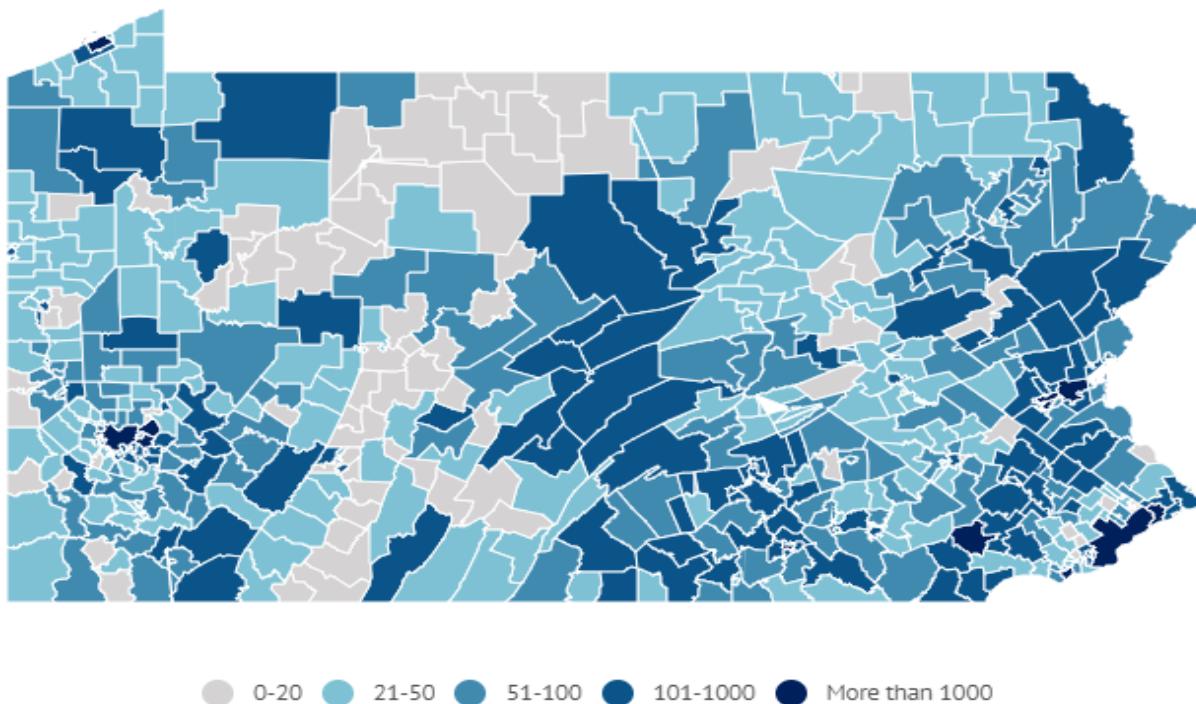
In the Philadelphia region alone in the 2017-2018 school year, roughly 70,000 students were attending one of the eighty-seven (87) charter schools in the region.<sup>11</sup> Overall, over 137,000 students attend charter schools in Pennsylvania, with enrollment steadily rising towards the 140,000 mark.

<sup>10</sup> WESA 90.5, “Philly Embraced Charters, Pittsburgh Is Skeptical: How School Choice May Be Linked To Enrollment” (July 10, 2018)”

<sup>11</sup> Charter School Office, The School District of Philadelphia (<https://www.philasd.org/charterschools/>)

# CHARTER SCHOOL ENROLLMENT BY SCHOOL DISTRICT

*In Pennsylvania, nearly 140,000 students attended public charter schools in the 2017-18 school year.*



However, many Pennsylvania children are stuck on charter school waiting lists. In Philadelphia alone, there are roughly 30,000 schoolchildren on waiting lists. In some instances, applications for admission into a charter school can approach a 150-1 ratio.<sup>12</sup> Another 10,000 are on similar lists in the Pittsburgh region.

Where waiting lists are long, support for charter schools is high. A 2019 poll conducted by the *Philadelphia Inquirer* noted that twice as many Philadelphia voters supported charter schools than oppose them.<sup>13</sup> This matches the national trend reflected in poll of 2020 Democrat primary voters by the Benenson Strategy Group:

“...81% of Democratic primary voters and 89% of black Democratic primary voters support expanding public school choice options, including charter schools, and that 80% of voters, including 78% of Democratic primary voters and 84% of (B)lack Democratic primary voters, support a proposal to expand the charter schools sector so long as tougher accountability rules are put in place...”<sup>14</sup>

<sup>12</sup> The Philadelphia Inquirer, “We’d Never Thought We’d Get In’: The Tense Wait for a Philly Charter School Seat” (February 9, 2019)

<sup>13</sup> The 74 Million, “Is School Choice the Black Choice: A Lack of Student Performance Data and the Need for More Black-Run Charters Focus of Philadelphia Town Hall” (June 3, 2019)

<sup>14</sup> US News and World Report, “Poll: Democratic Primary Voters Support Charter Schools” (October 7, 2019)

A major theme behind the proliferation of public charter schools is innovation. Innovations in curriculum, instruction, and learning lead to improved student outcomes. According to test data and surveys from over 12,000 schools nationwide, higher percentages of teachers and principals in public charter schools reported innovative educational practices along various measures, compared with traditional district schools.<sup>15</sup> This affords them the ability to the unique needs of the schoolchildren they serve.

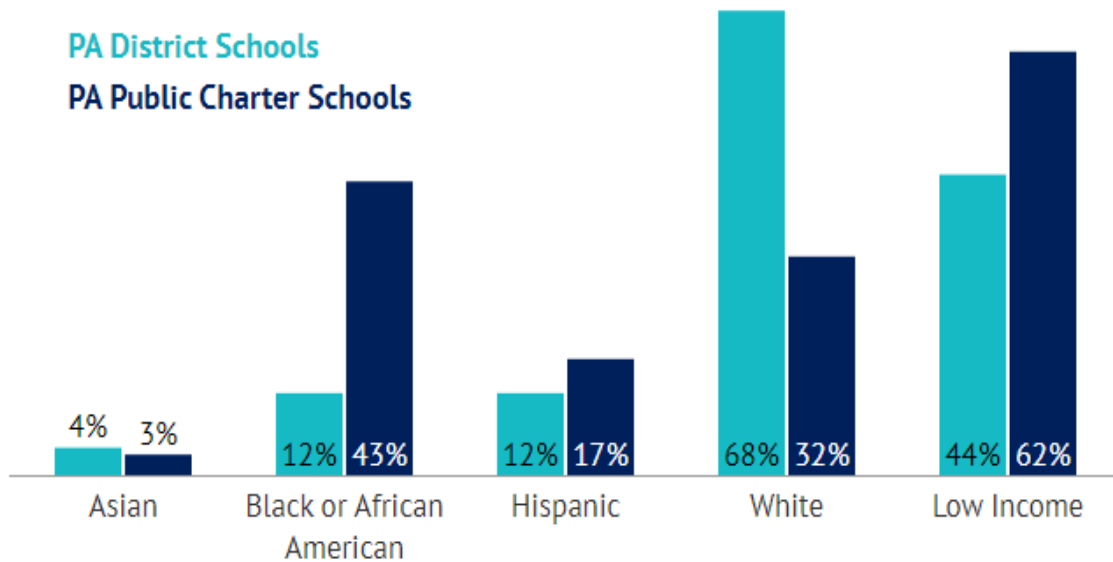
**Charters Serve More Minorities and Low-Income Students**

Pennsylvania charter schools overall serve a **disproportionate amount** of low-income and non-White schoolchildren.<sup>16</sup>

In Pennsylvania, charter schools generally enroll almost four times the percentage of African-American students that are found in traditional public schools. As well, charter schools also enroll a higher percentage of Hispanic schoolchildren than do traditional public schools.<sup>17</sup>

**PA DISTRICT AND CHARTER STUDENTS**

*Public charter schools serve a higher percentage of **minority and low-income students.***



*Source: PDE Enrollment Spreadsheets - Public School Enrollments 2018-19; 2018-2019 Public Schools Percent Low Income*

<sup>15</sup> Mark Berends, Robert Penaloza, Marisa Cannaa, and Ellen Goldring, “Innovation in Charter Schools,” in *School Choice at the Crossroads*, ed. Mark Berends, Joseph Waddington, and John Schoenig (New York, NY: 2019), 105.

<sup>16</sup> PA Department of Education

<sup>17</sup> PA Department of Education

Further, charter schools also serve as cultural safe havens for minorities.<sup>18</sup> For example, charter schools often have similar ratios of African-American students to African-American teachers unlike traditional public schools. Charters also have a higher percentage of Hispanic teachers than traditional public schools in regions such as Philadelphia.<sup>19</sup> Studies done by leading universities American University and Johns Hopkins University<sup>20</sup> concluded that:

“...Having one black teacher in elementary school not only makes children more likely to graduate high school—it also makes them significantly more likely to enroll in college...Black students who’d had just one black teacher by third grade were 13 percent more likely to enroll in college—and those who’d had two were 32 percent more likely...”<sup>21</sup>

The ability for students of color to see their culture and identity readily reflected and celebrated fosters a deeper sense of character development, leadership development, and cultivation of life potential.

In contrast, traditional public schools have recently struggled to foster a similar track record of success on these matters. Internal tensions escalated at Fox Chapel School District due to student performance and satisfaction led to the eventual creation of a Black Student Union roughly 2 school years ago.<sup>22</sup> Elsewhere in the Pittsburgh region, the ACLU partnered with African-American students in McKeesport in a lawsuit to create a similar support group after students were denied that right by way of the district’s superintendent and school administrators.<sup>23</sup>

The flexibility, focus, and responsiveness of charter schools is closing the oft-entrenched gaps forcing thousands of Pennsylvanians into a second-class citizenry – all at a reduced fiscal cost to the Commonwealth and its taxpayers.

### **How Charter Funding Works**

A frequent objection to public charter schools is the cost they pose to school districts. However, this objection is rudderless without comparing it to the cost of district schools. School districts exist to facilitate the education of children—funded by taxpayers—in Pennsylvania schools. Children are not the property of the district. Neither is the funding that is meant to educate them.

Under Section 1725-A of the Pennsylvania Public School Code, charter school funding is based on each district's per-pupil costs after subtracting certain expenditures like transportation, facilities, and debt services. A portion of the per-pupil funding follows the child to their chosen public charter school. On average, Pennsylvania charter schools receive approximately 27% less per pupil than district schools.

Since charter schools are funded at significantly lower per-pupil levels than district schools, they actually save school districts money. On average, Pennsylvania school districts keep \$5,129 per student for a child they’re no longer educating.<sup>24</sup> In other words, a school district may keep up to \$66,677 over the academic life of a child should the parents choose to enroll their child in a

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<sup>18</sup> NY Times, “Immigrants See Charter Schools as a Haven” (January 9, 2009)

<sup>19</sup> PA Department of Education 2016-2017 Demographic Data (WHYY, August 27, 2018)

<sup>20</sup> The National Bureau of Economic Research, “Teacher Expectations Matter” (Papageorge, et al.) (November 2018)

<sup>21</sup> Johns Hopkins University, “Black Students Who Have One Black Teacher are More Likely to Go to College” (November 2018)

<sup>22</sup> Public Source, “New Data Shows Racial Achievement Gaps at More than Half of Allegheny County School Districts” (March 19, 2019)

<sup>23</sup> Pittsburgh Post-Gazette, “ACLU Sues McKeesport Schools for Thwarting Black Student Union” (April 10, 2019)

<sup>24</sup> PA Department of Education

public charter school from start to finish without that child ever attending a traditional public school.

Within this funding formula, abuses can be found. For example, Pottsville's superintendent [recently admitted](#) regularly breaking [the law](#) by not sending payments to charter schools. Rather than hold derelict districts like this accountable, Governor Wolf wants to [charge charters a fee](#) to obtain the unlawfully withheld money.

Pennsylvania law directs district schools to submit payments to charter schools for each district resident enrolled in the charter school. However, around 150 districts violate this law and force charter schools to petition the Pennsylvania Department of Education to receive funding.

According to PDE (Pennsylvania Department of Education), 13,677 such petitions were filed with PDE by charter schools. None were denied.<sup>25</sup>

Mr. Mike Whisman of Charter Choices, Inc., an independent educational consulting firm started in 2004 to provide back office, administrative, and accounting support to schools including charter schools, has noted:

“Section 1725-A allows districts to deduct seven (7) specific expenses from their total expenditures when determining charter school rates. However, PDE's 2019-2020 template for calculating the charter school rates has twenty-four (24) deductions listed for districts to take advantage of. These deductions allow school districts to [manipulate](#) how much they pay in charter tuition.”<sup>26</sup>

Charter school costs increase commensurate with enrollment. However, at traditional district schools, there is no such link.<sup>27</sup>

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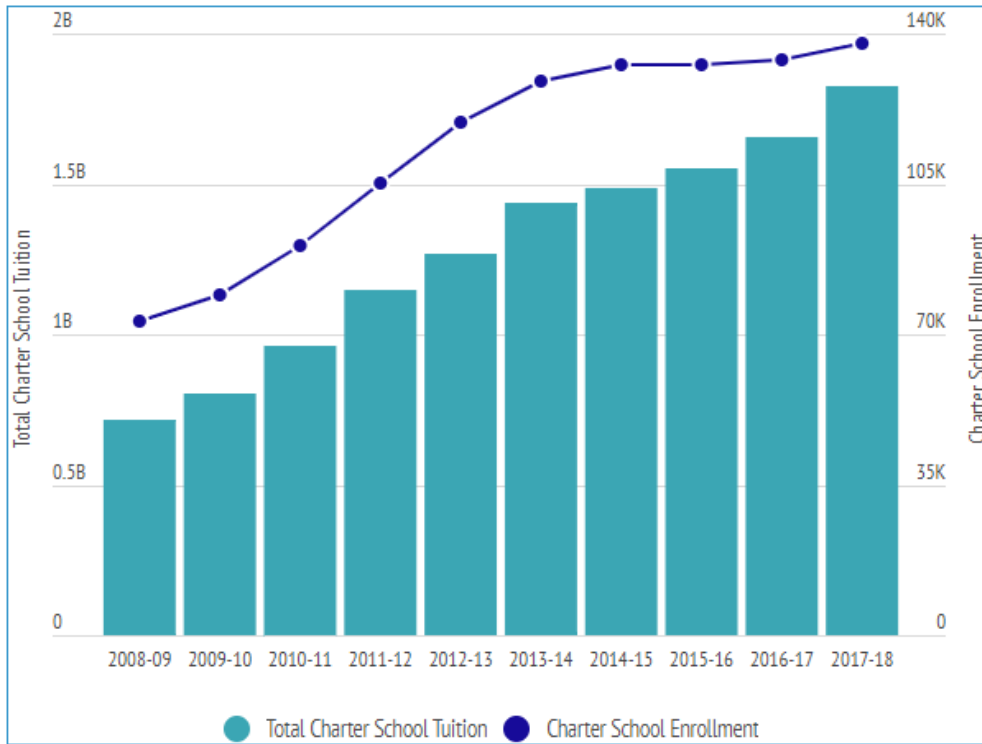
<sup>25</sup> Right-To-Know-Law request with the Pennsylvania Department of Education, granted 10/15/19.

<sup>26</sup> The Titusville Herald, “School Board Reviews Early Budget” (April 16, 2019)

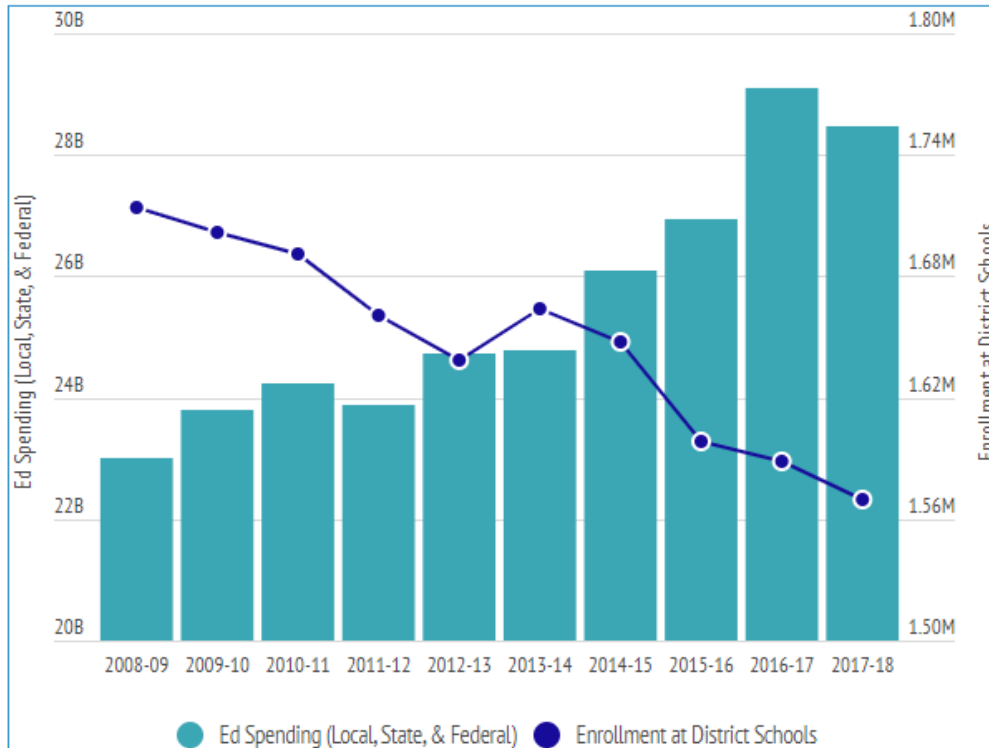
<sup>27</sup> PA Department of Education



## CHARTER SCHOOL TUITION v. ENROLLMENT



## ED SPENDING v. SCHOOL DISTRICT ENROLLMENT



## **How Charters Perform Academically: Reviewing Recent Studies**

Education advocates continue to look at the impact that charter schools have had on schoolchildren as well as their long-term pursuits after leaving school. Many of their studies have shown the ability of charter schools to close long-standing gaps in education between disadvantaged and minority schoolchildren.

For example, the Center for Research on Education Outcomes (CREDO) has tracked the progress of charter schools' students, notably those coming from disadvantaged backgrounds and urban settings. Among their findings:

"...urban charter students post reading growth equivalent to 35 more days of learning and perform similarly in math compared to their TPS counterparts..."<sup>28</sup>

"...Black students in TPS experience about the equivalent of 112 fewer days of learning in reading and about 106 fewer days of learning in math compared to the average White VCR (Virtual Control Record) student."<sup>29</sup>

"Hispanic students in poverty also exhibit stronger growth in reading than their Hispanic TPS peers in poverty (approximately 24 additional days of learning), while posting similar growth in math."<sup>30</sup>

The Thomas B. Fordham Institute study on charter schools' impact on student achievement yielded a central theme: higher charter school market share is associated with significant achievement gains for African-American and Hispanic students in large urban settings.<sup>31</sup> In suburban and rural setting, higher charter market share is associated with significant achievement gains for Hispanic students, with African-American students in rural districts also seeing gains.<sup>32</sup>

A meta-analysis of over 45 charter schools' performances by Julian R. Betts and Y. Emily Tang found strong positive effects in reading and math scores in urban areas, with particular efforts on math scores in urban areas.<sup>33</sup> Betts and Tang further deduce that, "...existing papers tentatively suggest that Black students and those receiving federal meal assistance are among those most likely to benefit from attending a charter school."<sup>34</sup>

## **How Charters Perform Academically: NAEP Scores**

Tests scores recorded in the National Assessment of Education Progress (NAEP) also reflected positive shifts in performance for both segments of the student population that charter schools disproportionately serve:

- 8<sup>th</sup> grade Black students in public charter schools scored 1.6% higher on the NAEP reading than Black students in traditional public schools;

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<sup>28</sup> Center for Research on Education Outcomes, "Charter School Performance in Pennsylvania: 2019," (Stanford, CA, 2019), 15.

<sup>29</sup> Ibid, 18.

<sup>30</sup> Ibid), 44.

<sup>31</sup> Thomas B. Fordham Institute "Rising Tide: Charter School Market Share and Student Achievement: 2019," (Washington, DC, 2019), 8.

<sup>32</sup> Ibid, 10.

<sup>33</sup> Julian R. Betts and Y. Emily Tang, "The Effects of Charter Schools on Student Achievement," in *School Choice at the Crossroads*, ed. Mark Berends, Joseph Waddington, and John Schoenig (New York, NY: 2019), 83.

<sup>34</sup> Ibid, 83.

- 8<sup>th</sup> grade Hispanic students in public charter schools scored 3.1% higher on the NAEP reading than Hispanic students in traditional public schools; and
- 8<sup>th</sup> grade ELL students in public charter schools scored 4% higher on the NAEP reading than ELL students in traditional public schools.<sup>35</sup>

### **How Charters are Held Accountable**

In Pennsylvania, chronically underperforming charter schools close, while chronically underperforming district schools are often rewarded with more money.

- An audit of [Harrisburg](#) city schools [documented \\$2.6 million](#) in “potential questioned costs,” and an additional \$2.5 million in unsupported expenditures” despite years of state oversight. [The FBI has now stepped in to investigate.](#)<sup>36</sup>
- In [Pittsburgh](#), Superintendent Anthony Hamlet brought Pittsburgh educators on an unauthorized vacation to Cuba, spent “millions on dozens of contracts without competitive review,” and has been a paid consultant for companies that were awarded district contracts.<sup>37</sup> Meanwhile, [Pittsburgh students test far below state averages.](#)<sup>38</sup>
- [Penn Hills](#) School District suffers from poor academic outcomes and \$170 million in debt. Rather than being held accountable, the district administration recently [landed a \\$3 million bailout.](#)<sup>39</sup>

## **PUBLIC CHARTER v. DISTRICT ACCOUNTABILITY**

School	English Proficiency	Math Proficiency	Science Proficiency	Graduation Rate	Total Spending Per Student	Fund Balance	Accountability
Harrisburg High	16.3%	7.8%	10.5%	49.9%	\$19,643	\$29,142,240	Recovery, Receiver, State Bailout, FBI investigates.
ACT Cyber	13.6%	4.6%	4.6%	31.3%	\$14,416	\$119,322	Dependent on parents/5 year renewal. School closing in 2020.
Chester High School	9.7%	4.3%	5.4%	49.5%	\$17,554	\$6,168,844	State bailout, Recovery, Teachers worked without pay.

Source: <https://futurereadypa.org>

<sup>35</sup> National Center for Education Statistics “School Choice in the United States: 2019,” (Washington, DC, 2019), 73.

<sup>36</sup> PennLive, “FBI is investigating Harrisburg School District: Sources: (September 12, 2019)

<sup>37</sup> Pittsburgh Post-Gazette, “State Auditor Raises Concerns About Travel by Hamlet, other Pittsburgh School Officials” (August 28, 2019)

<sup>38</sup> Pittsburgh Post-Gazette, “Pittsburgh Public School Board Members Frustrated over State Test Scores” (September 3, 2019)

<sup>39</sup> The Honorable Bob Brooks, PA House of Representatives (R-54<sup>th</sup>) (July 17, 2019)

True accountability happens when schools are answerable to parents. Apart from parental choice, charter schools are held accountable via numerous reports for renewal that they are required to submit every five years, including student achievement data, financial solvency records, and enrollment trends.<sup>40</sup>

District schools do not have to justify their existence in this way. In fact, if the framework for charter renewal were applied to Philadelphia traditional district schools, only 47% would meet the criteria for renewal, compared with 78% for charter schools.<sup>41</sup>

### **Next Steps: Strengthen Charter School Accountability without Undermining Innovation and Parental Choice**

Instead of implementing proposals from Governor Wolf and others that limit school choice for 140,000 Pennsylvania families, lawmakers should pass the current suite of charter reform bills that update Pennsylvania's 1997 charter school law:

- [House Bill 355](#): Introduced by Rep. Reese, this bill strengthens and clarifies ethics requirements for charter school operators;
- [House Bill 356](#): Introduced by Rep. Dowling, this bill provides charter students access to school buildings and testing sites;
- [House Bill 357](#): Introduced by Rep. Topper, this bill creates a uniform and transparent charter application and enrollment process; and
- [House Bill 358](#): Introduced by Rep. Marshall, this bill allows charter students the opportunity to participate in dual enrollment programs at institutions of higher education, just like their peers in traditional district schools.

All children deserve the best educational environment for their unique needs, regardless of their income or zip code. As we face the ongoing socioeconomic and quality-of-life gaps that threaten to erode our communities, it has been proven over decades in Pennsylvania and America that education is the most efficient and more expedient manner to close these gaps and provide more Americans access to the American Dream. School choice – a freedom for parents to pick whatever traditional, charter, or other school works best for each child – is a benefit to Pennsylvania families as well as to our Commonwealth.

Once again, we thank you Chairman Langerholc, Chairman Dinniman, and the honorable committee members. We appreciate this opportunity to testify before the Senate Education Committee. We are available for your questions.

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<sup>40</sup> Charter Renewal Requirements: <https://www.education.pa.gov/K-12/Charter%20Schools/Pages/Charter-Renewal-and-Termination.aspx>

<sup>41</sup> Excellent School PA: <https://excellentschoolspa.org/2018/06/18/philadelphia-charter-school-performance-framework-district-charter-ratings/>