THE FINANCIAL IMPACT OF CHARTER SCHOOLS’ ENROLLMENT
ON TRADITIONAL PUBLIC SCHOOL EXPENDITURES, RESOURCE ALLOCATION AND PROGRAMMING

A Dissertation in
Educational Leadership
by
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ABSTRACT

This research study examines the financial impact of charter school enrollment on traditional public school expenditures, resource allocation and programming in four select Centre County Pennsylvania School Districts. The districts studied included: Bald Eagle Area School District, Bellefonte Area School District, Penns Valley Area School District and State College Area School District. The study is organized around the following key research questions:

1. What have been the student enrollment trends for Regular Education and Special Education of Centre County students by school and by grade over the past five years?

2. What has been the fiscal impact of charter schools on each of the four school districts?

3. What, if any, impact on instruction, support, and extra-curricular programs has there been as a result of growing tuition payments to charter schools in each of the districts?

4. Are there common threads among the experiences of the four school districts?

The methodology used included a mix of quantitative and qualitative research to better explain the complex nature of this study. Enrollment, financial and programming data were collected from varied sources including fiscal and enrollment data from the Pennsylvania Department of Education and individual school districts and from interviews with key district-level decision makers. The interviews were chiefly used to explain the quantitative data. The study found that charter school enrollments have coincided with enrollment declines in all four districts. The growing charter enrollments have obligated the districts to make tuition payments to charter schools in ever increasing amounts. These expenditure increases have been made up chiefly through taxes since the districts have not been able to realize efficiencies since the number of
 charter students in a given grade or school are insufficient to reduce staffing. The inability to accommodate for enrollment changes as well as other mandated and necessary expenditures has placed financial stress on the districts. Over time, programming changes and/or other efficiencies will need to be made if tuition costs continue to climb without adequate revenue sources. The implications of the research indicate a need for broader study across Pennsylvania followed by policy changes aligned to this research.

*Keywords:* charter school tuition, public school programming, financial impact, charter enrollment, traditional public school enrollment, special education enrollment, regular education enrollment, public school finance
# TABLE OF CONTENTS

List of Tables .......................................................................................................................... viii
List of Figures .......................................................................................................................... ix
Acknowledgements .................................................................................................................... x

Chapter 1. INTRODUCTION ................................................................................................. 1
  Statement of the Research Problem ....................................................................................... 2
  National Charter School Policy .............................................................................................. 4
  Pennsylvania Charter School Policy ...................................................................................... 7
  Localized Case Study ............................................................................................................ 9
  Conceptual Framework .......................................................................................................... 10
  Significance of Research ....................................................................................................... 12
  Context for Study ................................................................................................................ 14

Chapter 2. REVIEW OF RELATED LITERATURE ............................................................. 16
  Introduction ............................................................................................................................ 16
  Key Topics of the Literature Review ....................................................................................... 16
  Recent History of Educational Reform in U.S. ..................................................................... 18
    National ................................................................................................................................. 18
  Charter School History .......................................................................................................... 20
    Rationale for Charter School Movement ............................................................................ 20
  Charter School Approval Process in Pennsylvania ........................................................... 28
  Charter School Enrollment Trends ......................................................................................... 28
  Pennsylvania K-12 Enrollment Data ...................................................................................... 29
  Charter School Model of Operation ..................................................................................... 30
    Market Driven ..................................................................................................................... 30
    Mission Driven ................................................................................................................... 31
  Economic Issues .................................................................................................................... 32
    General ................................................................................................................................. 32
    Pennsylvania Specific ......................................................................................................... 33
    Marginal Costs/Savings Related to Charter Enrollment ................................................... 36

Chapter 3. RESEARCH METHODOLOGY ............................................................................ 38
  The Logic and Rationale for the Research Approach ............................................................ 41
  Case Study Justification ........................................................................................................ 47
  Site Selection ........................................................................................................................ 48
  Research Strategies/Instrumentation .................................................................................... 50
  The Role of the Researcher ................................................................................................. 53
  Data Collection Techniques ............................................................................................... 53
    Interview Procedures ......................................................................................................... 54
    Interview Selection ............................................................................................................ 55
  Quantitative Data Collection .............................................................................................. 55
  Data Analysis ......................................................................................................................... 56
  Reliability and Validity ......................................................................................................... 59
Limitations ........................................................................................................................................... 62

Chapter 4. DATA ANALYSIS .................................................................................................................. 64
  Summary of Findings .......................................................................................................................... 64
  Enrollments (Charter and District) ..................................................................................................... 64
    Charter School Enrollment Trends .................................................................................................. 64
    Centre County School District Enrollment Trends ........................................................................... 69
    District Student Enrollment in Charter Schools ............................................................................. 73
  Charter Enrollments by Tuition Group
    (Regular Education and Special Education) .................................................................................... 76
  District Enrollment by Tuition Group
    (Regular Education and Special Education) .................................................................................... 85
  Charter Enrollment by School District ............................................................................................ 89
  Fiscal Impact of Charter School Tuition ............................................................................................ 91
    Transportation ................................................................................................................................ 100
    Penns Valley Case Study ................................................................................................................ 101
    Revenue Changes .......................................................................................................................... 104
  Interviews ........................................................................................................................................... 111
  Summary ............................................................................................................................................ 114

Chapter 5. DISCUSSION ......................................................................................................................... 115
  Findings and Interpretations .............................................................................................................. 115
    Enrollment Trends ........................................................................................................................ 115
      Charter schools v. traditional public schools .............................................................................. 116
      Regular education v. special education ....................................................................................... 116
    Fiscal Impact ................................................................................................................................... 120
      Charter tuition impact on district expenditures ........................................................................ 120
      Charter tuition impact on taxes .................................................................................................. 121
    Programming Response ................................................................................................................ 128
    Common Beliefs ............................................................................................................................. 129
  Recommendations and Suggestions for Further Research ............................................................... 130
    Enrollment Trends ........................................................................................................................ 130
    Fiscal Impact .................................................................................................................................. 131
    Programming Response ................................................................................................................ 132
  Researcher Reflection ....................................................................................................................... 133
  Summary ............................................................................................................................................ 134

References ............................................................................................................................................. 136

Appendix A: PA Charter School Law ................................................................................................. 148

Appendix B: Map of Intermediate Unit 10 ........................................................................................ 179

Appendix C: PDE 363 .......................................................................................................................... 180

Appendix D: Interview Guide ............................................................................................................. 182
Appendix E: Enrollment Tables........................................................................................................184
Appendix F: District Expenditure Tables .........................................................................................188
Appendix G: Real Estate Tax and Millage Tables...........................................................................189
Appendix H: Commonwealth of Pennsylvania Charter School Application 2014....190
## List of Tables

<table>
<thead>
<tr>
<th>Table</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1a</td>
<td>Total Cyber Charter School State Wide Enrollments</td>
<td>65</td>
</tr>
<tr>
<td>4.1b</td>
<td>Charter School Enrollments</td>
<td>68</td>
</tr>
<tr>
<td>4.2</td>
<td>School District Enrollments for four Centre County, PA School Districts</td>
<td>70</td>
</tr>
<tr>
<td>4.3a</td>
<td>Charter and District Enrollments by Year</td>
<td>74</td>
</tr>
<tr>
<td>4.3b</td>
<td>Total County School Aged Enrollments</td>
<td>75</td>
</tr>
<tr>
<td>4.4a</td>
<td>Cyber Charter School Enrollments of Regular Education Students</td>
<td>77</td>
</tr>
<tr>
<td>4.4b</td>
<td>Cyber Charter School Enrollments of Special Education Students</td>
<td>79</td>
</tr>
<tr>
<td>4.5a</td>
<td>Brick and Mortar Charter Enrollments of Regular Education Students</td>
<td>81</td>
</tr>
<tr>
<td>4.5b</td>
<td>Brick and Mortar Charter School Enrollments of Special Education Students</td>
<td>83</td>
</tr>
<tr>
<td>4.6a</td>
<td>District Enrollments of Regular Education Students</td>
<td>86</td>
</tr>
<tr>
<td>4.6b</td>
<td>Special Education Enrollments by School District of Residence</td>
<td>88</td>
</tr>
<tr>
<td>4.7a</td>
<td>Bald Eagle Area School District Charter Enrollment by Grade Level</td>
<td>183</td>
</tr>
<tr>
<td>4.7b</td>
<td>Bellefonte Area School District Charter Enrollment by Grade Level</td>
<td>184</td>
</tr>
<tr>
<td>4.7c</td>
<td>Penns Valley Area School District Charter Enrollment by Grade Level</td>
<td>185</td>
</tr>
<tr>
<td>4.7d</td>
<td>State College Area School District Charter Enrollment by Grade Level</td>
<td>186</td>
</tr>
<tr>
<td>4.8</td>
<td>Charter School Tuition Rates for Centre County Districts</td>
<td>93</td>
</tr>
<tr>
<td>4.9</td>
<td>Charter School Tuition Payments made by Centre County Districts</td>
<td>95</td>
</tr>
<tr>
<td>4.10</td>
<td>Instructional Expenses by Year</td>
<td>97</td>
</tr>
<tr>
<td>4.11</td>
<td>Total Expenditures by Year for Centre County Districts</td>
<td>187</td>
</tr>
<tr>
<td>4.12</td>
<td>Charter Tuition as a Percent of Total District Instructional Expenditures</td>
<td>100</td>
</tr>
<tr>
<td>4.13</td>
<td>Penns Valley Area School District Charter Enrollments by School, Grade &amp; Section</td>
<td>102</td>
</tr>
<tr>
<td>4.14</td>
<td>Real Estate Tax/Mills</td>
<td>188</td>
</tr>
<tr>
<td>4.15</td>
<td>Revenues by Source</td>
<td>107</td>
</tr>
<tr>
<td>4.16</td>
<td>Revenue Sources as a Percent of Total Revenue</td>
<td>108</td>
</tr>
<tr>
<td>4.17</td>
<td>Millage Increase Compared to Total Revenue Increase</td>
<td>110</td>
</tr>
<tr>
<td>4.18</td>
<td>Charter Tuition as Tax Millage</td>
<td>111</td>
</tr>
<tr>
<td>4.19</td>
<td>Charter Tuition by Type</td>
<td>111</td>
</tr>
<tr>
<td>5.1</td>
<td>Enrollment by Type for Each Resident District for 2011-12</td>
<td>117</td>
</tr>
<tr>
<td>5.2</td>
<td>Total Enrollment by Type</td>
<td>119</td>
</tr>
<tr>
<td>5.3</td>
<td>Charter Tuition as % of Tax Millage</td>
<td>122</td>
</tr>
<tr>
<td>5.4</td>
<td>Charter Tuition as a Percentage of Real Estate Revenue Change Year-Over-Year</td>
<td>124</td>
</tr>
<tr>
<td>5.5</td>
<td>Impact of Reduction in Non-Local Revenue Sources</td>
<td>126</td>
</tr>
</tbody>
</table>
List of Figures

<table>
<thead>
<tr>
<th>Figure</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>Conceptual Framework</td>
<td>11</td>
</tr>
<tr>
<td>3.1</td>
<td>Graphic of the Three Major Research Paradigms, Including Subtypes of Mixed Methods Research</td>
<td>41</td>
</tr>
<tr>
<td>4.1a</td>
<td>Total Cyber Charter Enrollment Trend for Cyber Schools</td>
<td>66</td>
</tr>
<tr>
<td></td>
<td>Serving Centre County Students</td>
<td></td>
</tr>
<tr>
<td>4.2a</td>
<td>Bald Eagle Enrollment Trend</td>
<td>71</td>
</tr>
<tr>
<td>4.2b</td>
<td>Bellefonte Enrollment Trend</td>
<td>71</td>
</tr>
<tr>
<td>4.2c</td>
<td>Penns Valley Enrollment Trend</td>
<td>72</td>
</tr>
<tr>
<td>4.2d</td>
<td>State College Enrollment Trend</td>
<td>72</td>
</tr>
<tr>
<td>4.4a</td>
<td>Cyber Charter School Enrollments Trends of Regular Education Students</td>
<td>78</td>
</tr>
<tr>
<td>4.4b</td>
<td>Cyber Charter School Enrollments Trends of Special Education Students</td>
<td>80</td>
</tr>
<tr>
<td>4.5a</td>
<td>Brick and Mortar Charter School Enrollment Trends for Regular Education Students</td>
<td>82</td>
</tr>
<tr>
<td>4.5b</td>
<td>Brick and Mortar Charter School Enrollment Trends for Special Education Students</td>
<td>84</td>
</tr>
<tr>
<td>4.6a</td>
<td>District Enrollment Trends for Regular Education Students</td>
<td>87</td>
</tr>
<tr>
<td>4.6b</td>
<td>District Enrollment Trends for Special Education Students</td>
<td>89</td>
</tr>
<tr>
<td>4.15</td>
<td>State Funding including basic education, fiscal stimulus, and accountability block</td>
<td>106</td>
</tr>
</tbody>
</table>
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Chapter 1: Introduction

The Nation’s K-12 public school system has been under considerable scrutiny since the 1950s. Constituency groups from across the country have looked to the public schools to improve everything from national security to economic success. Paige (2006) highlights the development of legislative policy targeted to improve education initiated since the launch of the Soviet satellite Sputnik in October 1957. Up until this event, “education was solely the responsibility of the states; the federal government had little involvement in this policy arena” (Paige, 2006, p. 3). Since then our nation has witnessed ongoing legislation from the federal government aimed at improving the quality of the nation’s schools. Major legislative initiatives since the 1950s include: the 1958 National Defense Education Act (NDEA), the 1965 Elementary and Secondary Education Act (ESEA), and 1975 Individual with Disabilities Education Act (IDEA). These legislative initiatives have been followed by prominent educational publications namely: the 1983 publication of *A Nation at Risk*, and the 1990 *Trends in International Mathematics and Science Study (TIMSS)*. These publications provided evidence to support and exacerbate the belief that the nation’s public schools continued to fail.

This belief, in turn, brought about new and different legislation with the passage of the 2002 No Child Left Behind (NCLB) Act. This legislation differed from previous legislation in its inclusion of accountability and consequences for failing schools. NCLB set out to hold all states to similar benchmarks through measurement of standardized test scores, attendance and dropout rates, while imposing consequences for under achieving schools. The climate of concern about failure of traditional public education has motivated states to adopt major educational initiatives designed to improve the quality of education. States have adopted significant policy changes to include: expanded school choice, statistical student growth models designed to measure one
year’s progress, teacher evaluation systems tied to student achievement, principal evaluation systems, common core standards, targeted course assessments, and many others.

One such initiative has been school choice facilitated largely by the establishment of vouchers and charter school education. Charter schools are publically funded schools that are typically governed by a group or organization under a legislative contract or charter with the state and school districts. The charter *exempts* the school from selected state or local rules and regulations. The concept is that absent the constraint of these rules and regulations, charter schools can produce better student performance results. School vouchers differ from publicly funded charters by providing parents with the option to use established public money to assist in the costs of providing their child with an educational choice. Some states use vouchers to fund both charter education and private education. This expands a parent’s ability to choose their child’s educational environment funded with public dollars, all in hopes of improving the education for the child.

**Statement of the Research Problem**

Pennsylvania is one of the national leaders in charter school enrollment, has per pupil expenditures which result in high charter school tuition rates, and utilizes a charter funding mechanism that is based on local district revenues that are chiefly composed of school district taxes. This unique combination of factors tends to be on one end of key dimensions that categorize state systems for funding charter schools and offers an opportunity to investigate how charter schools may impact student enrollment, district costs, and district programming. Although most charter schools exist in urban areas, the charter school concentration anomaly that exists in Centre County provides a clearer picture of each of these factors dealing with only the
four districts within transportation range of the charter school concentration in Centre County, Pennsylvania.

This study examined the financial impact of charter schools on public school finance (traditional public school enrollment, resource allocation, expenditures, taxation) and programming within four Pennsylvania school districts located in Centre County, namely Bald Eagle Area School District, Bellefonte Area School District, Penns Valley Area School District and State College Area School District. The primary research questions are:

(1) What have been the student enrollment trends for Regular Education and Special Education of Centre County students by school and by grade over the past five years?
   a) For each charter school enrolling Centre County students
      1. For regular education students
      2. For special education students
   b) For each traditional school in the four school districts
      1. For regular education students
      2. For special education students

(2) What has been the fiscal impact of charter schools on each of the four school districts over the past five years?
   a) Tuition payments to charter schools
   b) Transportation
   c) Other costs to the school district
   d) Reduction in school district expenditures
   e) Property taxes
(3) What, if any, impact on instruction, support, and extra-curricular programs has there been as a result of growing tuition payments to charter schools in each of the districts?

a) Programming improvements directly related to instruction in the classroom, instructional support, and operational activities in an effort to compete with charter schools

b) New instructional offerings to compete with cyber charter schools, create own online courses and programs

c) Program reductions as a result of budgetary considerations as a result of tuition payment to charter schools

d) Increase, decrease or restructuring of staffing

e) Student activity offerings

f) Transportation mechanism and routing plan

g) Extra-curricular offerings (i.e. band, sports, intramurals, etc.)

h) Improvements/renovations to buildings/facilities – delayed or expedited

(4) Are there common threads among the experiences of the four school districts?

a) Enrollment trends and patterns

b) Fiscal impacts

c) District programs and services

National Charter School Policy

The first charter legislation was passed by Minnesota in 1991. Since that time, charter school legislation has permeated the nation, and as of 2008 over 4,400 charter schools now enroll more than 1,276,700 students (National Council on Educational Statistics, 2010). Currently, over
forty states across the nation have charter school laws with varying degrees of financial support for the school choice option. The political climate at the federal level requires that these initiatives be measured by some method of accepted scientifically based research. Chiefly the research with charter schools has been focused on measuring their performance against traditional public schools on standardized tests. These research endeavors are not dissimilar from the reason why charter schools were created in the first place; however, they fail to examine the impact that charter school funding has had on the traditional public school.

Charter schooling is a state initiative that is supported in large part by state funding. The makeup of the funding is established by the legislative action of each state. Since it is up to the individual state to decide the amount and flow of educational funding to charter schools, vastly different mechanisms exist across the nation to determine state financial support to these schools. Some states fund charter schools with fixed dollar amounts fully supported by state tax revenue, while other states require school districts to fund the charter schools with an amount equivalent to their resident per pupil expenditure.

Some states provide a per-pupil allocation to all charter schools in an equivalent amount. “This system is used in five states and the District of Columbia, it provides charter schools the same funding wherever they are located within the state and wherever their students reside” (see, http://www.ncsl.org/documents/educ/charterschoolfinance.pdf, p. 3). Texas, for example, funds its charter schools with all revenues coming from state sources. The State funds its charter schools by providing each school with tuition rates calculated using a state wide average formula(see, TEC, §12.106; 19 TAC §100.1041). This means that all charter schools in Texas receive exactly the same funding per pupil no matter the geographic location within the state.
addition, Texas charter school law does not require local school districts to contribute toward the costs of educating its resident students who choose charter schools.

The duration of legislative authorization, significance of legislative action, school aged student population trends, charter school geographic location, and differences in funding mechanisms across the nation have impacted the location and number of charter schools.

Although all but eight states (Alabama, Kentucky, Montana, Nebraska, North Dakota, South Dakota, Vermont, and West Virginia) have charter schools, the enrollment in these schools varies significantly (The Center for Education Reform, 2014). The 2010-11 National Council on Educational Statistics (NCES) reports that the states with the highest percentage of charter school pupil enrollment are as follows:

<table>
<thead>
<tr>
<th>State</th>
<th>% of State Enrollment</th>
<th>Charter Students</th>
</tr>
</thead>
<tbody>
<tr>
<td>District of Columbia</td>
<td>42.5</td>
<td>26,910</td>
</tr>
<tr>
<td>Arizona</td>
<td>22.9</td>
<td>124,467</td>
</tr>
<tr>
<td>Florida</td>
<td>11.1</td>
<td>154,703</td>
</tr>
<tr>
<td>Hawaii</td>
<td>10.7</td>
<td>8,289</td>
</tr>
<tr>
<td>Colorado</td>
<td>9.4</td>
<td>74,685</td>
</tr>
<tr>
<td>New Mexico</td>
<td>9.4</td>
<td>15,290</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>9.2</td>
<td>36,863</td>
</tr>
<tr>
<td>California</td>
<td>9.0</td>
<td>363,916</td>
</tr>
<tr>
<td>Ohio</td>
<td>9.0</td>
<td>96,669</td>
</tr>
<tr>
<td>Delaware</td>
<td>8.9</td>
<td>9,525</td>
</tr>
<tr>
<td>Oregon</td>
<td>8.3</td>
<td>20,372</td>
</tr>
<tr>
<td>Michigan</td>
<td>7.7</td>
<td>111,344</td>
</tr>
<tr>
<td>Utah</td>
<td>7.7</td>
<td>39,862</td>
</tr>
<tr>
<td>Minnesota</td>
<td>7.4</td>
<td>37,253</td>
</tr>
<tr>
<td>Texas</td>
<td>6.4</td>
<td>164,940</td>
</tr>
<tr>
<td>Alaska</td>
<td>5.3</td>
<td>5,751</td>
</tr>
<tr>
<td>Idaho</td>
<td>5.3</td>
<td>15,330</td>
</tr>
<tr>
<td>Louisiana</td>
<td>5.3</td>
<td>29,199</td>
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<tr>
<td>Nevada</td>
<td>5.3</td>
<td>14,127</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>5.0</td>
<td>3,971</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>4.5</td>
<td>90,613</td>
</tr>
</tbody>
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Each of these states has a percentage of charter school enrollments in excess of 4.5% of the existing student population. Nearly 55% of charter students are concentrated in urban areas, where the urban student population accounts for only 26% of the total national student population. Rural school charter enrollment on the other hand accounts for only 15% of the total charter enrollment while making up 31% of the overall school aged population (NCES, 2010). Many of these high percentage states have urbanized regions according to U.S. Census data.

**Pennsylvania Charter School Policy**

Other states fund schools, including charter schools, based on school district resident wealth, real estate assessed value and personal income levels; providing greater state funding to those school districts with lower fiscal capacity. Pennsylvania uses a similar funding approach, providing greater revenue to school districts of lower wealth. In Pennsylvania, charter school funding is the obligation of the school district where the student resides and not the state. In past years, these costs have been supplemented at varied levels through discretionary funds the Pennsylvania legislature annually deems appropriate and available. However, beginning in the 2011-12 school year, Pennsylvania made a decision to eliminate all supplemental charter school funding from the state, placing the entire funding responsibility on school districts. Charter schools in Pennsylvania are paid tuition equivalent to the per pupil expenditure calculated for the student’s resident district (see, Appendix A). This means that charter schools in Pennsylvania receive varied amounts of money depending on the per pupil expenditure in each student’s school district of residence. In 2012-13 the average Pennsylvania charter school tuition rate for regular education was $9,205 and the special education tuition rate was $19,172. In that same year the range of tuition rates for regular education students was from a low of $6,413 to a high
of $27, 225. The special education tuition rate in 2012-13 was in the range of $11, 029 to $93, 609 (see, http://www.pahouse.com/PR/Charter_and_Cyber_Charter_School_Report.pdf)

Funding impels the location of charter schools. Since funding of charter schools varies significantly across the country, for profit educational management organizations (EMO), wishing to maximize earnings, strategically locate their charter schools within lucrative state boundaries. Of the top eight states, Pennsylvania has one of the highest per pupil expenditures and funds charter schools’ costs chiefly with local rather than state sources of revenue, accounting for eighty-six percent of the total charter tuition costs (Miron, 2010). On the contrary, in Arizona and Michigan, the state directly provides most of the charter schools’ revenues with less than seven percent coming from local sources (Miron, 2010). Pennsylvania’s charter school funding mechanism creates a unique situation in the impact tuition costs have on school districts.

Pennsylvania’s charter schools comprise two types; brick and mortar charter schools and cyber charter schools. Both types of schools are considered charter schools and are funded using the same formula. All students across the state have the ability to choose from the traditional public school of residence or any charter school that they wish to attend. Cyber charter schools are not limited by geographic location as students who are residents of Pennsylvania may choose to attend any cyber charter school approved for operation within the state. Brick and mortar charter schools are practically limited in their ability to attract students because of transportation constraints placed upon them by geographic location. Regionally, tuition costs are relatively similar, so brick and mortar charter schools are most likely to receive tuition dollars from resident students within a given geographic region. However, this is not the case for cyber charter schools who could receive wide disparities in the amount of money received since they can draw their enrollment from a student who resides in a school district anywhere in the state.
In addition to paying per pupil rates to brick and mortar charter schools, school districts in Pennsylvania may be financially responsible for transporting these students to and from school. Pennsylvania law requires school districts to provide transportation to brick and mortar charter schools as well as private schools located within the boundaries of the chartering school district. Neighboring school districts must transport students if the travel distance is within ten miles from their border to the charter or private school. A map (found at http://www.edreform.com/charter_schools/maps) indicating the locations of charter schools across Pennsylvania pinpoints brick and mortar charter schools’ concentration in urbanized centers of the state. These urbanized centers include: Philadelphia, Allentown, Pittsburgh, Scranton, and Harrisburg. Uniquely, cyber charter schools can be located anywhere in the state and draw their enrollment from any Pennsylvania school district. Cyber charter schools are unlimited by geographic location other than the fact that they must have a physical location somewhere with the boundaries of Pennsylvania.

Localized Case Study

Although most brick and mortar charter schools are located in urbanized centers, four brick and mortar charter schools are located in Centre County, Pennsylvania, which is primarily a large rural area with one small urbanized center in State College. It is unusual that so many brick and mortar charter schools exist in an area with limited enrollment potential. It is likely that their creation was influenced by the population of the Pennsylvania State University, which is located within the boundaries of the State College Area School District. Other than the Sugar Valley Rural Charter School located in nearby Clinton County, the brick and mortar schools that serve Centre County students are all located within the State College Area School District boundaries.
In addition, the school districts of Bellefonte, Bald Eagle, and Penns Valley are all located within the ten mile transportation limit. Consequently, Centre County brick and mortar charter schools attract their students from each of these school districts drawing upon greater potential enrollment. Further, State College is the location of the region’s major employer, providing many opportunities for employment in high skill, high wage positions. Given that most parents work in the State College Area, it is reasonable for them to transport their own children to school while they are on their way to work. In addition to the convenience of being close to work, charter schools have offered free after school care. This makes the brick and mortar schools in State College convenient and very attractive as a choice for parents.

**Conceptual Framework**

The core purpose of the study is to examine the impact charter schools are having on public school finance and programming in school districts in Centre County, Pennsylvania. Several theoretical frameworks were examined to assess their abilities to guide the study. The researcher considered budget decision-making models, social impact theory as well as market education theories of Coulson (1999) and Friedman (1997). The budget decision-making models focused on increasing or decreasing expenditures in certain areas without taking into account the potential to change programming in an attempt to attract or maintain student enrollment. Social impact theory specifically examines how individuals, in this case parents and students, are affected by their social environment resulting in the decision to remain in a traditional public school or choose another option. Social impact theory fails to consider the decisions made at the district level as a result of charter tuition costs as well as any programming changes to reduce costs or attract students. Market theories focus solely on the study of improved educational outcomes as a result of a fully free-market educational system without governmental
intervention. These theories largely focused on only one facet of the study and failed to provide a sufficiently comprehensive mechanism to guide the study as program changes are impacted by increased charter enrollment and increased expenditures. Nor do any of these theories provide as direct a pathway of linkages between the core questions being studies here. Each of these theories is insufficiently constructed to effectively consider the purpose of the study and the research questions. Therefore a conceptual framework was created to specifically address this particular phenomenon. (Figure 1.1)

The study began by examining charter enrollment for resident students from traditional public schools in Centre County. The impact of charter enrollments on each school district’s enrollment was then reviewed. This led to the identification of the tuition costs paid by each of the sending school districts. The process continued by considering the effects that a change in
traditional school enrollment and tuition expenditures had on a traditional school’s programming, and if the resulting programming has positively or negatively impacted charter school enrollment and district tuition payments to them. In addition, the researcher considered if charter school enrollment had impacted traditional public schools by changing marketing/mission improved customer service.

**Significance of Research**

This study explored a phenomenon different from what much of the research has studied. The preponderance of current research on charter schools concentrates on student performance on standardized tests versus that of their traditional public school counterparts. When the current emphasis in education is focused on improving student performance then it is logical to measure the effectiveness of charter schools against that same benchmark. However, although charter schools were initially created to produce innovation in education, they are now being touted as good “competition” for traditional public schools. As an example, the American Federation of Teachers (AFT) once supported the creation of charter schools (Shaker, 1988). Today however the organization criticized the shift in the justification for charter schools “from one that is based on education and innovation to one that is based on choice and competition” (AFT, 2002, p. 7).

In a January 2011 Pennsylvania Senator Jeffrey Piccola promoted Senate Bill 1, which proposed a voucher system in Pennsylvania that would allow parents to take a certain amount of money and apply it to education anywhere in the state. This would have promoted the expansion of school choice not only to charter schools but private schools as well. Senator Piccola was quoted as saying; “Parents ought to be able to choose a school that best suits their children and their educational philosophy” (Murphy, 2011). The accepted perception was that competition produces better educational results for all students enrolled in both traditional and charter
Caroline M Hoxby supports the theory that competition within and between schools, different types of schools, and public schools, improves schools over all (Hoxby, 2000). This study will examine whether the competition between traditional and charter schools for student enrollment, under the current Pennsylvania charter school funding system, impacts traditional school programming.

More recent scholarly research examined how school choice and competition influence a charter school’s ability to capture market share and increase enrollment. One study by Holyoke (2008) examined how charter schools differ depending on their orientation; either market or mission. Market driven charter schools are focused to increase student enrollment by marketing what is perceived to be the desires of the potential customers. These schools are built on a business model which advances the positives of the charter school and negatives of the traditional school. On the other hand, mission driven charter schools provide parents with an explicit and focused mission for education different from traditional schools, which promotes increased enrollment in the charter school. Holyoke argues that charter “schools can exhibit characteristics of both market and mission orientations, that they are not stamped exclusively one or the other at birth, or may take on more diverse characteristics later in their lives that defy this categorization” (Holyoke, 2008, p. 306). This type of research provides a perspective on the type of strategies that charter schools employ to increase enrollment.

Additionally, scholarly research suggests that competition improves traditional public school performance. Recent empirical evidence on the competitive effects of school choice on achievement and efficiency in traditional public schools is quite mixed, with some studies finding positive competitive effects, while others find no or negative effects (Arsen & Ni, 2008; Bettinger, 2005; Bifulco & Ladd, 2004; Booker, K., Gilpatric, S. M., Gronberg, T., & Jansen, D.
2008; Buddin & Zimmer, 2005; Holmes, G. M., DeSimone, J., and Rupp, N., 2003; Hoxby, 2003; Ni, 2009; and Sass, 2006). Although these studies examine the role that competition plays in improving traditional school performance, they did not study the effect of charter tuition costs on traditional public school programming.

Arsen & Ni (2009) have studied the impact of charter schools on resource allocation in Michigan’s traditional public schools. They found that mostly urban districts have experienced large-scale closures of school buildings, and reassignment of teachers and administrators to improve efficiencies (Arsen & Ni, 2009). They indicate that their study is limited to Michigan schools and state; “the effects of charter competition are undoubtedly sensitive to important features of charter school policy as well as the local contexts in which the policies are implemented” (Arsen & Ni, 2009, p.28). Although their study reviews the ability for a traditional public school to create efficiencies out of declining enrollment influenced by charter schools, it fails to examine the impact on educational programming when these efficiencies fail to materialize. The Arsen and Ni study is limited to one state and does not examine Pennsylvania specific charter school legislation and policies.

**Context for Study**

Centre County, Pennsylvania is largely rural geography, but is considered an urban county by definition since the census data includes students attending Penn State University in the population totals. The definition of urbanized area is those towns with populations greater than 50,000 individuals. The town of State College, Centre County, PA had a population of 87,454 according to the 2010 census (Bureau of the Census, 2012). The population in State College includes 44,034 students in residence at the University Park Campus of Penn State (Retrieved from: [http://news.psu.edu/story/163594/2010/10/21/university-wide-enrollment-](http://news.psu.edu/story/163594/2010/10/21/university-wide-enrollment-).
slightly-2010). Subtracting the student population from the total population of State College would change the definition from urban to rural. Although the population is largely rural, it is influenced by the academic nature of the university. Centre County maintains the third highest county percentage of adults ages 25-64 with a two or four year degree in Pennsylvania at 51.4% (U.S. Census Bureau, 2008). The two counties above Centre are Chester with 57.4% and Montgomery at 54.6%, both being urban counties. This provides an opportunity for a unique study of the impact of charter schools on traditional public schools in a largely educated population of a rural area not influenced by the tradition urban location of most charter schools. This study will fill a void in the research as it will examine the impact of charter school enrollment on traditional public school’s unique situation concentrated in Centre County, Pennsylvania.
Chapter 2: Review of Related Literature

**Introduction**

This study examined the financial impact of charter schools on public school finance (traditional public school enrollment, resource allocation, expenditures, taxation) and programming within four Pennsylvania school districts located in Centre County, namely Bald Eagle Area School District, Bellefonte Area School District, Penns Valley Area School District and State College Area School District. The questions to be analyzed are: (1) What have been the student enrollment trends (Regular Education and Special Education) of Centre County students by school and by grade over the past five years in both charter and traditional public schools? (2) What has been the fiscal impact of charter schools on each of the four school districts over the past five years? (3) What, if any, impact on instruction, support, and extra-curricular programs has there been as a result of charter school funding obligation in each of the districts? (4) Are there common threads among the experiences of the four school districts? This section is composed of a review of existing literature to inform a deeper understanding of the empirical research specifically related to charter schools’ funding impact on traditional public schools in general across the nation and more specifically in Pennsylvania.

**Key Topics of the Literature Review**

There have been ongoing and significant reform efforts in education across the United States for nearly five decades. Many of these efforts have been advanced by federal legislative initiatives. Although the United States Constitution designates the states as responsible for education, the Federal government continues to intervene. Legislators at the federal level continue to have an interest in the quality of education provided to the youth of the United States. The nation’s public schools are considered by many to be failing the students, especially those in urban areas. Out of this premise, have been changes in the level and degree of school district
performance accountability as well as expanded options for school choice to include charter schools and voucher systems which operate outside the existing confines of the traditional public school system.

This literature review will consider a brief history of educational reform including the school choice offensive that is pervasive across the United States, specifically exploring charter schools as the primary school choice option. It will follow the implementation of charter school legislation across the nation, as well as its establishment in Pennsylvania. Resulting will be a brief review of reactions regarding the charter school initiatives. Later, the legislative differences will be examined by exploring the research delineating the differences in charter legislation across the nation and more specifically in Pennsylvania. Included in the legislative review will be an examination of the purpose as expressed within charter school legislation in several states as well as Pennsylvania. Research will be offered that describes the type and strength of the legislation in its support for charter school funding. Since the topic is specific to the financial impact of charter schools, what follows will be a review of research studies that consider the financial efficiencies of charter schools. The efficiency studies of charter schools raise the question about the operational position of charter schools as a marketer of services similar to a corporate business model. Several research studies have been conducted looking at charter schools as philanthropic endeavors across the nation and Pennsylvania. The literature review will include the shift to a business model of competition for enrollment has had on traditional public school programming. The review of the literature will conclude with an examination of the only two peer reviewed and published studies found, that evaluated the impact of charter schools on traditional school districts in states other than Pennsylvania.
Recent History of Educational Reform in U.S.

National

The general political and social consensus across the United States is that a quality educational system is vital to a strong nation. Much of the belief in education came from the philosophy of the Nation’s founding fathers. Thomas Jefferson (1810) stated; “I have indeed two great measures at heart, without which no republic can maintain itself in strength: 1. That of general education, to enable every man to judge for himself what will secure or endanger his freedom. 2. To divide every county into hundreds, of such size that all the children of each will be within reach of a central school in it.” Jefferson believed that education was important for all citizens to be contributing members to a democracy. He believed education was vital to the success of democracy and future of the nation. His thinking was that it took an educated citizenry in order to properly evaluate and scrutinize legislative policy as well as the candidates themselves. This thinking was commonly accepted by many individuals of Jefferson’s time and has persisted and expanded as the nation has evolved. It is now a commonly accepted belief that education is one of the most important contributors to the nation’s defense and its economic well-being.

The nation’s defense became a concern after the Soviet Union launched the satellite Sputnik in October 1957. This raised concerns about the ability of other nations to lead the world in innovation in scientific study, design and creation. The concern was that the United States, once perceived as a leader in science and mathematics, was now falling behind other countries. Although the launch of Sputnik was a surprise, educational reform discussions had been ongoing since the early 1950’s. Sputnik’s launch prompted a quick response from the federal government with the passage of the 1958 National Defense Education Act (NDEA). This act provided
financial resources to support foreign language scholars, area study centers, and engineering students. The desire was to train large numbers of individuals to be fluent in foreign language to increase the nation’s ability to interact with other scientists as well as to gain secrets from foreign powers. The emphasis on engineering was an effort to promote innovation and design to support national security innovations in weaponry. NDEA also provided financial assistance through low interest loans for students to attend colleges and universities in the curricular areas of science, mathematics and foreign language. The desire to improve the nation’s ability to compete in science and mathematics was the driving force behind this first major comprehensive Federal education legislation.

Former U.S. Secretary of Education Rod Paige explains that recent policy changes included in the No Child Left Behind Act (NCLB) have been the result of “unheeded calls for reform of the nation’s public education system (p. 461).” He further explains that there is general agreement that the nation’s educational system is off track (Paige, 2006). The purpose of NCLB was to assure that all students were making adequate yearly progress as measured by standardized tests. Standardized tests had once again reemerged from their prevalence in the late 1970’s and early 1980’s. These new standardized tests however were accompanied by a series of aligned accountability measures designed to assure that all schools and students were performing to a minimally acceptable level. In addition, there was great emphasis on the use of research based instructional practice to improve student learning using the most effective and efficient methods. The expectation was that education should become more scientific in its approach. Paige (2006) expresses his belief that; “the nation’s public schools must become more responsive to the needs of students and their families in order to remain viable (p. 461).” When Paige made this statement, the assumption is that he believed the contrary to be true; the nation’s public
schools have not been and are not currently responsive to students and families. The belief that
the public schools have been unresponsive is pervasive and is exhibited by the expansion of
parent choice options for schooling which includes charter schools.

During times of economic decline, policy makers look to education as the solution to
improve the nation’s economy. Much research has been completed studying the impact
education has on future earnings as well as the resulting improvement in products and
innovation. Hanushek and Wößmann (2007) present evidence that education: increases human
capital thus increasing productivity; increases innovative capacity which produces new
knowledge, technology, products and processes; and facilitates the distribution of knowledge
needed to understand new processes and technology devised by others (p. 22). The conclusion
can be drawn that if the nation improves education, economic improvement will follow. In
addition, Hanushek and Wößmann (2007) propose three educational institutional features that
may produce improved cognitive skills leading to an improved educational system: choice and
competition; decentralization and autonomy of schools; and accountability. One may deduce that
if each of these educational features is the solution to improve education, then charter schools
may be the answer since they provide choice, competition, decentralization, autonomy and
accountability.

Charter School History

Rationale for Charter School Movement

The rationale for charter education is rooted in the drive for parental school choice and
improved student outcomes (see, Appendix A). The general thinking is that parents will make the
choice for an educational institution that has the best chance of providing their child with the
skills they need to succeed. When choice is coupled with improved student outcomes, the
thinking is that choice produces positive results for the child while also creating a competitive environment among schools, in turn producing improved student outcomes (Sass, 2006). The rationale of choice and improved student outcomes are not always coupled together. There are choice advocates that are not driven by improved student outcomes, but by a philosophical difference in educational programming. These individuals and policy makers believe parents should have the right to make the decision to have their child education at a place of their choosing without regard to student outcomes (Matheson & McKnight, 1999). Those approaching the charter education issue solely from a student outcome perspective make the argument that student performance on standardized tests matter most, thus impacting a parent’s decision to select the better performing schools (Tuttle, C.C., Teh, B., Nichols-Barrer, I., Gill, B.P., Gleason, P., 2010). Thus the ideas of choice and improved student outcomes can be mutually exclusive arguments for the development of charter schools.

The Hanushek and Wößmann (2007) research study examines the impact choice and competition has on traditional public schools. School choice is a broad term encompassing; private education, home school education, private tutoring, charter schooling (both brick and mortar, and cyber), vouchers and traditional public schools. The thought is that the instructional place should be responsive to the needs of the student and parent. Should an educational option not serve the child well, then choice is available for the parent to select another educational placement. For much of our nation’s history, we have relied on the public school system to provide the standard education for our youth. During much of our nation’s history, public education was the only option available to the masses as private education was a choice limited to the wealthy. It is only within the past twenty years that the thinking has changed to include other publically funded options for parents, namely school vouchers and charter schools. School
vouchers provide parents with the option to use established public money to assist in the costs of providing their child with an alternative education. Vouchers provide the greatest level of school choice flexibility. Charter schools on the other hand, are publically funded schools uniquely designed to operate outside of government mandates and restrictions but with the approval of a governmental entity, either a state or school district. These charter schools however remain controlled to some extent by Federal and state laws as they have to meet certain limited accountability measures. Charter schools usually have limited terms of operation and can be closed should they fail to meet accountability measures; however evidence of closures for this reason are limited. Charter schools have grown at a staggering rate since their initial inception with the first charter school law by Minnesota in 1991. Since 1991 the charter school movement has grown considerably and as of 2008 over 4,400 charter schools existed in forty states enrolling over 1,276,700 students (NCES, 2010).

Earlier research on charter schools indicated that they were more autonomous, had little union involvement, fewer certified teachers, greater emphasis on internal accountability, high parent involvement, and high satisfaction ratings by students (Bulkley & Fisler, 2002). According to Bulkley & Fisler (2002), “questions still remain with regard to innovation, accountability practices, equity issues, and student achievement outcomes” (p. 10). This policy brief covers the major research areas of the prior decade. These research areas focus on the purpose for the creation of charter schools in the first place and fail to question the impact of charter schools on traditional public school programming.

School choice proponents argue that competition improves the education for all students (Lubienski, 2003). When school choice is an option for parents, teachers and schools respond by enhancing curricular, co-curricular and extra-curricular programming all yielding improved
student achievement (Morton, 2011). School choice opponents argue that schools of choice skim or market to the top performing students leaving the lower performing students behind. Selective enrollment produces schools that are demographically dissimilar, yielding a decline in student achievement in schools with the most academically challenged students (Sapority, 2003).

Hoxby (2002) examines the effects of school choice on student achievement. The study examines school choice effects in the states of Wisconsin, Michigan and Arizona, limiting the review to elementary student achievement by comparing achievement changes where school choice is more prevalent against schools with a lower level of choice enrollment. The study of Wisconsin “suggests that public schools made a strong push to improve student achievement in the face of competition” (Hoxby, 2002, p. 150). The results were that those Wisconsin schools faced with the most potential competition from vouchers raised academic achievement dramatically (Hoxby, 2002). Hoxby (2002, p. 158) found that “Michigan public schools’ gains are statistically significant”. These schools were again selected from schools with the greatest level of school choice competition. The final state included in this study was Arizona. In general, the Arizona public schools raised achievement in the face of competition from charter schools, similar to or just a bit larger than the gains made by Michigan public school students (Hoxby, 2002).

This study limits its focus to charter schools impact on traditional schools; other school choice options (i.e. vouchers) may also have impacted traditional public schools, but are beyond the scope of this study. Figlio and Rouse (2005) examine Florida’s voucher program impact on student performance as measured by the results of the Florida Comprehensive Assessment Test (FCAT). Florida state law allows students who are attending failing schools to transfer to private schools using voucher money to fund their tuition. Figlio and Rouse (2005) report that the gains
witnessed among low-performing schools are a result of competitive pressures introduced by school vouchers. However, they also found that the academic effect may have been due to other factors to include: changing student characteristics and the stigma of receiving a low grade (Figlio & Rouse, 2005).

More broadly, the Center for Research on Educational Outcomes (CREDO) from Stanford University studied charter school performance in fifteen states and the District of Columbia. The study was completed in 2009 and compared performance data for students in charter schools and traditional public schools. The state comprising the study were those that were willing to share student demographic information and included: Arkansas, Arizona, California, Colorado, District of Columbia, Florida, Georgia, Illinois, Louisiana, Massachusetts, Minnesota, Missouri, New Mexico, North Carolina, Ohio and Texas. The study used rich student demographic data (Grade Level, Gender, Race, Wealth, English Language Learner Status (ELL), Special Education Status and Prior Test Score) to build relative twin students with one attending a charter school and the other a traditional public school (CREDO, 2009). The “study reveals that a decent fraction of charter schools, 17 percent, provided superior education opportunities for their students. Nearly half of the charter schools nationwide have results that are no different from the local public school performance and over a third, 37 percent, deliver learning results that are significantly worse than their students would have realized had they remained in traditional public schools” (CREDO, 2009, p. 1). The states with significantly higher learning gains for charter school students were: Arkansas, Colorado, Illinois, Louisiana and Missouri (CREDO, 2009). The benchmark for determining student progress was the National Assessment of Educational Progress (NAEP). “Despite promising results in a number of states and within certain subgroups, the overall findings of this report indicate a disturbing – and far-reaching –
subset of poorly performing charter schools” (CREDO, 2009, p. 7). Another finding from the CREDO study is the impact of charter schools on specific subgroups of students. The study found that economically disadvantaged and ELL students performed better in charter schools than the traditional public schools, but all remaining student groups performed better in the traditional public school system (CREDO, 2009).

In April of 2011 Stanford University built upon the CREDO study of 2009 and took a specific look at performance differences between charter schools and traditional public schools in Pennsylvania. They used the same methodology as the 2009 study. The results of the 2011 study indicated that 35% of the brick and mortar charter schools performed better in reading than their traditional public school counterparts. At the same time 34% of the brick and mortar charters performed worse than the traditional public schools in reading (CREDO, 2011). Math results were similar to the reading results with 27% of the brick and mortar charter schools performing better than their traditional public school counterparts and 42% performing worse (CREDO, 2011). However, the results for cyber charter schools were much worse; 100% of the cyber charter students performed worse than the traditional public schools in both reading and math (CREDO, 2011). The study concludes by recommending that: “without a vigorous focus on quality, the charter sector as a whole is put at risk by those schools that consistently underperform compared to their traditional public school peers” (CREDO, 2011, p. 20).

The idea that competition provides the impetus to improve the performance of traditional public schools is prevalent among many policy makers (Morton, 2011). This is often the rationale used when public policy is developed by adding competitive school choice options for children. Ohio has been studying the results of their implementation of choice options that they call the community school initiative. Part four of Ohio’s Legislative Office of Education
Oversight report (LOEO) discusses community schools’ impact on educational programming, marketing, and customer service (LOEO, 2003). The report finds that traditional public school superintendents express that they have done little to change programming as a result of the available choice options, but have responded more expeditiously to published achievement results (LOEO, 2003). The report also indicates that there has been a modest change in marketing strategies for the traditional public schools and a greater emphasis on customer service (LOEO, 2003). The LOEO study provides validation of interest for the topic of how competition has impacted traditional public schools.

A review of the literature yields little in the way of peer reviewed published research on the impact of charter schools on traditional public school programming. The U.S. Department of Education’s Office of Educational Research and Improvement sponsored a four year study concluding in 2001 to determine the changes districts made in operations and education that can be attributed to charter schools (Ericson, J., Silverman, D., Berman, P., Nelson, B., & Solomon, D., 2001); they discovered that 45% of district school leaders described charter schools as having a negative financial impact on district budgets. This led school leaders to conclude that as a result of financial obligations of charter schools they were forced to change their school’s operation and educational programming (Bohte, 2004; Ericson et al., 2001). The drive behind the change is the requirement to improve district operational efficiency in order to maintain operational programming. The two largest line items in school district budgets are personnel and facilities. It is therefore reasonable to take action to close schools as a result of increased charter school expenditures (Ericson et al., 2001). The Ericson, et al. (2001) study also revealed that traditional public schools improved customer service, parent communication and marketing.
study is “early speculation of the broad-scale impact” (p. 11), limited by inferences and widely varied school districts across five states that does not statistically represent the whole country.

Charter schools are also believed to be more efficient than traditional public school systems (Finn, Monno, and Vanourek, 2000). Finn C. et al. (2000) shares that charter schools are able to devote more of their resources into education rather than overhead and bureaucracy. The authors further provide examples of expedited purchasing processes and the ability of charter school students to perform better even with less money. Finn C. et al., (2000) provides the following four examples of how charter schools provide education in a more efficient manner:

1. Use of parental “sweat equity”
2. Keep administrative personnel to a minimum and required personnel to perform other tasks (i.e. coach, teacher, counselor)
3. Keep the extras (sports, drama) to a minimum
4. Outsource certain functions (payroll, insurance, legal services, social services)

Another related study on impact to school programming was a dissertation by Logan (2009), *The Impact of Charter Schools on the Budget, Operations, and Educational Services of Columbus City Schools*. The findings were as follows:

1. Transferring of student populations and their associated state funds to charter schools has impacted negatively the budget of Columbus City Schools.
2. As a result of a loss of revenue, Columbus City Schools have been affected operationally. The District has been forced to release staff and close schools.
3. Charter schools have capitalized on parental frustration with low performing schools and purposely operate in close proximity to these schools causing them to lose students.
4. The advent of charter schools has not fostered a collaborative relationship between the Columbus City Schools and charter schools, where innovative teaching, curriculum, and school management techniques are shared. What exists in Columbus is a sense of distrust, as the Ohio charter law promotes competition and charter schools actively seek to highlight the District’s shortcomings.

5. While Columbus City Schools have made adjustments in operations and educational services in response to charter schools, they do not actively seek to undermine the competition. Instead, the district focuses on becoming more responsive to the needs of their clientele. (Logan, 2009, p. 174)

Charter School Approval Process in Pennsylvania

Charter schools are public schools approved by local school districts that are created and controlled by parents, teachers, community leaders, and colleges or universities (see, http://www.portal.state.pa.us/portal/server.pt/community/charter_schools/7356). Those interested in creating a charter school must complete the standard application (see, Appendix H) and submit it to the local school district board for consideration. Should the board deny the Charter, the applicant may appeal the denial to the Charter School Appeal Board (CAB). The CAB has the authority to either support or reverse the decision of the local board. Even if the CAB reverses a denial decision of the local school district, the charter school oversight remains responsible of the local school district. The oversight of the local school district falls within the areas of cooperation, reporting, records access, and facilities access.

Charter School Enrollment Trends

In 2009, Nathan Benefield, Director of Policy Research for the Commonwealth Foundation, testified to the Pennsylvania Senate Education Committee stating that
“Pennsylvania’s student population has been stagnant and traditional public school enrollment has declined, while charter school enrollment has surged.” His statement is accurately reflected in the data collected from the Pennsylvania Department of Education included below:

**Pennsylvania K – 12 Enrollment Data**

<table>
<thead>
<tr>
<th>Year</th>
<th>Cyber Charter</th>
<th>Brick and Mortar Charter</th>
<th>Total Charter</th>
<th>Traditional Public</th>
<th>% Charter of Traditional</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997-98</td>
<td>982</td>
<td>982</td>
<td>1,814,169</td>
<td>1,810,851</td>
<td>0.1%</td>
</tr>
<tr>
<td>1998-99</td>
<td>5,563</td>
<td>5,563</td>
<td>1,810,851</td>
<td>0.3%</td>
<td></td>
</tr>
<tr>
<td>1999-00</td>
<td>11,413</td>
<td>11,413</td>
<td>1,805,303</td>
<td>0.6%</td>
<td></td>
</tr>
<tr>
<td>2000-01</td>
<td>0</td>
<td>18,981</td>
<td>18,981</td>
<td>1,795,330</td>
<td>1.1%</td>
</tr>
<tr>
<td>2001-02</td>
<td>1,852</td>
<td>26,601</td>
<td>28,453</td>
<td>1,793,174</td>
<td>1.6%</td>
</tr>
<tr>
<td>2002-03</td>
<td>3,584</td>
<td>29,278</td>
<td>32,862</td>
<td>1,783,885</td>
<td>1.8%</td>
</tr>
<tr>
<td>2003-04</td>
<td>5,876</td>
<td>35,238</td>
<td>41,114</td>
<td>1,780,032</td>
<td>2.3%</td>
</tr>
<tr>
<td>2004-05</td>
<td>9,462</td>
<td>38,750</td>
<td>48,212</td>
<td>1,789,339</td>
<td>2.7%</td>
</tr>
<tr>
<td>2005-06</td>
<td>12,734</td>
<td>42,896</td>
<td>55,630</td>
<td>1,775,054</td>
<td>3.1%</td>
</tr>
<tr>
<td>2006-07</td>
<td>15,838</td>
<td>44,138</td>
<td>59,976</td>
<td>1,761,407</td>
<td>3.4%</td>
</tr>
<tr>
<td>2007-08</td>
<td>19,715</td>
<td>47,560</td>
<td>67,275</td>
<td>1,734,485</td>
<td>3.9%</td>
</tr>
<tr>
<td>2008-09</td>
<td>22,398</td>
<td>50,656</td>
<td>73,054</td>
<td>1,745,862</td>
<td>4.2%</td>
</tr>
<tr>
<td>2009-10</td>
<td>22,033</td>
<td>57,134</td>
<td>79,167</td>
<td>1,748,666</td>
<td>4.5%</td>
</tr>
<tr>
<td>2010-11</td>
<td>27,779</td>
<td>62,837</td>
<td>90,616</td>
<td>1,736,897</td>
<td>5.2%</td>
</tr>
<tr>
<td>2011-12</td>
<td>32,322</td>
<td>74,714</td>
<td>105,036</td>
<td>1,702,786</td>
<td>6.2%</td>
</tr>
<tr>
<td>2012-13</td>
<td>34,579</td>
<td>84,886</td>
<td>119,465</td>
<td>1,638,213</td>
<td>7.3%</td>
</tr>
</tbody>
</table>

The table above demonstrates the substantial growth of charter enrollment. This enrollment growth consistently comprises a greater proportion of the total school aged student population.

In addition to enrollment, the tuition paid to the charter schools from the traditional public school districts reached $1.15 billion during the 2011-12 school year (Retrieved from http://www.portal.state.pa.us/portal/server.pt/community/charter_school_funding/8661). Wagner (2010) also found that during that same year, cyber charter schools reported $108 million in excess profits. The auditor general is one of the first Pennsylvania state officials to raise concerns
about the funding mechanism for charter schools in general, but more particularly cyber schools. The implications of these costs to school districts and ultimately the taxpayers of the commonwealth are considerable. In fact, Wagner (2010) found that charter schools exceeded the maximum 12 percent fund balance limit placed upon traditional public school district with all charters holding fund balances falling within a range of 13 percent to 95 percent of their annual expenditures.

**Charter School Model of Operation**

Charter schools have the ability to function in ways that can be similar to both public and private educational organizations; “to the extent that they are private, they can take forms that are nonprofit, for-profit, or a combination of the two” (Henig, 2003, p. 1). Charter schools are public schools funded with tax dollars and monitored in Pennsylvania by local school boards with ultimate oversight responsibility being that of the Pennsylvania Department of Education. In Pennsylvania, charter schools may not be for profit as an organization, but they may employ for-profit educational management organizations (EMOs) to carry out any or all of their programming and management. Some researchers have characterized charter schools as operating within two typologies that are distinguished by their decision making to include market and mission oriented schools (Henig, 2003). There are good reasons to expect that the typology of charter schools will influence their behaviors. These behaviors and decision making are influenced by incentives, norms, and how problems are defined.

**Market Driven**

Market driven charter schools “are those assumed to set a direction more in line with a purposive, collective, and philanthropic mission” (Henig, 2003, p. 4). These charter schools operate as an entrepreneur would operate a business. Their decision making is based on that
which will generate greater revenue and less expenditure. In Pennsylvania charter schools generate revenue by enrolling students. They can also accept private donations and seek grant funding from governmental and private sources.

Education is a service provider not dissimilar from arenas such as health care, nursing homes, and child care. Empirical comparisons of nonprofit and for-profit behaviors in these arenas provide evidence that nonprofits at least sometimes appear to make systematically different choices than for-profits in staffing, pricing, screening of customers, and selection among alternative delivery mechanisms (Sinitsyn & Weisbrod, 2008). “EMOs may go too far in conflating private and public good and may, at times, inappropriately disguise problematic, self-interested private good as more admirable public good” (Stitzlein, 2013, p. 90).

**Mission Driven**

Mission driven charter schools “are more likely to be defined by norms and ideas associated with educational professionalism, provision of social services, and grassroots visions tied to community and parental involvement, and local economic development” (Henig, 2003, p. 3). Stitzlein (2013) identifies mission driven charter schools as those targeted to specifically underserved populations that are designated in their mission. Often times mission driven charter schools are started by disenfranchised parents or teachers who desire a focus on improving a particular program or servicing a particular student type. “These schools stand in varying degrees of contrast to charter schools run by corporations that see education as a huge and potentially lucrative market” (Henig, 2003, p. 5). Mission oriented organizations “seek to generate less than maximum profit, while engaging in activities that are socially desirable but unprofitable” (Weisbrod, 1998, p. 73).
Economic Issues

General

Marc Bernstein writes from the perspective of a superintendent in New York State. He describes three overarching concerns regarding the potential consequences of the charter school movement as follows: the use of school district money to fund charter schools, the homogeneous population of many charter schools, and the influence of religion within charter schools (Bernstein, 1999). His first expressed concern is consistent with the purpose of this study. In New York, school districts are required to remit tuition payments to charter schools based on their own per pupil expenditures. The belief behind this state policy is that if a student is leaving a traditional public school to attend a charter school, the money can simply follow the child with no consequence to the traditional public school district. The traditional public school would benefit financially by the student’s withdrawal and experience savings that would be at or nearly equivalent to the per pupil expenditures. Bernstein (1999) challenges this argument and suggests that it ignores ‘marginal costs’ of education. As is often times the case, when a few students from each grade decide to attend a charter school, it becomes impossible for the resident district to reduce costs significantly by eliminating a teacher, custodian, secretary or other personnel. Many of the marginal costs remain and the school district is required to find additional money to fund the per pupil tuition costs. Additional money usually comes in the form of program cuts or tax increases; neither is perceived positively by the constituency of the school district (Bernstein, 1999). Relative to the topic of study is the sustained impact that charter tuition costs may have as sustained over time.
Pennsylvania Specific

Pennsylvania funds its charter schools in a similar way to New York in that it requires school districts to remit a per pupil tuition payment to the charter school for any resident student who attends said school. With the passage of Act 22 of 1997, Pennsylvania joined the charter school wave of legislative action supporting additional school choice. (See Appendix A for the text of the legislation.) According to the Pennsylvania law, the rational for enacting the article was to accomplish all of the following: improve pupil learning, increase learning opportunities for all pupils, encourage the use of different and innovative teaching methods, create professional opportunities for teachers to be responsible for the learning program, provide parents and pupils with expanded choice, and hold the charter schools accountable for meeting measurable academic performance. Another important part of Act 22 is the funding mechanism established for charter schools in Pennsylvania (see, PA §17.1725.A). Pennsylvania is considered by school choice proponents as a leader in its charter legislation since it strongly supports the funding and autonomy of charter schools (The Center for Education Reform, 2013).

In Pennsylvania, charter school funding is required to be made by the attending student’s school district of residence. This means that if a student enrolls in a charter school of any type across Pennsylvania, that student’s resident school district is then mandated to pay tuition to the charter school. The amount of funding is calculated using per pupil expenditures for regular and special education students of the resident district as established by form PDE – 363 (see, Appendix A). This state form establishes the per pupil expenditures using audited and reported district expenses. As a result, charter schools in Pennsylvania receive varied amounts of money based on the per pupil expenditure in each student’s school district of residence for students receiving the same educational experience in the charter school.
The calculation to determine instructional expenditures excludes all federal funding, transportation services, budgetary transfers, and facilities acquisition/construction costs. Federal expenditures are excluded, because the charter schools receive these dollars directly as a result of the money following the child. Transportation costs are removed from the formula since the districts are obligated to provide transportation to the charter school students living in their district or within ten miles of their border. In addition no transportation is required for cyber school students so this is not a cost necessary for instruction. The special education tuition rates are derived by simply adding the district’s pro rata special education expenditure to the regular education tuition rates. Charter schools are also eligible to receive state reimbursement toward facilities acquisition/construction costs, so this amount is deducted from the charter tuition calculation.

School districts are required to remit the per pupil amount unconditional of the type of charter school selected, either brick and mortar or cyber. Should a school district fail to remit the payment, the charter school can obtain the money by requesting that the State withhold the equivalent amount from the resident school district’s basic education funding. There is a difference between rates for regular education students and special education students. Often times special education tuition costs are calculated at nearly twice that of regular education students. These costs are calculated by adding the additional costs for special education services into the regular education per pupil expenditure costs. Tuition costs across Pennsylvania vary considerably depending on the region with higher per pupil costs being concentrated in urbanized areas. In 2012-13 the range of tuition rates for regular education students was from a low of $6,413 to a high of $27,225. The special education tuition rate in 2012-13 was in the

In Pennsylvania, charter school funding is the obligation of the school district where the student resides and not the state. District costs for charter schools were partially offset at varied levels through discretionary funds the Pennsylvania legislature annually deems appropriate and available through the 2010-11 school year. The usual funding supplement provided by the state has been in the range of 25% to 30% of the tuition costs. Beginning in 2011-12, the Pennsylvania legislature passed a budget that eliminated all charter school subsidies to school districts and now the full cost burden falls on school districts (Bisset & Hillman, 2013). “Finally, while the rapid expansion of charter schools, especially cyber charter schools, may provide some parents an alternative school choice, policy makers need to be cognizant of the financial impact on traditional schools and districts, since costs to school districts have escalated substantially in recent years and now threaten to force reallocation of funds away from students remaining in the districts” (Frankenberg, Fuller, Hartman, Kotok, & Schafft, 2014).

Although charter tuition rates are based upon instructional expenditures, total district expenditures are also important because other mandated and necessary expenditures consume district funds and impact the ability to fund charter tuition along with their own instructional programs. Charter schools proponents argue that they receive only about 75% - 80% of what districts spend per pupil, in turn saving the tax payers money (Kirkpatrick, Retrieved from http://www.portal.state.pa.us/portal/server.pt/community/charter_schools/7356, January 19, 2014). The Pennsylvania Department of Education has also presented charter schools as a strategy to save money and improve student performance (Retrieved from
At the same time districts were receiving increases in federal money, the state was reducing its allocation to education (Bissett & Hillman, 2013). Initially in 2009-10 and 2010-11, the net result of funding to the districts was a revenue increase when considering all sources (federal, state and local). This increase however was unsustainable and ultimately in 2011-12 funding from both the federal government and the state government declined. The final impact of this decline was felt in the 2011-12 school year when the state cut nearly one billion dollars from the education funding stream when it did not replace the loss in federal stimulus funds with state dollars that had been supplanted.

**Marginal Costs/Savings Related to Charter Enrollment**

The argument that the money should follow the child is used by many policy makers and educators. The idea that every child costs money to educate is commonly accepted. The debate about funding is usually about the amount of money that is required and available for each child depending upon their need. In a March 5, 2013 article in The Morning Call, Senator J. Corman, R-Centre, chairman of the Appropriations Committee, said school districts should not have been getting the (charter) reimbursement because they did not have those children in their classrooms. Further in the article, R.Tomalis, Secretary of Education called the (charter) reimbursement a double – dip on taxpayers. Governor Corbett’s 2012-13 education budget plan included a ‘backpack’ approach where a weighted student funding was linked directly to the student and the schools they attend, so as the student moves, funding moves with them (Administrative Circular, 2011). Although the ‘backpack’ idea was never officially adopted in Pennsylvania, the concept essentially represents the charter school tuition funding system. The perception is that as students
leave a traditional public school for a charter school, the tuition dollars follow the child, leaving the public school the ability to reduce the expenditures. Absent a significant enrollment change, a school district cannot reduce the fixed costs for its existing physical plan, utility, equipment, curricular materials, and personnel. In general, there are only marginal cost reductions (i.e. supplies) available until enough students leave a traditional district for a charter school, only then can buildings be closed, equipment be sold, and staff reduced.
Chapter 3: Research Methodology

Although most charter schools exist in urban areas, the brick and mortar charter school concentration that exists in Centre County offers a unique opportunity to examine the impact of charter schools on school districts in a more self-contained setting with fewer complicating factors. Center County is primarily a rural area confined geographically and resistant to influence from typical urban concerns like safety and high rates of poverty. The study of charter school education could reach as far back as the 1997-98 school year with the first Pennsylvania charter school enrollment. However, until more recently, charter enrollments have not had a noticeable effect on rural Centre County school districts. It is only with the new popularity of brick and mortar charter schools and the increased acceptance of cyber charter schools that enrollment in traditional public schools has been impacted. Consequently, this study will be limited to the past five years beginning with the 2006-07 school year.

This study examined the financial impact of charter schools on public school finance (traditional public school enrollment, resource allocation, expenditures, taxation) and programming within four Pennsylvania school districts located in Centre County, namely Bald Eagle Area School District, Bellefonte Area School District, Penns Valley Area School District and State College Area School District. The primary research questions are:

(1) What have been the student enrollment trends for regular education and special education of Centre County students by school and by grade over the past five years?

a) For each charter school enrolling Centre County students

1. For regular education students

2. For special education students

b) For each traditional school in the four school districts
1. For regular education students

2. For special education students

(2) What has been the fiscal impact of charter schools on each of the four school districts over the past five years?

a) Tuition payments to charter schools

b) Transportation

c) Other costs to the school district

d) Reduction in school district expenditures

e) Property taxes

(3) What, if any, impact on instruction, support, and extra-curricular programs has there been as a result of growing tuition payments to charter schools in each of the districts?

a) Programming improvements directly related to instruction in the classroom, instructional support, and operational activities in an effort to compete with charter schools

b) New instructional offerings to compete with cyber charter schools, create own online courses and programs

c) Program reductions as a result of budgetary considerations as a result of tuition payment to charter schools

d) Increase, decrease or restructuring of staffing

e) Student activity offerings

f) Transportation mechanism and routing plan

g) Extra-curricular offerings (i.e. band, sports, intramurals, etc.)
h) Improvements/renovations to buildings/facilities – delayed or expedited

(4) Are there common threads among the experiences of the four school districts?
   a) Enrollment trends and patterns
   b) Fiscal impacts
   c) District programs and services

These questions lend themselves to a mixed methods study using both qualitative methods through personal interviews and document collection and review, as well as quantitative methods analyzing enrollment numbers and fiscal impact. Mixed methodologies were used to address and explain the complexities of the impact of charter school enrollment on traditional school funding and programming. The use of one method on its own would be inadequate to effectively study the problem at hand. In the combined approach, data collected from the school districts will be examined by the researcher and reviewed via the personal interviews. The researcher will generalize perceptions and themes across all four school districts.

The other important component to consider is the degree of emphasis of the research methodology. Johnson, R.B., Onwuegbuzie, A. & Turner, L., (2007) provide a graphic depicting qualitative, quantitative and mixed methods research design.
The methodology of this study will fall in the Quantitative Dominate range emphasizing the quantitative approach along with the use of qualitative data analysis. Johnson et al. (2007, p. 125) define this as “Quantitative dominant mixed methods research is a type of mixed research in which one relies on a quantitative, poststructuralist view of the research process, while concurrently recognizing that the addition of qualitative data and approaches are likely to benefit most research projects.” Additional claims for the appropriate use of inclusion of numerical data in qualitative studies can be found in Heath & Street (2008).

**The Logic and Rationale for the Research Approach**

Selecting a research approach begins with the researcher examining his/her own orientation to basic tenets about the nature of reality, the purpose of doing research, and the type of knowledge to be produced through the research efforts (Merriam, 1998). More specifically, research has been categorized by two major theoretical perspectives, quantitative and qualitative. These methodologies refer to different research approaches that have developed using varied and
specific research methods and techniques. It is important for the researcher to determine the appropriate type of research to properly examine the situation being studied.

Quantitative research emphasizes numbers, measurement, deductive logic, control and experiments (McMillan, 2008). The approach to quantitative research attempts to explain relationships among identified variables. Independent variables are selected as key contributors to the outcome (dependent) variable being studied. Quantitative research is distinguished as either experimental or nonexperimental design. Nonexperimental research is designed so that the investigator has no direct influence on that which is being studied, either because it has already occurred or because it cannot be influenced (McMillan, 2008). Nonexperimental research includes descriptive, comparative and correlational, and causal-comparative studies. The common thread for each quantitative nonexperimental study is that the item being studied can be measured and quantified without intervention from the investigator. The second type of quantitative research is based on experimental design to include quasi-experimental design. The major distinction is that experimental design uses random assignment to groups or programs and the quasi-experimental designs don’t use random assignment (Trochim, 2006). Quantitative research considers the items or individuals being studied as subjects to which influences are imposed. The measured outcome following imposition of these external influences is what is being studied. The research can then present either variable correlational effect or causal effect.

“Qualitative research is multimethod in focus, involving an interpretive, naturalistic approach to its subject matter. This means that qualitative researchers study things in their natural settings, attempting to make sense of, or interpret, phenomena in terms of the meanings people bring to them. Qualitative research involves the studied use and collection of a variety of empirical materials; case study, personal experience,
interactions and visual text; the described routine and problematic moments and meaning in individuals’ lives” (Denzin & Lincoln, 1984, p. 2).

McMillan (2008, p. 11) identifies qualitative research as a methodology that stresses a “phenomenological model in which multiple realities are rooted in the subjects’ perception”. “The goal of a phenomenological study is to fully understand the essence of some phenomenon” (McMillan, 2008, p. 12). Qualitative research demands a focus on understanding and meaning based on verbal narratives and observations rather than numbers (McMillan, 2008). Qualitative researchers accept that research conducted in social settings is impacted by outside forces that should be explained.

“A qualitative researcher attempts to understand situations in their uniqueness as part of a particular context and the interactions in that context. The understanding is an end in itself, so that it is not attempting to predict what may happen in the future necessarily, but to understand the nature of that setting; what it means for participates to be in that setting, what their lives are like, what is going on for them, what their meanings are, what the world looks like in that particular setting; and in the analysis to be able to communicate that faithfully to others who are interested in that setting” (Patton, 1985, p. 1).

William Firestone (1987) differentiates quantitative from qualitative research based on four dimensions: assumptions, purpose, approach, and research role. “Firestone asks: is objective reality sought through facts or is reality socially constructed? Related to purpose, he asks: is it looking for causes or for understanding? To determine approach, he asks whether the research is experimental/correlational or a form of ethnography. Lastly, related to the researcher’s role, he asks whether the researcher is detached or immersed in the setting” (Newman & Benz, 1998).
Using Firestone’s four dimensions helps identify the appropriate methodological approach. In this situation, the author seeks to understand the impact of charter school funding on traditional public school programming. Examining the questions of this research study are dependent upon perceptions that may or may not be derived from fact. Each school district provides a unique environment of perceptions socially constructed. The impact will be measured through the thoughts of the individuals being interviewed as well as the data present and available to further explain the phenomenon. The second of Firestone’s questions requires the researcher to determine whether the study is based on experimental inquiry or ethnographic form. Experimental inquiry requires control of variables in order to determine the impact of an intervention or treatment of subjects. In this situation, the charter schools are already present and the research seeks to explain what if any impact the presence of these schools has had on the traditional public school systems. This leads directly into the third question which asks whether the student seeks to explore cause or understanding. In this situation the focus is on understanding the impact that charter enrollments are having on traditional public school programming. This study seeks to explore the understanding of the charter school impact through the thoughts and perceptions of key school district leaders. In addition, the study will also examine enrollment and financial data seeking to deepen the understanding of each given situation. The interviews will expand to other key individuals as recommended by the initial contributors. The perceptions will be supported or refuted by documents to include: enrollment data, district budgets, performance data, annual financial reports, district publications, course catalogs, etc.

Another approach to determining the decision between qualitative and quantitative as an appropriate methodology is to rule out one or the other approach. In this case, the research does
not seek to be built on experimental design in effort of determining the likelihood of a hypothesis or the correlation between variables; instead, the study is focused on the perspective of key individuals within districts and their perception about how charter school enrollment has influenced traditional school programming. As an example, if charter school expenditures increase within a school district there is not necessarily a direct impact to district programming. The district may make a decision to fund these increased expenditures in a variety of ways: increase taxes, use reserves, create efficiencies, modify programming, or a combination of these. Therefore it is very difficult to explain a causal relationship without understanding the perspective of those making the decision. The better approach is to attempt to explain these nuances by better understanding what is truly happening as described by the decision makers.

The research questions being considered demand an in-depth examination of the specific cases being considered through the eyes of key decision makers, while also considering the hard data. The methodology selected must respond to the specific purposes and context of the research question and emanate from the researcher’s beliefs and values about reality (Merriam, 1998; Howe & Eisenhart, 1990; Rist 1977).

The goal of mixed methods research is not to replace either qualitative or quantitative research, but serves to draw from the strengths and minimize the weaknesses of both research types (Onwuegbuzie, 2004). Qualitative research provides the researcher with a variety of approaches to most effectively inquire about the problem of study. Cresswell (2009) identifies five approaches that are best served by a qualitative study. The approaches are categorized as follows: “study of individuals (narrative, phenomenology); explore processes, activities, and events (case study, grounded theory); or learn about broad culture-sharing behavior of individuals or groups (ethnography)” (Cresswell, 2009). One should “consider the repertoire of
approaches from a pluralistic rather than a hierarchical perspective”, because “each strategy is best suited to different conditions” (Yin, 1981, p. 98). No one strategy is better than another so the research questions that dictates the selection of the research approach.

The selection of a research approach should also be based on how the problem is shaped and the desired end product. “In contrast to studying behavior and interactions in the artificial and contrived setting of a laboratory where the investigator attempts to control and selectively manipulate the environment, qualitative research seeks to study people where they are and as they go about their normal routines” (Rist, 1982, p. 442). Maxwell (2010) states, “…the distinction between thinking of the world in terms of variables and correlations, and in terms of events and processes”, is what differentiates the methodology between quantitative and qualitative research respectively. Since this research study is focused directly on events and processes, it makes sense to consider qualitative methodology as one part of the approach. The study is not using experimental design to fix variables in an attempt to determine correlations resulting from the influence on specific other variables. This study is however interested in those factual items (enrollment and finances) that have impacted decision requiring a quantitative methodology. It is for this reason that the use of quantitative methodology is important. “Mixed methods research is a method and philosophy that attempts to fit together the insights provided by qualitative and quantitative research into a workable solution” (Onwuegbuzie, 2004, p. 16). The mixed methods approach adds insights and understandings that might be missed when only a single method is used.

The key strengths that Onwuegbuzie (2004) identifies supporting the use of mixed methods that are relative to this study include:

1. Numbers can be used to add precision to words
2. Can answer a broader and more complete range of research questions not confined to a single methodological approach

3. The strengths of one method can overcome the weaknesses of another

4. Provides stronger evidence for a convergence and corroboration of findings

5. Can add insights and understandings that might be missed using only one method

6. Can increase generalizability of the results

7. Produce more complex knowledge necessary to inform theory and practice

Therefore the most appropriate research approach in this study is mixed.

**Case Study Justification**

The case study approach seeks broad description and explanation of real world situations (Merriam, 1998). Case study provides an intensive or complete examination of a facet, person or issue, focusing attention, illuminating meaning and communicating understanding (Guba & Lincoln, 1989). It is important to realize that case studies are designed to focus on one unit of analysis, enabling the researcher to fully describe the phenomenon leading to deeper understanding. Yin (2003) defines case study as “an empirical inquiry that investigates a contemporary phenomenon within its real life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used” (p. 13). Bogden and Biklen (2003) share that a case study “is a detailed examination of one setting, or a single subject, a single depository of document, or one particular event” (p. 54). Other researchers argue that the case study focuses on trying to pinpoint the *unit of study* – the case (Stake, 1994). Merriam (1998, p. 27) states: “the single most defining characteristic of case study research lies in delimiting the object of study, the case.” Case study demands that the researcher be a trusted individual with whom those being studied can most naturally and honestly
interact. The case study provides an opportunity for a research to uncover nuances of understandings within a complex phenomenon.

Creswell (2009, p. 176) “recommends that the qualitative researcher choose from among the possibilities, such as narrative, phenomenology, ethnography, case study, and grounded theory.” This study employed the case study method for each of the four school districts in Centre County. The case study approach provided the best opportunity to explore how traditional public school programming has been impacted, if at all by charter school enrollment and tuition expenditures specific to the Centre County school districts.

This study will be conducted as four separate and unique case studies seeking to explain the perspectives of key individuals within each of the school districts. The researcher will then use these data to find common threads among the experiences of the four school districts. This case study will provide a proper and thorough holistic investigation of the site specific phenomenon of how individuals perceive the impact of charter school enrollment and tuition payments on traditional public school programming.

Site Selection

As stated by McMillan and Schumacher (2006), “choosing a site is a negotiation process to obtain freedom of access to a sight that is suitable for the research and feasible for the researcher’s resources of time, mobility, and skills” (p. 342). The selection of the site in this study was derived from the distinctive nature and specific location of the phenomenon being studied. Common sense might suggest that brick and mortar charter schools exist mostly because there are failing public schools in that given geographic region (Piccola, 2011). The argument is that families become dissatisfied with the public school systems and charter schools grow out of this dissatisfaction. The site selected for study in this situation does not have failing schools or
districts, but does have one of the largest concentrations of brick and mortar charter schools in Pennsylvania, close behind other much larger metropolitan areas. The top five areas of brick and mortar charter school towns in Pennsylvania are: Philadelphia - 71, Pittsburgh - 9, York - 5, and Bethlehem and State College with 4 charter schools each. The focus of the research questions sets boundaries for site selection by clearly defining and specifying an appropriate setting offering the opportunity to study the phenomenon of interest (McMillan & Schumacher, 2006).

The researcher chose purposeful selection of distinct school districts because they will provide the most information in exploring the existing anomaly, given the prevalence of brick and mortar charter schools located within a region largely considered rural. In addition, the researcher’s personal knowledge of the population provided for deeper and richer examination of the inquiry (McMillan, 2008), while also increasing the chance for researcher bias. The researcher gained entry into the sites initially through his position as a fellow superintendent, who already had established relationships with other district leaders within the defined area of study.

The five charter schools serving the Centre County area are: Centre Learning Community Charter School (CLC), Nittany Valley Charter School (NVC), Wonderland Charter (WC) School, Young Scholars of Central PA Charter School (YSCPA) and Sugar Valley Rural Charter School (SVC). Each of these charter schools have been approved by the school district where it is geographically located being either State College Area School District or nearby Keystone Central School District. The charter schools have been in open for varied amounts of time as indicated on the following table:
<table>
<thead>
<tr>
<th>Charter School</th>
<th>Open Date</th>
<th>Grades</th>
</tr>
</thead>
<tbody>
<tr>
<td>Centre Learning Community Charter School</td>
<td>September 1, 1998</td>
<td>5 – 8</td>
</tr>
<tr>
<td>Nittany Valley Charter School</td>
<td>September 8, 1998</td>
<td>1 – 8</td>
</tr>
<tr>
<td>Wonderland Charter School</td>
<td>September 10, 1999</td>
<td>K – 2</td>
</tr>
<tr>
<td>Young Scholars of Central PA CS</td>
<td>September 1, 2005</td>
<td>K – 8</td>
</tr>
<tr>
<td>Sugar Valley Rural Charter School</td>
<td>August 30, 2000</td>
<td>K – 12</td>
</tr>
</tbody>
</table>

Each of these charter schools promotes different approaches to learning. CLC promotes project based learning in a small school environment with an emphasis on technology. NVCS promotes flexibility in learning environments emphasizing small class sizes. WCS identifies itself as innovative education for the early childhood student. YSCPA promotes its language program and cultural diversity of its students. SVCS identifies itself as the first K – 12 Charter School in PA, emphasizing community involvement in an integrated rural environment.

**Research Strategies/Instrumentation**

Cresswell (2009) recommends that the mixed methods researcher consider timing, weighting, mixing and theorizing coupled with the sequencing deployment of research methodologies. This study uses a mixed methodology following a qualitative, quantitative, qualitative methodological sequencing. The first step of the study began with interviews of district officials. Interviews were conducted to ascertain the data that may be most valuable in explaining the phenomenon. It also provided the researcher the opportunity to examine the interviewee’s knowledge and understanding absent the presentation of enrollment and financial data. This is an important component of the study since key decision makers are influenced by their own reality.

Cresswell (2009) identifies this approach as the sequential exploratory strategy, involving a first phase of qualitative data collection and analysis followed by a second phase of quantitative data collection and analysis. This method emphasizes the qualitative research
methodology but uses quantitative methods to assist in the interpretation of qualitative findings. Morgan (1998) suggested this design is most appropriate when testing items of an emergent theory resulting from the qualitative phase that can then be used to generalize qualitative findings to different samples.

It is important to recognize that participation in a study can become an unwarranted intrusion into the privacy of people (Stake, 1995). The researcher personally contacted each school district superintendent to gain access to individuals who possessed the best information about the subject of study. The researcher then provided the superintendents with the purpose of the study. In this case study, the researcher employed both strategies through collecting initial expenditure data, enrollment trends and subsequently through site interviews, observations and document analysis (Patton, 1990, Stake, 1995).

The initial interviews were conducted with the district superintendents. These in-depth interviews employed the use of “unstructured and open ended questions that are few in number intended to elicit views and opinions from the participants” (Creswell, 2009, p. 181). The researcher also solicited information from the business managers, board presidents and other individuals identified as having the background and knowledge about the topic. Initial interviews were used to assess the individual’s knowledge, understanding and perspectives without reference to actual data. The researcher prepared the initial interview responses in written form and returned them to those interviewed to check for accuracy. The researcher then compared the decision maker’s interview answers with supporting documentation analyzed using quantitative methodologies. Subsequent interviews were conducted with these same individuals using information gained from interviews as well as supporting documents, seeking to expose themes uncovered through the research process. The researcher also solicited documents specifically
related to the cost of charter tuition, enrollment data, staffing data, course selection guides and other documents that indicated a change in programming. During the subsequent interviews, the researcher allowed the interviewee to explain any discrepancies between their initial perceptions and the supporting data gathered. Their responses were noted and incorporated into the research. This approach provided the researcher with the understandings of how the key individual’s perceptions shape decisions when excluding specific reference to data such as charter enrollment trends, charter expenditures, and school district programming. It also provided the researcher with a deeper understanding about the actual impact of charter school enrollments on that individual district’s programming.

Once the initial interview was concluded, the researcher collected data to confirm the interviewee’s assumptions through document analysis. This analysis employed the use of quantitative methodologies. The largest part of these data came from Pennsylvania Department of Education (PDE) sources. This provided the researcher with a consistent method of data collection and organization that were aligned with many required PDE data submissions. The researcher also relied on the interviews to gather any additional information necessary in the districts. Additional document collection which was initially planned, was identified as unnecessary by those being interviewed.

The last segment of data collection relied on feedback from those initially interviewed. The researcher collected quantitative data, qualitative data, analyzed the results, and presented this information at a subsequent interview with the same decision maker. The process provided the opportunity for the decision makers to reflect upon the data, resulting in the ability to provide the researcher with added perspective about the data. The study connects the qualitative data
with the quantitative data by mixing the information to build both an explicit and implicit theory for the impact of charter school enrollments on traditional school programming.

Planning research strategies in advance is important, but it is also understood that the plan should be viewed as a guideline and not a predetermined standardized procedure (Bassey, 1999). The researcher continually reflected on the data collected throughout the process and adjusted interview questions to examine more fully the problem being presented. The plan evolved as interviews were conducted and decisions were made through the interactive process of being engaged with those being studied.

**The Role of the Researcher**

The researcher is a Centre County superintendent. The issue being studied is of particular interest to the superintendent in an attempt to determine what if any impact charter school enrollment and tuition charges are having on traditional public school programming. The researcher also has twenty-three years of experience in education including thirteen years as an administrator. This experience provides the researcher with insights particularly beneficial when conducting this type of research. The results of this study may be used to guide future state policy development or strategies within the Centre County school districts to enhance programming. Creswell (2009) states that, “inquirers explicitly identify their biases, values, and personal interests about their research topic and process” (p. 177). This provides the reader with a point of reference and uncovers the potential bias of the researcher.

**Data Collection Techniques**

“Data collection steps include setting the boundaries for the study, collecting information through unstructured or semi structured observations and interviews, documents, and visual materials, as well as establishing the protocol for recording information” (Creswell, 2009, p.
This study is bounded geographically by the four school districts contained within the boundaries of Centre County, Pennsylvania. The purposeful selection of these school districts is justified by the relatively high number of charter schools that exist within this geographic region, which is chiefly comprised of rural populations and historically high performing schools.

It is important to realize that the focus of the research will not necessarily be interpreted or viewed the same way by everyone. “Qualitative researchers take pride in discovering and portraying the multiple views of the case. The interview is the main road to multiple realities” (Stake, 1995, p. 64). The purpose of qualitative interviews is to “aggregate perceptions of knowledge over multiple respondents” (Stake, 1995, p. 65). In this study, it would have been impossible to gather data through observation providing descriptions that explain the phenomenon being studied, without recognizing that these descriptions require interpretation and perspective. It is the influence of this interpretation and perspective that require the researcher to utilize qualitative design.

**Interview Procedures**

The procedures for gathering interview data included note taking coupled with audio recording. The interviews were guided by questions with slight deviation from the script depending on the course of the discussion. The interviewer listened intently to capture the essential ideas to represent the respondent’s thoughts accurately. This procedure was an appropriate protocol since there was little need for anonymity of the respondent since those being interviewed were public figures, often times are called upon to share their position freely. The audio recordings of the interviews provided the researcher the opportunity to review the accuracy of the data collected in the notes. In addition, the face-to-face nature of the interview provided the researcher a window to greater understanding of the meaning to the information discussed,
since this type of interaction provides greater perspective and intent of the participant. Soon following the interview, the researcher transcribed the conversation noting specific items of interest that came about during the discussion. It was important for the researcher to complete the transcription soon after the interview’s completion to assure accuracy and understand. The results were shared and reviewed with the respondents in order to ensure accuracy of the transcriptions.

**Interview Selection**

Superintendents given the nature of their jobs often realize the perspectives of how outside influences impact their school district. This is the rationale for beginning with this group. In addition, superintendents are most commonly considered the most informed within the district on matters that impact finances and programming. They are most in tune with the interplay between finance, state policy and programming. In addition to superintendents, there are often other key individuals within district who have direct knowledge about how the budget has been impacted and the resulting consequences for program changes. These key individuals are usually business managers and school board presidents. Therefore, interviews were conducted with these individuals seeking to deepen and provide a more full understanding of each school district being studied. In addition, the researcher asked for suggestions for additional interviewees from each person interviewed. The initial interviews took place one-on-one with all of those being interviewed. The research endeavored to put those being interviewed at ease developing a trusting relationship whereby information could be freely shared.

**Quantitative Data Collection**

As part of the data gathering process, the researcher collected relevant district documents that either refuted or supported the claims and perspectives of the participant within each district.
These documents included: annual expenditures; enrollment, millage rates; professional, support, and administrative staffing trends, school board minutes, course selection guides, and internal memos and analyses. Each of these documents provided the researcher with the data necessary to describe more fully and richly the particular phenomenon. “The researchers kept an open mind when it comes to discovering useful documents” (Merriam, 1998, p. 121). Therefore, the list of documents presented was only a preliminary list created from the relevant background and knowledge of the researcher. Any discrepancies between the interviewee’s perception and district data were indicated. The interviewees were provided the opportunity to reflect upon the discrepancy and explain the rationale for the difference in their understanding.

Data Analysis

“Data analysis consists of examining, categorizing, tabulating, or otherwise recombining the evidence to address the initial proposition of a study” (Yin, 1989, p. 14). Data analysis in qualitative case study research is not a step that necessarily follows data collection. In fact, “data collection and analysis is a simultaneous activity in qualitative research (Merriam, 1998, p. 151).” Merriam (1998) states further that;

Analysis begins with the first interview, the first observation, the first document read.
Emerging insights, hunches, and tentative hypotheses direct the next phase of data collection, which in turn leads to the refinement or reformulation of questions, and so on.
It is an interactive process throughout that allows the investigator to produce believable and trustworthy findings. (Merriam, 1998, p. 151)

The research process in this study called for analyzing the nature of the data used to provide a more descriptive meaning to the events being studied (Merriam, 1998). The interviews were transcribed and evaluated to detect general themes consistent across participants and
between school districts. This information and analysis were compared with documents to examine alignment between district documents related to charter school financial impacts and the interviewees’ perceptions. “Written material can provide important insights into both public (frontstage) and private (backstage) perceptions, rules, guidelines, and images; and rewards or sanctions” (Rist, 1982, p. 444). Creswell (2009) recommends that researchers consider triangulation, member checking, thick description, clarity of bias, discrepant information, prolonged time, peer debriefing and external auditor. The data collected from the interviews and document collection results were then subjected to triangulation to identify the consistencies and discrepancies. This process allowed a fuller understanding of the complexity of the problem being studied.

The researcher also collected quantitative data to include charter enrollment data, district enrollment data, and financial expenditure data. Additionally, trends of the key components were analyzed over the past five years to discover potential ongoing patterns. The analysis of the quantitative data was guided by the research questions and reported without the influence of the interviewee’s understandings.

It was then necessary that the researcher provide a concrete description of the phenomenon, creating a depiction of the phenomenon in enough detail to demonstrate that the author’s conclusion makes sense (Firestone, 1987). Throughout the analysis and reporting phases of mixed methods research there is a tension between “descriptive excess” (Lofland, 1971, p. 129) and coming up with “reasonable conclusions and generalizations based on a preponderance of the data” (Taylor and Bogdan, 1984, p. 139). The goal was to capture, understand and eventually classify and compare the participants’ perspectives of reality (Maxwell, 2005).
Analyzing the data in this case study design was an ongoing process. Data from interviews and documents were regularly reviewed to find consistencies, inconsistencies and categories that created conceptual links between and among the categories identified (Merriam, 1998). Waiting until all data were collected to analyze the results is a flawed process in qualitative research. Rist (1982) explains that analysis occurs concurrently and subsequently with data collection which is the “most parsimonious and powerful way of conducting qualitative research” (p. 445). If one waits until the end, the ideas and perspectives that were once in the forefront of the researcher’s mind, which developed out of the direct interaction with the participant, are lost. If the researcher waits until all of the data are collected to begin an analysis, it is likely that the entire project is undermined (Merriam, 1998).

Much of qualitative research is flexible and allows for variance; there is, however, a correct method that must be applied to analyze data effectively. Rist (1982) identifies seven analytical frameworks available for organizing and presenting qualitative data. This study utilized Theme Analysis, looking to cluster the presentation of material by key themes found in each of the four individual case studies (Firestone, 1980; Metz, 1978; Smith & Geoffrey, 1967). The process used in this case was to analyze the data as the work progressed. Once the first interview was complete, the researcher first considered the research questions and conceptual framework, followed by reviewing his or her own notes, organizing the thinking, categorizing the themes and developing follow up questions to be used with that participant again or the next participant (Merriam, 1998). It was also important for the researcher to consider what if any supporting documents should be gathered to examine the claims of the participant (Merriam, 1998). “It is important to note that each data collection and its accompanying comparison should inform the next” (Merriam, 1998, p. 162).
The quantitative data collected came largely from the Pennsylvania Department of Education (PDE) website and were confirmed by the appropriate district personnel. When the desired data did not exist in a published format on the PDE website, the researcher requested the information from the districts directly. The data collection period began with the 2006-07 school year and concluded with the 2011-12 school year. The student enrollment data collected included enrollments in all charter schools and school districts by year. These enrollments were subsequently separated into regular education students and special education students since each student group drives its own set of tuition costs. Enrollments were analyzed using trends and charted for easier visualization. The financial data collected included annual charter tuition per pupil costs by school district for both regular education and special education, the total annual group (special & regular) costs, the total tuition costs paid by all school districts, and annual real estate millage rates levied by each school district. The financial data were analyzed using annual data results and establishing trends in tuition expenditures, other cost increases and any cost reductions.

**Reliability and Validity**

It is important for the reader to have faith, trust and confidence in the determined credibility of the results. This case study employed the use of mixed methods to describe and bring understanding to this phenomenon. The goal of case study research is to produce a coherent description and illuminating perspective on a unique phenomenon, not a standardized statistical result (Schofield, 1993). Qualitative validity means that the researcher checks for the accuracy of the findings by employing certain procedures, while qualitative reliability indicates that the researcher’s procedures can be replicated (Creswell, 2009; Merriam, 1998).
The researcher actively incorporated multiple established research strategies to strengthen the validity of the study. This research involved interviews and document collection to provide evidence and the basis for analysis to the problem being studied. “Juxtaposing what was said with what was done or what was written provides a validity check on the data as well as alternative sources to confirm the analysis” (Rist, 1982, p. 444). Rist (1977) suggests that qualitative research methods emphasize validity over reliability. Each of these strategies improves the researcher’s ability to convey appropriate meaning of this unique event being studied. Of the aforementioned techniques, the researcher utilized triangulation, member checking, thick description, clarity of bias, discrepant information and peer debriefing.

Triangulation is the examination of different data sources to build a coherent justification for themes. “If themes converge from several sources of data or perspectives from participants, then this process can be claimed as adding to the validity of the study” (Creswell, 2009, p. 191). This study triangulated the data collected using the three pivots (interviews, documents, and data) of good qualitative research practice. Member checks are a process whereby participants in the study are provided the opportunity to review the interpretations of the results against their plausibility (Creswell, 2009; Merriam, 1998). In this case, member checks were important to confirm the accuracy from the perspective of the participants. Providing the study participants with interpretations for review, will maintain the accuracy of the reported perceptions. Since perceptions are what matter most in this study, the review process is imperative. Given the background and experience of the researcher, it was also important to provide clarity of bias. Since it is impossible for the researcher to remove himself or herself from a qualitative study, the reader must have an open and honest understanding of the researcher’s bias. The researcher provides the reader with information about his/her personal background, history, gender, culture
and socioeconomic origin to further shape the reader’s thoughts (Creswell, 2009). This will provide the reader with a lens through which to view the interpretation and findings. The researcher looked for documents that either coincide with or refute the themes constructed from participant interviews. This was accomplished by discussing fully the evidence about the theme. “Most evidence will build a case for the theme; researchers can also present information that contradicts the general perspective of the theme. By presenting this contradictory evidence, the account becomes more realistic and hence valid” (Creswell, 2009, p. 192). The process of peer debriefing is a good final step exercise, whereby a peer reviews the researcher, asks questions about the study in an effort to determine if the account resonates with people other than the researcher (Creswell, 2009). Validity is one of the strengths of qualitative research, and it is based on determining whether the findings are accurate from the standpoint of the researcher, the participant, or the reader of an account (Creswell & Miller, 2000). Using the validity strategies outlined here provided an improved likelihood of valid findings.

Reliability in this case study (Yin, 2003) refers to, “the objective that if a later investigator followed the same procedures as described by an earlier investigator and conducted the same case study all over again, the later investigator would arrive at the same findings and conclusions” (p. 37). “Reliability is problematic in the social sciences simply because human behavior is never static” (Merriam, 1998). The unique interaction between the respondents and researcher create data and analysis that is not necessarily reproducible (Stake, 1995). Since this case study provides its results based on the data collected over time, it would be impossible to recreate exactly the same circumstance yielding the same results. Owens (1982) recommends the researcher prepare an audit trail that documents the nature of each decision in the research plan, the data which the decision was based, and the reasoning that entered into the decision. The
audit trail provides evidence so that should someone external to the study decide to review the process, the results of the study would be considered reasonable and credible. Therefore, the researcher prepared a file containing interview transcripts, documents and notes so that future researchers may refer to the data that were used to inform the interpretation of the researcher’s findings.

**Limitations**

The research design was developed to expand the validity of the findings by employing multiple strategies known to contribute acceptable results. This being said, Merriam (1998) suggests a variety of limitations inherent to qualitative case study. “The case study methodology has been subject to scrutiny and criticism at various times since the 1930s” (Tellis, 1997, p. 15). This research study contains similar limitations as other mixed methods case study designs. It is however different in that this researcher seeks to identify common themes across multiple individual case studies.

One of the key responsibilities of the researcher was to avoid the influence of bias. Knowing that the researcher is responsible not only for collecting the data, but determining its importance is a limitation of qualitative research. A more specific example may be the questions selected for the interview. The mere fact researchers personally construct the questions out of their own reality makes them biased. “The interviews could be bias due to poorly constructed questions, inaccurate due to poor recall, and subject to reflexivity where the interviewee says what the interviewer wants to hear” (Yin, 2003, p. 86). In addition, it is possible that the researcher has not retrieved, accessed or availed himself of the appropriate documents. While this is condition is unknown and must be cited as a general limitation to case study research, the
likelihood is minimized since in this case the researcher is familiar with the generally available documents in a school district through his position as a superintendent.

This study is further limited by the knowledge of the individuals being interviewed. Two of the four Centre County districts being studied have recently employed new superintendents. Although their knowledge and understanding of these organizations may be developing, their perspective is important since it shapes their decisions and thus their organization’s response to charter school expenditures. In this case, their knowledge may be considered a limitation of the study, but their control within the organization definitely provides an influence. In addition the researcher conducted interviews with the board presidents and business managers whom have served in all four districts for a longer tenure. Those interviewed provided confirmation that those being interviewed possessed the best knowledge of the charter school issue being studied. This alleviated some of the limitations outlined above.

Lastly, this study is further limited by the selection of schools within a single county of Pennsylvania, focused on a broad phenomenon in a unique bounded setting. Since this study is composed of multiple case studies seeking to identify common themes it may be generalizable to other similar situations across the nation. This study is not generalizable beyond other similarly defined situations. The strength of this study will be in the depth of its specificity. The intent of this study is to advance our understanding of the financial impact of charter school enrollments on public school expenditures, resource allocation and programming within Center County, Pennsylvania and beyond where appropriate.
Chapter 4: Data Analysis

This purpose of this study is to examine the financial impact of charter schools on traditional public school enrollment, resource allocation, expenditures, taxation and programming within four Pennsylvania School Districts located in Centre County, namely Bald Eagle Area School District, Bellefonte Area School District, Penns Valley Area School District and State College Area School District. The questions to be analyzed are as follows: (1) What have been the student enrollment trends (Special Education and Regular Education) of Centre County students by school and by grade over the past five years in traditional public schools and in students enrolled in brick and mortar and cyber charter schools? (2) What has been the fiscal impact of charter schools on each of the four school districts over the past five years? (3) What, if any, impact on instruction, support, and extra-curricular programs has there been on instructional programs and operations activities as a result of charter school funding obligation in each of the districts? (4) Are there common threads among the experiences of the four school districts?

Summary of Findings

Enrollments (Charter and District)

Charter School Enrollment Trends

Table 4.1a contains the statewide enrollment trends for each cyber charter school enrolling Centre County Students. The cyber charter schools selected represent only those charter schools available for Centre County students to attend. The total statewide enrollments in cyber charters have consistently increased with a 100% growth over the past five years. Annual increases ranged from 2,217 to 4,455 students and 9.6% to 23.9% each year.
Table 4.1a

*Total Cyber Charter School State Wide Enrollments (Serving Centre County Students)*

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<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>21st Century Cyber</td>
<td>467</td>
<td>507</td>
<td>512</td>
<td>594</td>
<td>686</td>
<td>746</td>
</tr>
<tr>
<td>Achievement House</td>
<td>332</td>
<td>304</td>
<td>267</td>
<td>272</td>
<td>536</td>
<td>531</td>
</tr>
<tr>
<td>Agora</td>
<td>772</td>
<td>2,337</td>
<td>4,202</td>
<td>4,484</td>
<td>5,861</td>
<td>8,142</td>
</tr>
<tr>
<td>Central PA Digital</td>
<td>167</td>
<td>165</td>
<td>139</td>
<td>134</td>
<td>127</td>
<td>112</td>
</tr>
<tr>
<td>Commonwealth Connections</td>
<td>1,449</td>
<td>1,699</td>
<td>2,736</td>
<td>3,652</td>
<td>4,424</td>
<td>5,550</td>
</tr>
<tr>
<td>Esperanza</td>
<td>626</td>
<td>711</td>
<td>705</td>
<td>717</td>
<td>727</td>
<td>750</td>
</tr>
<tr>
<td>PA Learners</td>
<td>582</td>
<td>535</td>
<td>441</td>
<td>607</td>
<td>467</td>
<td>414</td>
</tr>
<tr>
<td>Pennsylvania Cyber</td>
<td>5,872</td>
<td>7,798</td>
<td>7,874</td>
<td>8,539</td>
<td>9,651</td>
<td>10,559</td>
</tr>
<tr>
<td>Pennsylvania Distance Learning</td>
<td>533</td>
<td>639</td>
<td>432</td>
<td>420</td>
<td>327</td>
<td>323</td>
</tr>
<tr>
<td>Pennsylvania Leadership</td>
<td>1,703</td>
<td>1,823</td>
<td>1,992</td>
<td>2,020</td>
<td>2,155</td>
<td>2,242</td>
</tr>
<tr>
<td>Pennsylvania Virtual</td>
<td>3,842</td>
<td>3,740</td>
<td>3,644</td>
<td>3,691</td>
<td>3,353</td>
<td>3,414</td>
</tr>
<tr>
<td>Susq-Cyber</td>
<td>146</td>
<td>168</td>
<td>159</td>
<td>190</td>
<td>192</td>
<td>178</td>
</tr>
<tr>
<td><strong>Total Cyber Enrollment</strong></td>
<td>16,491</td>
<td>20,426</td>
<td>23,103</td>
<td>25,320</td>
<td>28,506</td>
<td>32,961</td>
</tr>
</tbody>
</table>

**Annual Enrollment Change**

<table>
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<tr>
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<tbody>
<tr>
<td><strong>Total</strong></td>
<td>3,935</td>
<td>2,677</td>
<td>2,217</td>
<td>3,186</td>
<td>4,455</td>
<td></td>
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</tbody>
</table>

**Cumulative Enrollment Change**

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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>3,935</td>
<td>6,612</td>
<td>8,829</td>
<td>12,015</td>
<td>16,470</td>
<td></td>
</tr>
</tbody>
</table>

**Annual Percent Change**

|                      | 23.9%   | 13.1%   | 9.6%    | 12.6%   | 15.6%   |         |

**Cumulative Percent Change**

|                      | 23.9%   | 40.1%   | 53.5%   | 72.9%   | 99.9%   |         |
Figure 4.1a illustrates the enrollment rate change over the base year of 2006-07. It shows the steady enrollment growth in cyber charter schools, which have doubled over the five year period.

Figure 4.1a

*Total Cyber Charter Enrollment Trend for Cyber Schools Serving Centre County Students*

Table 4.1b contains enrollment data for the brick and mortar charter school students enrolling Centre County Students. Table 4.1b also includes enrollments from other districts that send students to these charter schools. In the case of Sugar Valley Rural Charter school many students from Clinton County attend. The growth pattern for the brick and mortar schools showed varying results. Increases in some years ranged from 30-70 students, but were interspersed with little changes in other years. Overall there was a cumulative increase of 160 students or 31% over the five years.
The total enrollment growth rate of the five brick and mortar charter schools serving Centre County has been substantially less than that of the statewide cyber charter schools. Cyber enrollment trends statewide have outpaced brick and mortar charter enrollments in Centre County by nearly three to one.
Table 4.1b

*Charter School Enrollments (Serving Centre County Students)*

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Centre Learning Community</td>
<td>100</td>
<td>98</td>
<td>101</td>
<td>102</td>
<td>94</td>
<td>94</td>
</tr>
<tr>
<td>Nittany Valley</td>
<td>48</td>
<td>48</td>
<td>48</td>
<td>47</td>
<td>48</td>
<td>48</td>
</tr>
<tr>
<td>Sugar Valley Rural</td>
<td>220</td>
<td>227</td>
<td>204</td>
<td>255</td>
<td>261</td>
<td>283</td>
</tr>
<tr>
<td>Wonderland</td>
<td>28</td>
<td>34</td>
<td>34</td>
<td>36</td>
<td>29</td>
<td>64</td>
</tr>
<tr>
<td>Young Scholars of Central PA</td>
<td>120</td>
<td>141</td>
<td>158</td>
<td>159</td>
<td>172</td>
<td>187</td>
</tr>
<tr>
<td><strong>Total Enrollment</strong></td>
<td><strong>516</strong></td>
<td><strong>548</strong></td>
<td><strong>545</strong></td>
<td><strong>599</strong></td>
<td><strong>604</strong></td>
<td><strong>676</strong></td>
</tr>
<tr>
<td><strong>Annual Enrollment Change</strong></td>
<td>32</td>
<td>(3)</td>
<td>54</td>
<td>5</td>
<td>72</td>
<td></td>
</tr>
<tr>
<td><strong>Cumulative Enrollment Change</strong></td>
<td>32</td>
<td>29</td>
<td>83</td>
<td>88</td>
<td>160</td>
<td></td>
</tr>
<tr>
<td><strong>Annual Percent Change</strong></td>
<td>6.2%</td>
<td>-0.5%</td>
<td>9.9%</td>
<td>0.8%</td>
<td>11.9%</td>
<td></td>
</tr>
<tr>
<td><strong>Cumulative Percent Change</strong></td>
<td>6.2%</td>
<td>5.6%</td>
<td>16.1%</td>
<td>17.1%</td>
<td>31.0%</td>
<td></td>
</tr>
</tbody>
</table>
Centre County School District Enrollment Trends

Table 4.2 lists enrollments for each of the four school districts located within Centre County Pennsylvania. Since 2006-07 the enrollment for students in the Centre County school districts has continued to decline resulting in a 6.2% cumulative reduction in enrollments over the study period. The enrollment decline has occurred in each and every school district. The annual enrollment decline across the four districts ranged from 0.4% to 2.1%. The reasons for the enrollment decline will be investigated later in the study. Figures 4.2a through 4.2d show the enrollment changes and trend lines for each of the four school districts. With the exception of one year in Bellefonte and one year in State College, there was a loss of students each year across the districts.
Table 4.2

*School District Enrollments for four Centre County, PA School Districts*

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Bald Eagle Area</td>
<td>1,973</td>
<td>1,915</td>
<td>1,900</td>
<td>1,875</td>
<td>1,864</td>
<td>1,834</td>
</tr>
<tr>
<td>Bellefonte Area</td>
<td>3,015</td>
<td>2,957</td>
<td>2,970</td>
<td>2,912</td>
<td>2,909</td>
<td>2,870</td>
</tr>
<tr>
<td>Penns Valley Area</td>
<td>1,649</td>
<td>1,617</td>
<td>1,498</td>
<td>1,459</td>
<td>1,459</td>
<td>1,460</td>
</tr>
<tr>
<td>State College Area</td>
<td>7,232</td>
<td>7,094</td>
<td>7,010</td>
<td>7,083</td>
<td>6,944</td>
<td>6,848</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>13,869</strong></td>
<td><strong>13,583</strong></td>
<td><strong>13,378</strong></td>
<td><strong>13,329</strong></td>
<td><strong>13,176</strong></td>
<td><strong>13,012</strong></td>
</tr>
<tr>
<td><strong>ANNUAL ENROLLMENT CHANGE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(286)</td>
<td>(205)</td>
<td>(49)</td>
<td>(153)</td>
<td>(164)</td>
<td></td>
</tr>
<tr>
<td><strong>CUMULATIVE ENROLLMENT CHANGE</strong></td>
<td>(286)</td>
<td>(491)</td>
<td>(540)</td>
<td>(693)</td>
<td>(857)</td>
<td></td>
</tr>
<tr>
<td><strong>ANNUAL PERCENT CHANGE</strong></td>
<td>-2.1%</td>
<td>-1.5%</td>
<td>-0.4%</td>
<td>-1.1%</td>
<td>-1.2%</td>
<td></td>
</tr>
<tr>
<td><strong>CUMULATIVE PERCENT CHANGE</strong></td>
<td>-2.1%</td>
<td>-3.5%</td>
<td>-3.9%</td>
<td>-5.0%</td>
<td>-6.2%</td>
<td></td>
</tr>
</tbody>
</table>
Figure 4.2a

*Bald Eagle Enrollment Trend*

Figure 4.2b

*Bellefonte Enrollment Trend*
Figure 4.2c

*Penns Valley Enrollment Trend*

![Penning Valley Enrollment Trend](image)

Figure 4.2d

*State College Enrollment Trend*

![State College Enrollment Trend](image)
**District Student Enrollment in Charter Schools**

Table 4.3a lists enrollments for each of the four school districts located within Centre County Pennsylvania along with their corresponding charter school enrollment for each year. The charter school enrollments include students in both brick and mortar and cyber charter schools. The percentage of district students enrolling in charter schools varies substantially from district to district, ranging from just below 2% to just over 5% in 2011-12. However, common to all districts are the very large increases in the proportion of their students that attend charter schools, from a doubling to over 4 times during the years studied. What is notable in table 4.3 is that while the student populations of the school districts have declined, the charter school enrollments have increased. Accordingly, the percentage of students selecting charter schools as a percentage of overall enrollments by district has increased. Penns Valley Area School District has greater than 5% of its total student population now selecting charter schools as their education of choice. Bellefonte Area School District has experienced the greatest percentage increase from 2007-08 increasing its charter enrollment by 286.3%. Also in table 4.3 is a summation of district resident enrollment plus district students in charter schools. Adding back the charter school students to the district resident students reduces the apparent drop in district enrollments. While not accounting for the total loss in enrollments, charter enrollment increases have been a major contributor to the decline in district enrollments.
### Table 4.3a

**Charter and District Enrollments by Year**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bald Eagle Area</td>
<td>1,973</td>
<td>1,915</td>
<td>1,900</td>
<td>1,875</td>
<td>1,864</td>
<td>1,834</td>
</tr>
<tr>
<td>Bald Eagle Charter Enrollment</td>
<td>11</td>
<td>10</td>
<td>36</td>
<td>41</td>
<td>36</td>
<td></td>
</tr>
<tr>
<td>Bald Eagle Charter Enrollment Rate</td>
<td>0.57%</td>
<td>0.52%</td>
<td>1.88%</td>
<td>2.15%</td>
<td>1.93%</td>
<td></td>
</tr>
<tr>
<td><strong>Total (Bald Eagle Students)</strong></td>
<td><strong>1,926</strong></td>
<td><strong>1,910</strong></td>
<td><strong>1,911</strong></td>
<td><strong>1,905</strong></td>
<td><strong>1,870</strong></td>
<td></td>
</tr>
<tr>
<td>Bellefonte Area</td>
<td>3,015</td>
<td>2,957</td>
<td>2,970</td>
<td>2,912</td>
<td>2,909</td>
<td>2,870</td>
</tr>
<tr>
<td>Bellefonte Area Charter Enrollment</td>
<td>26</td>
<td>30</td>
<td>89</td>
<td>79</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Bellefonte Area Charter Enrollment Rate</td>
<td>0.87%</td>
<td>1.00%</td>
<td>2.97%</td>
<td>2.64%</td>
<td>3.37%</td>
<td></td>
</tr>
<tr>
<td><strong>Total (Bellefonte Students)</strong></td>
<td><strong>2,983</strong></td>
<td><strong>3,000</strong></td>
<td><strong>3,001</strong></td>
<td><strong>2,988</strong></td>
<td><strong>2,970</strong></td>
<td></td>
</tr>
<tr>
<td>Penns Valley Area</td>
<td>1,649</td>
<td>1,617</td>
<td>1,498</td>
<td>1,459</td>
<td>1,459</td>
<td>1,460</td>
</tr>
<tr>
<td>Penns Valley Area Charter Enrollment</td>
<td>43</td>
<td>31</td>
<td>86</td>
<td>82</td>
<td>80</td>
<td></td>
</tr>
<tr>
<td>Penns Valley Area Charter Enrollment Rate</td>
<td>2.59%</td>
<td>2.03%</td>
<td>5.57%</td>
<td>5.32%</td>
<td>5.19%</td>
<td></td>
</tr>
<tr>
<td><strong>Total (Penns Valley Students)</strong></td>
<td><strong>1,660</strong></td>
<td><strong>1,529</strong></td>
<td><strong>1,545</strong></td>
<td><strong>1,541</strong></td>
<td><strong>1,540</strong></td>
<td></td>
</tr>
<tr>
<td>State College Area</td>
<td>7,232</td>
<td>7,094</td>
<td>7,010</td>
<td>7,083</td>
<td>6,944</td>
<td>6,848</td>
</tr>
<tr>
<td>State College Area Charter Enrollment</td>
<td>92</td>
<td>78</td>
<td>241</td>
<td>240</td>
<td>242</td>
<td></td>
</tr>
<tr>
<td>State College Area Charter Enrollment Rate</td>
<td>1.28%</td>
<td>1.10%</td>
<td>3.29%</td>
<td>3.34%</td>
<td>3.41%</td>
<td></td>
</tr>
<tr>
<td><strong>Total (State College Students)</strong></td>
<td><strong>7,186</strong></td>
<td><strong>7,088</strong></td>
<td><strong>7,324</strong></td>
<td><strong>7,184</strong></td>
<td><strong>7,090</strong></td>
<td></td>
</tr>
</tbody>
</table>
To determine the charter impact on enrollment, it is important to examine the county wide school aged population and their enrollment in all varieties of schools. Table 4.3b includes the county wide school aged enrollments within traditional public schools, charter schools, nonpublic schools (see, http://www.portal.state.pa.us/portal/server.pt/community/enrollment/7407/private_and_non-public_schools_enrollment_reports/620543) and home schooled students. The section of the table below the enrollment numbers contains the percentage of total enrollment by school type. Table 4.3b

Total County School Aged Enrollments

<table>
<thead>
<tr>
<th>County</th>
<th>Enrollments</th>
<th>2007-08</th>
<th>2008-09</th>
<th>2009-10</th>
<th>2010-11</th>
<th>2011-12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional Public</td>
<td>13,583</td>
<td>13,378</td>
<td>13,329</td>
<td>13,176</td>
<td>13,012</td>
<td></td>
</tr>
<tr>
<td>Charter</td>
<td>172</td>
<td>149</td>
<td>452</td>
<td>442</td>
<td>458</td>
<td></td>
</tr>
<tr>
<td>Nonpublic</td>
<td>1,239</td>
<td>1,256</td>
<td>1,194</td>
<td>1,188</td>
<td>1,249</td>
<td></td>
</tr>
<tr>
<td>Home Schooled</td>
<td>333</td>
<td>329</td>
<td>316</td>
<td>305</td>
<td>309</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>15,327</td>
<td>15,112</td>
<td>15,291</td>
<td>15,111</td>
<td>15,028</td>
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</tr>
</tbody>
</table>

Annual % Change

<table>
<thead>
<tr>
<th>County</th>
<th>Annual % Change</th>
<th>Cumulative % Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional Public</td>
<td>-1.4%</td>
<td>-205</td>
</tr>
<tr>
<td>Charter</td>
<td>1.2%</td>
<td>-254</td>
</tr>
<tr>
<td>Nonpublic</td>
<td>-1.2%</td>
<td>-407</td>
</tr>
<tr>
<td>Home Schooled</td>
<td>-0.5%</td>
<td>-571</td>
</tr>
<tr>
<td>Total</td>
<td>-1.4%</td>
<td>-254</td>
</tr>
<tr>
<td></td>
<td>-0.2%</td>
<td>-205</td>
</tr>
<tr>
<td></td>
<td>-1.4%</td>
<td>-254</td>
</tr>
<tr>
<td></td>
<td>-2.0%</td>
<td>-571</td>
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</tbody>
</table>

Cumulative Enrollment Change

<table>
<thead>
<tr>
<th>County</th>
<th>Cumulative Enrollment Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional Public</td>
<td>-205</td>
</tr>
<tr>
<td>Charter</td>
<td>-254</td>
</tr>
<tr>
<td>Nonpublic</td>
<td>-407</td>
</tr>
<tr>
<td>Home Schooled</td>
<td>-571</td>
</tr>
<tr>
<td>Total</td>
<td>-205</td>
</tr>
<tr>
<td></td>
<td>-254</td>
</tr>
<tr>
<td></td>
<td>-407</td>
</tr>
<tr>
<td></td>
<td>-571</td>
</tr>
</tbody>
</table>

Percentage of Total Enrollment

<table>
<thead>
<tr>
<th>County</th>
<th>2007-08</th>
<th>2008-09</th>
<th>2009-10</th>
<th>2010-11</th>
<th>2011-12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional Public</td>
<td>88.6%</td>
<td>88.5%</td>
<td>87.2%</td>
<td>87.2%</td>
<td>86.6%</td>
</tr>
<tr>
<td>Charter</td>
<td>1.1%</td>
<td>1.0%</td>
<td>3.0%</td>
<td>2.9%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Nonpublic</td>
<td>8.1%</td>
<td>8.3%</td>
<td>7.8%</td>
<td>7.9%</td>
<td>8.3%</td>
</tr>
<tr>
<td>Home Schooled</td>
<td>2.2%</td>
<td>2.2%</td>
<td>2.1%</td>
<td>2.0%</td>
<td>2.1%</td>
</tr>
</tbody>
</table>
The table above indicates a county wide 2.0% enrollment decline while charter enrollments increased by 286 students composing half of the total traditional public enrollment decline of 571 students. Charter schools were the only enrollment group that experienced a significant increase in the percentage of total student enrollment.

**Charter Enrollments by Tuition Group (Regular Education and Special Education)**

Tables 4.4 and 4.5 and corresponding charts identify enrollments for each of the charter schools servicing students from the four Centre County school districts. The cyber school enrollments are statewide totals and include all students from across Pennsylvania because data are not readily available for cyber enrollments categorized by resident school district. In addition the brick and mortar charter enrollments include the enrollment of students from districts other than those being studied. Therefore the enrollments for the listed charter schools cannot be directly attributed to the school districts being studied. The tables are separated according to student enrollment type (regular education & special education) that corresponds to tuition payment calculations. Tables 4.4a and 4.5a are for regular education student and tables 4.4b and 4.5b are for special education students. Enrollment information categorized by student type is important to help determine the differences in growth rate for each of the two tuition rates. The charter schools included in the tables are limited to those that have enrolled students from the four Centre County districts included in this study, but they are not limited to the students from those districts.
Table 4.4a

Regular Education Student Enrollments of Cyber Charter Schools (Serving Centre County Students)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>21st Century Cyber</td>
<td>410</td>
<td>453</td>
<td>485</td>
<td>557</td>
<td>618</td>
<td>655</td>
</tr>
<tr>
<td>Achievement House</td>
<td>262</td>
<td>233</td>
<td>211</td>
<td>192</td>
<td>426</td>
<td>396</td>
</tr>
<tr>
<td>Agora</td>
<td>712</td>
<td>2063</td>
<td>3613</td>
<td>3690</td>
<td>4862</td>
<td>6750</td>
</tr>
<tr>
<td>Central PA Digital</td>
<td>Not Reported</td>
<td>Not Reported</td>
<td>109</td>
<td>113</td>
<td>103</td>
<td>91</td>
</tr>
<tr>
<td>Commonwealth Connections</td>
<td>1246</td>
<td>1400</td>
<td>2277</td>
<td>3065</td>
<td>3659</td>
<td>4612</td>
</tr>
<tr>
<td>Esperanza</td>
<td>Not Reported</td>
<td>Not Reported</td>
<td>579</td>
<td>612</td>
<td>628</td>
<td>642</td>
</tr>
<tr>
<td>PA Learners</td>
<td>488</td>
<td>437</td>
<td>366</td>
<td>469</td>
<td>378</td>
<td>350</td>
</tr>
<tr>
<td>Pennsylvania Cyber</td>
<td>5389</td>
<td>7084</td>
<td>7113</td>
<td>7633</td>
<td>8499</td>
<td>9313</td>
</tr>
<tr>
<td>Pennsylvania Distance Learning</td>
<td>424</td>
<td>555</td>
<td>352</td>
<td>357</td>
<td>277</td>
<td>274</td>
</tr>
<tr>
<td>Pennsylvania Leadership</td>
<td>1439</td>
<td>1557</td>
<td>1699</td>
<td>1740</td>
<td>1845</td>
<td>1956</td>
</tr>
<tr>
<td>Pennsylvania Virtual</td>
<td>3434</td>
<td>3351</td>
<td>3250</td>
<td>3283</td>
<td>2902</td>
<td>2924</td>
</tr>
<tr>
<td>Susq-Cyber</td>
<td>122</td>
<td>137</td>
<td>122</td>
<td>136</td>
<td>150</td>
<td>146</td>
</tr>
<tr>
<td>Total Cyber Enrollment</td>
<td>13926</td>
<td>17270</td>
<td>20176</td>
<td>21847</td>
<td>24347</td>
<td>28109</td>
</tr>
<tr>
<td>Annual Enrollment Change</td>
<td>3344</td>
<td>2906</td>
<td>1671</td>
<td>2500</td>
<td>3762</td>
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<tr>
<td>Cumulative Enrollment Change</td>
<td>3344</td>
<td>6250</td>
<td>7921</td>
<td>10421</td>
<td>14183</td>
<td></td>
</tr>
<tr>
<td>Annual Percent Change</td>
<td>24.01%</td>
<td>16.83%</td>
<td>8.28%</td>
<td>11.44%</td>
<td>15.45%</td>
<td></td>
</tr>
<tr>
<td>Cumulative Percent Change</td>
<td>24.01%</td>
<td>44.88%</td>
<td>56.88%</td>
<td>74.83%</td>
<td>101.85%</td>
<td></td>
</tr>
</tbody>
</table>
Figure 4.4a

*Regular Education Student Enrollments Trends of Cyber Charter Schools (Serving Centre County Students)*
Table 4.4b

*Special Education Student Enrollments of Cyber Charter Schools (Serving Centre County Students)*

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>21st Century Cyber</td>
<td>57</td>
<td>54</td>
<td>27</td>
<td>37</td>
<td>68</td>
<td>91</td>
</tr>
<tr>
<td>Achievement House</td>
<td>70</td>
<td>71</td>
<td>56</td>
<td>80</td>
<td>110</td>
<td>135</td>
</tr>
<tr>
<td>Agora</td>
<td>60</td>
<td>274</td>
<td>589</td>
<td>794</td>
<td>999</td>
<td>1392</td>
</tr>
<tr>
<td>Central PA Digital</td>
<td>NR</td>
<td>NR</td>
<td>30</td>
<td>21</td>
<td>24</td>
<td>21</td>
</tr>
<tr>
<td>Commonwealth Connections</td>
<td>203</td>
<td>299</td>
<td>459</td>
<td>587</td>
<td>765</td>
<td>938</td>
</tr>
<tr>
<td>Esperanza</td>
<td>NR</td>
<td>NR</td>
<td>126</td>
<td>105</td>
<td>99</td>
<td>108</td>
</tr>
<tr>
<td>PA Learners</td>
<td>94</td>
<td>98</td>
<td>75</td>
<td>138</td>
<td>89</td>
<td>64</td>
</tr>
<tr>
<td>Pennsylvania Cyber</td>
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<td>714</td>
<td>761</td>
<td>906</td>
<td>1152</td>
<td>1246</td>
</tr>
<tr>
<td>Pennsylvania Distance Learning</td>
<td>109</td>
<td>84</td>
<td>80</td>
<td>63</td>
<td>50</td>
<td>49</td>
</tr>
<tr>
<td>Pennsylvania Leadership</td>
<td>264</td>
<td>266</td>
<td>293</td>
<td>280</td>
<td>310</td>
<td>286</td>
</tr>
<tr>
<td>Pennsylvania Virtual</td>
<td>408</td>
<td>389</td>
<td>394</td>
<td>408</td>
<td>451</td>
<td>490</td>
</tr>
<tr>
<td>Susq-Cyber</td>
<td>24</td>
<td>31</td>
<td>37</td>
<td>54</td>
<td>42</td>
<td>32</td>
</tr>
<tr>
<td><strong>Total Cyber Enrollment</strong></td>
<td><strong>1772</strong></td>
<td><strong>2280</strong></td>
<td><strong>2927</strong></td>
<td><strong>3473</strong></td>
<td><strong>4159</strong></td>
<td><strong>4852</strong></td>
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<tr>
<td><strong>Annual Enrollment Change</strong></td>
<td><strong>508</strong></td>
<td><strong>647</strong></td>
<td><strong>546</strong></td>
<td><strong>686</strong></td>
<td><strong>693</strong></td>
<td><strong>693</strong></td>
</tr>
<tr>
<td><strong>Cumulative Enrollment Change</strong></td>
<td><strong>508</strong></td>
<td><strong>1155</strong></td>
<td><strong>1701</strong></td>
<td><strong>2387</strong></td>
<td><strong>3080</strong></td>
<td><strong>3080</strong></td>
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<tr>
<td><strong>Annual Percent Change</strong></td>
<td><strong>28.67%</strong></td>
<td><strong>28.38%</strong></td>
<td><strong>18.65%</strong></td>
<td><strong>19.75%</strong></td>
<td><strong>16.66%</strong></td>
<td><strong>16.66%</strong></td>
</tr>
<tr>
<td><strong>Cumulative Percent Change</strong></td>
<td><strong>28.67%</strong></td>
<td><strong>65.18%</strong></td>
<td><strong>95.99%</strong></td>
<td><strong>134.71%</strong></td>
<td><strong>173.81%</strong></td>
<td><strong>173.81%</strong></td>
</tr>
</tbody>
</table>
Figure 4.4b

Special Education Student Enrollment Trends for Cyber Charter Schools (Serving Centre County Students)
Table 4.5a

*Brick and Mortar Charter School Enrollments of Regular Education Students (Serving Centre County Students)*

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Centre Learning Community</td>
<td>70</td>
<td>73</td>
<td>81</td>
<td>80</td>
<td>70</td>
<td>70</td>
</tr>
<tr>
<td>Nittany Valley</td>
<td>33</td>
<td>33</td>
<td>32</td>
<td>31</td>
<td>34</td>
<td>33</td>
</tr>
<tr>
<td>Sugar Valley Rural</td>
<td>157</td>
<td>144</td>
<td>125</td>
<td>164</td>
<td>168</td>
<td>196</td>
</tr>
<tr>
<td>Wonderland</td>
<td>22</td>
<td>34</td>
<td>34</td>
<td>36</td>
<td>29</td>
<td>57</td>
</tr>
<tr>
<td>Young Scholars of Central PA</td>
<td>105</td>
<td>122</td>
<td>133</td>
<td>142</td>
<td>156</td>
<td>167</td>
</tr>
<tr>
<td><strong>Total Enrollment</strong></td>
<td><strong>387</strong></td>
<td><strong>406</strong></td>
<td><strong>405</strong></td>
<td><strong>453</strong></td>
<td><strong>457</strong></td>
<td><strong>523</strong></td>
</tr>
<tr>
<td><strong>Annual Enrollment Change</strong></td>
<td><strong>19</strong></td>
<td><strong>-1</strong></td>
<td><strong>48</strong></td>
<td><strong>4</strong></td>
<td><strong>66</strong></td>
<td><strong>136</strong></td>
</tr>
<tr>
<td><strong>Cumulative Enrollment Change</strong></td>
<td><strong>19</strong></td>
<td><strong>18</strong></td>
<td><strong>66</strong></td>
<td><strong>70</strong></td>
<td><strong>136</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Annual Percent Change</strong></td>
<td><strong>4.91%</strong></td>
<td><strong>-0.25%</strong></td>
<td><strong>11.85%</strong></td>
<td><strong>0.88%</strong></td>
<td><strong>14.44%</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Cumulative Percent Change</strong></td>
<td><strong>4.91%</strong></td>
<td><strong>4.65%</strong></td>
<td><strong>17.05%</strong></td>
<td><strong>18.09%</strong></td>
<td><strong>35.14%</strong></td>
<td></td>
</tr>
</tbody>
</table>
Figure 4.5a

*Brick and Mortar Charter School Enrollment Trends for Regular Education Students (Serving Centre County Students)*
Table 4.5b

*Brick and Mortar Charter School Enrollments of Special Education Students (Serving Centre County Students)*

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Centre Learning Community</td>
<td>30</td>
<td>25</td>
<td>20</td>
<td>22</td>
<td>24</td>
<td>24</td>
</tr>
<tr>
<td>Nittany Valley</td>
<td>15</td>
<td>15</td>
<td>16</td>
<td>16</td>
<td>14</td>
<td>15</td>
</tr>
<tr>
<td>Sugar Valley Rural</td>
<td>63</td>
<td>83</td>
<td>79</td>
<td>91</td>
<td>93</td>
<td>87</td>
</tr>
<tr>
<td>Wonderland</td>
<td>6</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td>Young Scholars of Central PA</td>
<td>15</td>
<td>19</td>
<td>25</td>
<td>17</td>
<td>16</td>
<td>20</td>
</tr>
<tr>
<td><strong>Total Enrollment</strong></td>
<td><strong>129</strong></td>
<td><strong>142</strong></td>
<td><strong>140</strong></td>
<td><strong>146</strong></td>
<td><strong>147</strong></td>
<td><strong>153</strong></td>
</tr>
</tbody>
</table>

**Annual Enrollment Change**
- 13
- -2
- 6
- 1
- 6

**Cumulative Enrollment Change**
- 10.08%
- 8.53%
- 13.18%
- 13.95%
- 18.60%

**Annual Percent Change**
- 10.08%
- -1.41%
- 4.29%
- 0.68%
- 4.08%

**Cumulative Percent Change**
- 10.08%
- 8.53%
- 13.18%
- 13.95%
- 18.60%
The tables indicate an enrollment increase for both brick and mortar, and cyber charter students in both categories (regular education and special education). The special education cyber enrollment (n=3080) increases have significantly outpaced (Cumulative Rate=173.8%) the regular education enrollment (n=14,183) increases (Cumulative Rate=101.8%). For cyber schools using the cumulative enrollment of special education students as measured against the total enrollment of both regular and special education students account for 17.8% of the population of new students enrolled. The tables for brick and mortar charter schools also indicate a growth in enrollment (n=160) over the five years being studied. Special education student enrollment (n=24) make up 15.0% of the total student enrollment.
District Enrollment by Tuition Group (Regular Education and Special Education)

Tables 4.6a (Regular Education) and 4.6b (Special Education) list enrollments for each of the four school districts located within Centre County Pennsylvania for each of the tuition groups. These population declines are similar proportionally to the overall enrollment decline in table 4.2. While the overall special education enrollments have declined 8.0%, the majority of these declines are attributed to Penns Valley and State College Area School Districts. Both regular and special education enrollments are declining proportionally. Neither the (regular/special) populations are driving the overall school-age enrollment decline by themselves. (http://penndata.hbg.psu.edu/BSEReports/PR_AlphaList.aspx, June 30, 2013).
### Table 4.6a

**District Enrollments of Regular Education Students**

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Bald Eagle Area</td>
<td>1707</td>
<td>1654</td>
<td>1675</td>
<td>1601</td>
<td>1591</td>
<td>1562</td>
</tr>
<tr>
<td>Bellefonte Area</td>
<td>2559</td>
<td>2472</td>
<td>2516</td>
<td>2461</td>
<td>2439</td>
<td>2426</td>
</tr>
<tr>
<td>Penns Valley Area</td>
<td>1390</td>
<td>1366</td>
<td>1247</td>
<td>1232</td>
<td>1261</td>
<td>1273</td>
</tr>
<tr>
<td>State College Area</td>
<td>6361</td>
<td>6245</td>
<td>6162</td>
<td>6214</td>
<td>6108</td>
<td>6047</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>12017</td>
<td>11737</td>
<td>11600</td>
<td>11508</td>
<td>11399</td>
<td>11308</td>
</tr>
<tr>
<td><strong>ANNUAL CHANGE</strong></td>
<td>-280</td>
<td>-137</td>
<td>-92</td>
<td>-109</td>
<td>-91</td>
<td></td>
</tr>
<tr>
<td><strong>CUMULATIVE ENROLLMENT CHANGE</strong></td>
<td>-280</td>
<td>-417</td>
<td>-509</td>
<td>-618</td>
<td>-709</td>
<td></td>
</tr>
<tr>
<td><strong>ANNUAL PERCENT CHANGE</strong></td>
<td>-2.3%</td>
<td>-1.2%</td>
<td>-0.8%</td>
<td>-0.9%</td>
<td>-0.8%</td>
<td></td>
</tr>
<tr>
<td><strong>CUMULATIVE PERCENT CHANGE</strong></td>
<td>-2.3%</td>
<td>-3.5%</td>
<td>-4.2%</td>
<td>-5.1%</td>
<td>-5.9%</td>
<td></td>
</tr>
</tbody>
</table>
Figure 4.6a

*District Enrollment Trends for Regular Education Students*
Table 4.6b

Special Education Enrollments by School District of Residence

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bald Eagle Area</td>
<td>266</td>
<td>261</td>
<td>225</td>
<td>274</td>
<td>273</td>
<td>272</td>
</tr>
<tr>
<td>Bellefonte Area</td>
<td>456</td>
<td>485</td>
<td>454</td>
<td>451</td>
<td>470</td>
<td>444</td>
</tr>
<tr>
<td>Penns Valley Area</td>
<td>259</td>
<td>251</td>
<td>251</td>
<td>227</td>
<td>198</td>
<td>187</td>
</tr>
<tr>
<td>State College Area</td>
<td>871</td>
<td>849</td>
<td>848</td>
<td>869</td>
<td>836</td>
<td>801</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1852</strong></td>
<td><strong>1846</strong></td>
<td><strong>1778</strong></td>
<td><strong>1821</strong></td>
<td><strong>1777</strong></td>
<td><strong>1704</strong></td>
</tr>
</tbody>
</table>

**ANNUAL CHANGE**

-6  -68  43  -44  -73

**CUMULATIVE ENROLLMENT CHANGE**

-6  -74  -31  -75  -148

**ANNUAL PERCENT CHANGE**

-0.3% -3.7% 2.4% -2.4% -4.1%

**CUMULATIVE PERCENT CHANGE**

-0.3% -4.0% -1.7% -4.0% -8.0%
Charter Enrollment by School District

The tables of 4.7 (see, Appendix E) include charter school enrollment on a snapshot date of October 1 annually. The enrollment numbers include both brick and mortar and cyber charter students by grade level. The table also includes information about the number of schools in each district that serve that grade level of students. The purpose of gathering these data is to determine what if any savings are possible as a result of staffing reductions linked to traditional public school enrollment declines in each grade level. Appendix E contains the following tables:

Table 4.7a – BEASD charter enrollments by grade level
Table 4.7b – BASD charter enrollments by grade level
Table 4.7c – PVASD charter enrollments by grade level
Table 4.7d – SCASD charter enrollments by grade level
Given the larger charter enrollments for State College, this table includes another calculation that shows the number of students per grade level per school to determine the potential staffing reduction. The researcher used the largest charter enrollment for that grade level in the student/school calculation. Staffing reductions can occur when a school’s enrollment decline reaches a critical section level capacity of approximately 20-25 students.

The tables 4.7 (see, Appendix E) represent district enrollments by grade level which was utilized to determine a district’s ability to economize as a result of students enrolled in charter schools. State College Area School District has the greatest number of students per grade level attending charter schools and has the highest likelihood of achieving some savings as a result of enrollment decline, but the resident students choosing charter schools are spread across the number of classrooms available per grade level per building. The summary results of the maximum number of students per school and per grade for the school districts did not necessarily allow for staffing reductions as a result of enrollment declines. In Bald Eagle, the maximum number of students attending a charter school during the five years of study was five students in grade 9 in 2009-10 and 2010-11 and five students in grade 6 in 2011-12. Bellefonte Area School District reached a maximum charter enrollment in 2011-12 with twenty-five in grade 7 and only slightly fewer (twenty-one) with the same cohort in 2010-11 when those students were in grade 6. Penns Valley hit a maximum charter enrollment per school per grade in 2009-10 with fourteen grade 7 students choosing a charter. State college reached a maximum of 44 students enrolled in charter schools in grade 1 in the 2011-12 school year but that enrollment was dispersed across seven schools. Only Bellefonte and State College have had sufficient enough charter school enrollment to potently reduce personnel and create efficiencies. Any personnel reduction in Bellefonte would have been limited to one grade in one school and only since 2010-11. State
College has the most consistent charter enrollment trends and could potentially reduce once section grades 1 through grade 8 by redistricting students to other buildings. In general, charter school enrollments are not sufficient to reduce personnel costs on a consistent basis across the districts being studied.

An additional detailed study of charter enrollment disbursement is included later. It is restricted to Penns Valley Area School District due to information availability identifying individual student school assignments based upon established attendance boundaries.

**Fiscal Impact of Charter School Tuition**

Districts across Pennsylvania pay an individually specific annual tuition rate for each student choosing to attend a charter school. For each resident district, brick and mortar, and cyber charter tuition rates are the same, but the rates for regular education and special education students differ. The tuition rates also differ significantly by district even in the same region of the state since they are based on the individual district’s total expenditures less specified deductions. They are not based on the charter school costs of instruction or operation. The rates are calculated annually using a state approved form namely PDE – 363. The form is contained in Appendix C. Table 4.8 below contains the rates each district submitted on PDE – 363 to the Pennsylvania Department of Education. 

(http://www.portal.state.pa.us/portal/server.pt/community/charter_school_funding/8661, September 10, 2013)

Tuition payments from districts are driven by enrollments in charter schools and the instructional expenditures calculated on form PDE-363. The table below includes the regular and special education annual charter tuitions costs for each school district in each year. There is a significant difference in the tuition rates across these four districts located within the same county. The largest charter tuition difference in 2011-12 is $8,224 per year/pupil for a resident
special education student in State College Area School District as compared to Penns Valley Area School District.

Charter schools do not determine the tuition amount they receive, because it is dependent on the instructional expenditures of the resident district of the student. Tuition is determined not only based on PDE-363 but may be adjusted following the submission of the district’s annual financial report (AFR). Although numbers recorded in PDE-363 are gathered from district financial software used to create the AFR, adjustments can be made by the local auditors after PDE-363 is filed. Once the AFR is filed with the state, calculations are checked and adjustments are made to the charter tuition rates. Districts and charters are then required to reconcile the difference. This process maintains a level of accountability necessary to ensure compliance with the charter school law.
Table 4.8

*Charter School Tuition Rates for Centre County Districts (Regular and Special Education)*

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bald Eagle Area (Reg)</td>
<td>$7,736</td>
<td>$8,902</td>
<td>$9,007</td>
<td>$8,887</td>
<td>$8,672</td>
<td>$9,699</td>
</tr>
<tr>
<td>Bald Eagle Area (Spec)</td>
<td>$14,244</td>
<td>$15,928</td>
<td>$16,711</td>
<td>$16,709</td>
<td>$15,878</td>
<td>$15,835</td>
</tr>
<tr>
<td>Bellefonte Area (Reg)</td>
<td>$7,714</td>
<td>$8,093</td>
<td>$8,448</td>
<td>$8,847</td>
<td>$9,298</td>
<td>$9,960</td>
</tr>
<tr>
<td>Bellefonte Area (Spec)</td>
<td>$14,702</td>
<td>$16,373</td>
<td>$17,080</td>
<td>$18,224</td>
<td>$19,822</td>
<td>$20,079</td>
</tr>
<tr>
<td>Penns Valley Area (Reg)</td>
<td>$8,241</td>
<td>$8,253</td>
<td>$8,484</td>
<td>$8,776</td>
<td>$9,208</td>
<td>$8,690</td>
</tr>
<tr>
<td>Penns Valley Area (Spec)</td>
<td>$14,571</td>
<td>$15,313</td>
<td>$16,584</td>
<td>$17,671</td>
<td>$16,384</td>
<td>$14,195</td>
</tr>
<tr>
<td>State College Area (Reg)</td>
<td>$9,026</td>
<td>$9,210</td>
<td>$9,775</td>
<td>$9,931</td>
<td>$10,274</td>
<td>$10,972</td>
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<tr>
<td>State College Area (Spec)</td>
<td>$17,167</td>
<td>$17,540</td>
<td>$18,648</td>
<td>$20,272</td>
<td>$20,778</td>
<td>$22,419</td>
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</table>
Table 4.9 contains the tuition payments made by Bald Eagle, Bellefonte, Penns Valley and State College to the charter schools their students attended. The table also includes the annual rates of inflation for the US (see, http://www.usinflationcalculator.com/inflation/historical-inflation-rates/). Total expenditures for charter school tuition have been significantly outpacing inflation and a districts ability to raise taxes to cover the increase over the past five years. Additionally the table includes annual and cumulative growth and percentage growth from the 2006-07 base year. The annual and total growth rates of charter school costs outpace the rate of inflation both annually and cumulatively as indicated by the numbers in the table 4.9.

The total annual tuition expenditure for all four school districts has increased each year. As an example, State College Area School District has experienced an charter tuition increase from $2.7 million in 2006-07 to nearly $4.0 million in 2011-12. The total cumulative total has increased over $20 million over the six years of the study. The charter tuition expenditure from 2006-07 to 2007-08 was the most significant for the time frame studied. The reason for the significant increase may be attributed to the 2005-06 startup of Young Scholars of Central PA charter school and/or the increased awareness and popularity of charter schools in general.
Table 4.9
Charter School Tuition Payments made by Centre County Districts

<table>
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<tr>
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</thead>
<tbody>
<tr>
<td>Bald Eagle Area</td>
<td>$414,067</td>
<td>$551,148</td>
<td>$413,980</td>
<td>$408,880</td>
<td>$454,611</td>
<td>$416,836</td>
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<tr>
<td>BEASD Cumulative</td>
<td>$965,215</td>
<td>$1,379,195</td>
<td>$1,788,075</td>
<td>$2,242,686</td>
<td>$2,659,522</td>
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</tr>
<tr>
<td>Bellefonte Area</td>
<td>$434,922</td>
<td>$618,709</td>
<td>$727,510</td>
<td>$833,041</td>
<td>$861,985</td>
<td>$1,206,482</td>
</tr>
<tr>
<td>BASD Cumulative</td>
<td>$1,053,631</td>
<td>$1,781,141</td>
<td>$2,614,182</td>
<td>$3,476,167</td>
<td>$4,682,649</td>
<td></td>
</tr>
<tr>
<td>Penns Valley Area</td>
<td>$611,933</td>
<td>$810,199</td>
<td>$820,165</td>
<td>$1,033,251</td>
<td>$945,365</td>
<td>$810,512</td>
</tr>
<tr>
<td>PVASD Cumulative</td>
<td>$1,422,132</td>
<td>$2,242,297</td>
<td>$3,275,548</td>
<td>$4,220,913</td>
<td>$5,031,425</td>
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<tr>
<td>State College Area</td>
<td>$2,692,387</td>
<td>$3,010,391</td>
<td>$3,226,759</td>
<td>$3,349,720</td>
<td>$3,569,456</td>
<td>$3,960,052</td>
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<tr>
<td>SCASD Cumulative</td>
<td>$5,702,778</td>
<td>$8,929,537</td>
<td>$12,279,257</td>
<td>$15,848,713</td>
<td>$19,808,765</td>
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<tr>
<td><strong>All District Tuition</strong></td>
<td><strong>$4,153,309</strong></td>
<td><strong>$4,990,447</strong></td>
<td><strong>$5,188,414</strong></td>
<td><strong>$5,624,892</strong></td>
<td><strong>$5,831,417</strong></td>
<td><strong>$6,393,882</strong></td>
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<tr>
<td>Annual</td>
<td><strong>$9,143,756</strong></td>
<td><strong>$14,332,170</strong></td>
<td><strong>$19,957,062</strong></td>
<td><strong>$25,788,479</strong></td>
<td><strong>$32,182,361</strong></td>
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</tr>
<tr>
<td>Annual Rate of Growth</td>
<td><strong>20.2%</strong></td>
<td><strong>4.0%</strong></td>
<td><strong>8.4%</strong></td>
<td><strong>3.7%</strong></td>
<td><strong>9.6%</strong></td>
<td></td>
</tr>
<tr>
<td>Annual Rate of Inflation</td>
<td><strong>3.8%</strong></td>
<td><strong>-0.4%</strong></td>
<td><strong>1.6%</strong></td>
<td><strong>3.2%</strong></td>
<td><strong>2.1%</strong></td>
<td></td>
</tr>
<tr>
<td>Cumulative Rate of Growth</td>
<td><strong>20.2%</strong></td>
<td><strong>24.9%</strong></td>
<td><strong>35.4%</strong></td>
<td><strong>40.4%</strong></td>
<td><strong>53.9%</strong></td>
<td></td>
</tr>
<tr>
<td>Cumulative Rate of Inflation</td>
<td><strong>3.8%</strong></td>
<td><strong>3.4%</strong></td>
<td><strong>5.0%</strong></td>
<td><strong>8.2%</strong></td>
<td><strong>10.3%</strong></td>
<td></td>
</tr>
</tbody>
</table>
Table 4.10 shows instructional expenditures for each of the four school districts as submitted on form PDE-363 which is used to calculate per pupil charter tuition rates for regular education and special education students. In addition, the table includes an annual and cumulative rate of growth from the 2006-07 base year by school district. Since Bald Eagle Area School District did not submit PDE – 363, the data have not been included in the table below.

The table indicates a growth in both regular and special education expenditures from Bellefonte and State College, while at the same time Penns Valley’s expenditures remained relatively flat. Since this table represents the annual amount of money used to determining the charter school tuition rate, and this amount is divided by the enrolled population, it is easy to understand that charter tuition rates will grow if district expenditures increase or if district enrollments decrease. Both of these trends have occurred in Centre County districts over the past six years.

Consequently, tuition payments to charter schools have risen because of both rising calculated tuition rates and increasing charter enrollments. To factor out the inconsistency created by the absence of Bald Eagle data these amounts have been excluded from the calculation. The table indicates special education costs have generally grown at greater annual rates that than that of regular education tuition rates. The special education rates are directly linked to expenditures for this category of students. All special education student costs are factored together without regard to the cost of service provided to the individual student.
### Instructional Expenses by Year (Form PDE-363)

#### Regular Education Instructional Expenditures

<table>
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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Bald Eagle Area</td>
<td>$18,205,319</td>
<td>$17,224,186</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bellefonte Area</td>
<td>$23,073,780</td>
<td>$24,360,350</td>
<td>$25,878,237</td>
<td>$26,944,487</td>
<td>$28,319,266</td>
<td>$29,640,001</td>
</tr>
<tr>
<td>Penns Valley Area</td>
<td>$13,540,763</td>
<td>$13,773,497</td>
<td>$14,244,557</td>
<td>$13,523,926</td>
<td>$13,482,677</td>
<td>$13,670,636</td>
</tr>
<tr>
<td>State College Area</td>
<td>$67,932,337</td>
<td>$68,861,595</td>
<td>$72,581,689</td>
<td>$73,248,678</td>
<td>$75,674,715</td>
<td>$77,166,649</td>
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<tr>
<td><strong>Sub Total</strong></td>
<td>$104,546,880</td>
<td>$106,995,442</td>
<td>$112,704,483</td>
<td>$113,717,091</td>
<td>$117,476,658</td>
<td>$120,477,286</td>
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<tr>
<td><strong>Annual Rate of Growth</strong></td>
<td>2.3%</td>
<td>5.3%</td>
<td>0.9%</td>
<td>3.3%</td>
<td>2.6%</td>
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#### Special Education Instructional Expenditures

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<td>$2,298,843</td>
<td>$2,357,197</td>
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<tr>
<td>Bellefonte Area</td>
<td>$3,343,952</td>
<td>$3,987,393</td>
<td>$4,230,883</td>
<td>$4,569,320</td>
<td>$5,127,976</td>
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<td>Penns Valley Area</td>
<td>$1,663,898</td>
<td>$1,885,392</td>
<td>$2,176,014</td>
<td>$2,193,343</td>
<td>$1,681,134</td>
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<tr>
<td>State College Area</td>
<td>$9,802,086</td>
<td>$9,966,712</td>
<td>$10,542,301</td>
<td>$12,204,842</td>
<td>$12,379,816</td>
<td>$12,881,087</td>
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<td><strong>Sub Total</strong></td>
<td>$14,809,936</td>
<td>$15,839,497</td>
<td>$16,949,198</td>
<td>$18,967,505</td>
<td>$19,188,926</td>
<td>$19,084,876</td>
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<tr>
<td><strong>Annual Rate of Growth</strong></td>
<td>7.0%</td>
<td>7.0%</td>
<td>11.9%</td>
<td>1.2%</td>
<td>-0.5%</td>
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#### Total Instructional Expenditures

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</thead>
<tbody>
<tr>
<td>Bald Eagle Area</td>
<td>$0</td>
<td>$20,504,162</td>
<td>$19,581,383</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
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<tr>
<td>Bellefonte Area</td>
<td>$26,417,732</td>
<td>$28,347,743</td>
<td>$30,109,120</td>
<td>$31,513,807</td>
<td>$33,447,242</td>
<td>$34,458,290</td>
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<tr>
<td>Penns Valley Area</td>
<td>$15,204,661</td>
<td>$15,658,889</td>
<td>$16,420,571</td>
<td>$15,717,269</td>
<td>$15,163,811</td>
<td>$15,056,136</td>
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<tr>
<td>State College Area</td>
<td>$77,734,423</td>
<td>$78,828,307</td>
<td>$83,123,990</td>
<td>$85,453,520</td>
<td>$88,054,531</td>
<td>$90,047,736</td>
</tr>
<tr>
<td><strong>Sub Total</strong></td>
<td>$119,356,816</td>
<td>$122,834,939</td>
<td>$129,653,681</td>
<td>$132,684,596</td>
<td>$136,665,584</td>
<td>$139,562,162</td>
</tr>
<tr>
<td><strong>Annual Rate of Growth</strong></td>
<td>2.9%</td>
<td>5.6%</td>
<td>2.3%</td>
<td>3.0%</td>
<td>2.1%</td>
<td></td>
</tr>
<tr>
<td><strong>Cumulative Growth (Since 2006-07)</strong></td>
<td>2.9%</td>
<td>8.6%</td>
<td>11.2%</td>
<td>14.5%</td>
<td>16.9%</td>
<td></td>
</tr>
</tbody>
</table>
Table 4.11 (see, Appendix F) lists the total expenditures for each of the Centre County districts over the past five years. The data were collected from the Pennsylvania Department of Education (PDE) website at

http://www.education.state.pa.us/portal/server.pt/community/financial_data_elements/7672, on June 9, 2013. Bond refundings (a.k.a. refinancing) are unique and show up as additional expenditures in the year in which the bond was refunded. It is for this reason that any refunding of bond proceeds, were manually reduced in the table 4.11. The bond proceed table was also accessed on the PDE website at


It should also be noted that 2010-11 showed one of the largest increase in expenditures over the prior five year period. After the financial crisis that began in 2008, the federal government took action to stimulate the economy by pumping federal money into public works projects across the country. School districts in Pennsylvania benefited from these extra dollars and received additional money in fiscal year 2009-10 and 2010-11. Pennsylvania received $2.32 billion for education. The additional revenues received explain the 2010-11 increase in expenditures is as a result of the additional Federal Stimulus Money. Other contributions to the additional expenditures in 2010-11 can be explained by increases in tuition costs for charter schools as identified in table 4.8.

Table 4.12 below represents the total charter tuition expenditures as a percentage of overall instructional expenditures. Calculations for Bald Eagle were excluded in the years when no PDE-363 was filed. These are calculated using the charter tuition expenditures from table 4.9 and the district instructional expenditures from table 4.10. The charter tuition expenditures as a
percentage of district expenditures are above the percent of charter enrollments (table 4.3) by school district, indicating that charter school students are receiving more than their equal share of district expenditures. Again, Bald Eagle has been excluded from the calculation for consistency.

Overall, charter tuition expenditures now represent on average 4.57% of all instructional expenditures for these four school districts while charter enrollments in 2011-12 compose only 3.0% of the school aged population (see, table 4.3b). The individual district charter tuition expenditures as a percent of instructional expenses were as follows:

- Bellefonte Area School District – 3.5%
- Penns Valley Area School District – 5.38%
- State College Area School District – 4.4%

The negative percentages shown in six of the twenty spots indicating annual growth are indicative of an annual charter tuition decline for those school districts.
Table 4.12

Charter Tuition as a Percent of Total District Instructional Expenditure

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</tr>
</thead>
<tbody>
<tr>
<td>BEA Annual % Expenditures</td>
<td>N/A</td>
<td>2.70%</td>
<td>2.10%</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
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<tr>
<td>BEA Annual Growth</td>
<td>N/A</td>
<td>-22.22%</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>BEA Cumulative Growth</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>BA Annual % Expenditures</td>
<td>1.60%</td>
<td>2.18%</td>
<td>2.42%</td>
<td>2.64%</td>
<td>2.58%</td>
<td>3.50%</td>
</tr>
<tr>
<td>BA Annual Growth</td>
<td>36.41%</td>
<td>10.71%</td>
<td>9.40%</td>
<td>-2.51%</td>
<td>35.86%</td>
<td></td>
</tr>
<tr>
<td>BA Cumulative Growth</td>
<td>36.41%</td>
<td>51.02%</td>
<td>65.21%</td>
<td>61.07%</td>
<td>118.83%</td>
<td></td>
</tr>
<tr>
<td>PV Annual % Expenditures</td>
<td>4.02%</td>
<td>5.17%</td>
<td>4.99%</td>
<td>6.57%</td>
<td>6.23%</td>
<td>5.38%</td>
</tr>
<tr>
<td>PV Annual Growth</td>
<td>28.56%</td>
<td>-3.47%</td>
<td>31.62%</td>
<td>-5.17%</td>
<td>-13.65%</td>
<td></td>
</tr>
<tr>
<td>PV Cumulative Growth</td>
<td>28.56%</td>
<td>24.10%</td>
<td>63.34%</td>
<td>54.90%</td>
<td>33.76%</td>
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</tr>
<tr>
<td>SC Annual % Expenditures</td>
<td>3.46%</td>
<td>3.82%</td>
<td>3.88%</td>
<td>3.92%</td>
<td>4.05%</td>
<td>4.40%</td>
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<tr>
<td>SC Annual Growth</td>
<td>10.26%</td>
<td>1.65%</td>
<td>0.98%</td>
<td>3.41%</td>
<td>8.49%</td>
<td></td>
</tr>
<tr>
<td>SC Cumulative Growth</td>
<td>10.26%</td>
<td>12.08%</td>
<td>13.18%</td>
<td>17.04%</td>
<td>26.97%</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>3.38%</td>
<td>3.92%</td>
<td>3.88%</td>
<td>4.31%</td>
<td>4.27%</td>
<td>4.57%</td>
</tr>
<tr>
<td>ANNUAL RATE OF GROWTH</td>
<td>16.0%</td>
<td>-0.9%</td>
<td>11.1%</td>
<td>-0.8%</td>
<td>6.8%</td>
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<tr>
<td>RATE OF GROWTH FROM 06-07</td>
<td>16.0%</td>
<td>14.9%</td>
<td>27.7%</td>
<td>26.6%</td>
<td>35.3%</td>
<td></td>
</tr>
</tbody>
</table>

Transportation

All districts within Centre County provide transportation to their student populations. By law, they are also required to provide transportation to any charter or private school located within ten miles of their border. These costs for transportation must be borne by the resident school district. In most cases, these are additional costs for particular bus routes for charter school students that the school district would not otherwise incur. Since the districts’ accounting systems do not separate these additional costs from other district transportation expenditures, they can only be noted, but not included in the analysis.
Penns Valley Case Study

Charter enrollment like any other enrollment can change daily in a school system. Popular, but incorrect, thinking is that charter enrollments reduce districts’ expenses on a per pupil basis. Since a district’s instructional costs are largely tied to teacher salaries, savings are generated from a reduction in staffing. To determine the potential reduction of staffing, the researcher must know each student’s grade and school they would normally attend based on their home address. To protect the privacy rights of individual students there are no publically available data that link a specific child with a school and home address. In this study the researcher has access to this confidential student information and attendance areas for Penns Valley Area School District. The data contained in the table below were gathered from restricted student records containing students’ physical addresses and grades levels. Only the summary results are included in the analysis and individual student information was protected. Consequently, due to the unavailability of these data from other school districts, the detailed analysis is limited to the Penns Valley Area School District.

Penns Valley Area School District has two elementary schools (Centre Hall Elementary (CHE) and Miles Township Elementary (MTE)) serving students in grades K – 4, one elementary/intermediate school (Penns Valley Elementary and Intermediate(PVEI)) serving grades K – 6 and one jr./sr. high school (Penns Valley High School (PVHS)) serving grades 7 – 12. In addition the Penns Valley Area School District has maintained an ongoing data base of charter school students by grade and school location. Table 4.13 represents the maximum monthly charter enrollment by grade, school and section for the Penns Valley Area School District.
Table 4.13

*Penns Valley Area School District Charter Enrollments by School, Grade and Section*

<table>
<thead>
<tr>
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<td>1</td>
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<td>2</td>
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<td>0</td>
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<td>2.60</td>
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<tr>
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<td>7</td>
<td>9</td>
<td>6</td>
<td>1.50</td>
</tr>
<tr>
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<td>6</td>
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<td>5</td>
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<td>1.67</td>
</tr>
<tr>
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<td>5</td>
<td>9</td>
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<td>1.50</td>
</tr>
<tr>
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<td>4</td>
<td>8</td>
<td>8</td>
<td>7</td>
<td>10</td>
<td>6</td>
<td>1.67</td>
</tr>
</tbody>
</table>

Each row in the table represents a specific school and grade level in that school. The columns represent the maximum monthly total number of charter school students (both brick & mortar and cyber) enrolled at any one single time during the course of the identified school year. The column under SEC represents the number of sections offered in each of the given years at Penns Valley. By example Miles Township Elementary (MTE) has only one section per grade level listed, meaning that there is only one class per grade level. The Penns Valley High School
section calculation is determined by the number of required core courses (i.e. English) offered in each grade level.

The school-by-school, grade-by-grade enrollments illustrate the fundamental misunderstandings of district costs and saving of having students attend charter schools. School districts have many fixed costs that do not vary based on moderate changes in enrollment. To reduce costs, school districts most often look to their greatest expenditure category, the salaries of its faculty, staff and administration. Reduction of staff occurs differently given the structure and schedule of a building. To reduce elementary teaching faculty there needs to be a critical reduction of students similar to that grade and section allocation (approximately 20) of students per grade in any elementary building. The reduction of one section’s worth of students within a grade level of a specific elementary school allows a school district to reduce a section and subsequently reduce a faculty member. In some cases, the reduction of faculty may require the transfer of students from one school to another in order to balance class size. In the case of Miles Township Elementary (MTE) in the table above, closing a section would result in that grade level not being offered at that building, not a feasible action unless two grades were combined, but this would result in almost doubling the class size for a combined grade class since so few students attend charter schools from this school. Should the district choose to combine classes in grades 5 and 6 they may be able to reduce one teacher since the combined students enrolled in charters is as high as 26. The reality is that combined classes is not the best decision given the grade specific curricular expectations for students as assessed and reported by standardized testing results.

A high school reduction of faculty is a bit more complex; high school teachers instruct in subject specific areas and are assigned multiple sections. If a standard high school teacher
provides instruction 7 out of 8 periods a day, reducing one section provides 6 out of 8 periods. The reduction of faculty can only occur by reducing the total number of teachers in larger subject areas where six or seven faculty exist. By example, if there are seven mathematics teachers in a building and all have reduced their teaching load by one section to 6 out of 8, one teacher could be reduced yielding a math department total of six teachers with a teaching load of seven classes.

Across all schools and all years, Penns Valley had between 0.5 students and five students per section as maximum charter enrollments per section. This enrollment level failed to provide the option of reducing faculty and staff through consolidation of sections. Although as many as eighty six students attended charter schools as residents of Penns Valley during the 2009-10 school year, they were scattered among thirteen grades, two elementary schools, one intermediate school and one high school. There were too few students in one school or grade to allow the fixed costs, such as personnel, utilities, debt, etc. to be reduced. With no cost reduction possible in the district schools, the charter school tuition payments were all additional costs for Penns Valley.

**Revenue Changes**

Tax increases are often driven by increased expenditures, but can at times be driven by decreased revenue sources. All Centre County districts have raised property taxes in varying degrees since 2006-07 largely as a result of increased expenditures. Table 4.14 (see, Appendix G) identifies the real estate millage levied in each year.

When Act 1 of 2006 was authorized, it allowed school districts to shift a portion of the real estate taxes to earned income taxes (EIT). Bald Eagle Area School District was one of only a few school districts in the state to make the voter authorized shift. Since the EIT shift for Bald Eagle is calculated as a line item reduction of the millage rate as listed on the tax bill, the millage
for Bald Eagle contained in the table below can be used as a comparable number since it represents the millage before any shift. Implemented in the 2008-09 fiscal year, the taxes collected for real estate (RE) taxes for Bald Eagle were adjusted up by $1,716,000 or the equivalent of 8.1 mills that was shifted to earned income tax (EIT).

Table 4.1 (see, Appendix G) indicates a continued and consistent growth in millage rates annually for most districts with the exceptions of Penn Valley Area School District with zero change in years 2007-08 and 2008-09 and a reduction in real estate tax rates for State College Area School District in 2007-08. At the same time all school districts experienced assessed value growth each and every year. This is an important factor, because this assessed value growth automatically produces more revenue without an increase in millage rate.

During this time of economic downturn, districts continued to increase real estate taxes to compensate for the revenue loss as demonstrated in Figure 4.15 (PSEA, Retrieved from http://www.psea.org/apps/budget/budgetimpact.aspx?MID=912). Table 4.15 also demonstrates the change in State funding from 2010-11 through the fiscal year 2012-13. The state not only reduced Basic Education Funding, but it also removed a 30% reimbursement for charter school tuition. Further there was no significant additional state funding in 2012-13 to restore lost state revenue.
Figure 4.15

*State Funding including basic education, fiscal stimulus, and accountability block*

![Bar chart showing state funding for different school districts (BEASD, BASD, PVASD, SCASD) in millions for the years 2010-11, 2011-12, and 2012-13. The chart indicates the amount of funding received by each district across the years.]
Table 4.15, Revenues by Source (http://www.education.state.pa.us/portal/server.pt/community/summaries_of_annual_financial_report_data/767/afr_data_summary-level/50904, Mar. 22, 14)

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<tbody>
<tr>
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<tr>
<td><strong>Cumulative % Change</strong></td>
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<td>10.40%</td>
<td>9.28%</td>
<td>17.31%</td>
<td>11.68%</td>
<td></td>
</tr>
<tr>
<td>Bellefonte Area</td>
<td></td>
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<td>9.31%</td>
<td>14.63%</td>
<td>19.10%</td>
<td>18.49%</td>
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<tr>
<td><strong>Cumulative % Change</strong></td>
<td>3.60%</td>
<td>2.84%</td>
<td>4.73%</td>
<td>7.71%</td>
<td>7.73%</td>
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</tr>
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<td>$83,957,873.50</td>
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<td>$88,842,208.76</td>
<td>$92,485,704.59</td>
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<td>$16,506,598.53</td>
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<tr>
<td><strong>Cumulative % Change</strong></td>
<td>3.23%</td>
<td>5.32%</td>
<td>9.32%</td>
<td>13.44%</td>
<td>14.14%</td>
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</tr>
</tbody>
</table>
Table 4.16 below shows the millage increase compared to the overall annual revenue increase. Any positive difference shown in green means that real estate tax millage increased at a greater different rate than the combination of state and federal revenue. In 2011-12 with the elimination of the federal stimulus money all district increases exceeded the combination of both federal and state revenues for all districts being studied.

Table 4.16 Revenue Sources as a Percent of Total Revenue

<table>
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<tr>
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<td></td>
</tr>
<tr>
<td>Local</td>
<td>46.66%</td>
<td>46.62%</td>
<td>47.34%</td>
<td>45.65%</td>
<td>45.20%</td>
<td>49.89%</td>
</tr>
<tr>
<td>State</td>
<td>51.02%</td>
<td>50.82%</td>
<td>51.54%</td>
<td>47.94%</td>
<td>46.62%</td>
<td>47.48%</td>
</tr>
<tr>
<td>Federal</td>
<td>2.32%</td>
<td>2.55%</td>
<td>1.13%</td>
<td>6.41%</td>
<td>8.8%</td>
<td>2.64%</td>
</tr>
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<tr>
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<td>Change in Federal</td>
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<td>1.77%</td>
<td>-5.34%</td>
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</tr>
<tr>
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<td></td>
<td></td>
</tr>
<tr>
<td>Local</td>
<td>62.61%</td>
<td>63.10%</td>
<td>60.72%</td>
<td>61.12%</td>
<td>61.61%</td>
<td>65.31%</td>
</tr>
<tr>
<td>State</td>
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<td>31.66%</td>
<td>32.66%</td>
</tr>
<tr>
<td>Federal</td>
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<td>2.54%</td>
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<td>6.16%</td>
<td>6.72%</td>
<td>2.03%</td>
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<td>0.40%</td>
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<td>2.97%</td>
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<td>Change in Federal</td>
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<td>-0.60%</td>
<td>4.2%</td>
<td>0.56%</td>
<td>-4.69%</td>
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</tr>
<tr>
<td>Penns Valley Area</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local</td>
<td>61.25%</td>
<td>59.80%</td>
<td>57.82%</td>
<td>56.56%</td>
<td>59.09%</td>
<td>61.28%</td>
</tr>
<tr>
<td>State</td>
<td>36.14%</td>
<td>36.09%</td>
<td>37.74%</td>
<td>34.81%</td>
<td>33.40%</td>
<td>34.78%</td>
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<tr>
<td>Federal</td>
<td>2.61%</td>
<td>-1.45%</td>
<td>4.45%</td>
<td>8.63%</td>
<td>7.1%</td>
<td>3.93%</td>
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<tr>
<td>Change in Local</td>
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<td>-1.99%</td>
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<td>-2.8%</td>
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<tr>
<td>Change in State</td>
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<td>0.34%</td>
<td>4.8%</td>
<td>-1.1%</td>
<td>-3.58%</td>
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</tr>
<tr>
<td>State College Area</td>
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</tr>
<tr>
<td>Local</td>
<td>82.88%</td>
<td>82.04%</td>
<td>82.8%</td>
<td>81.97%</td>
<td>82.24%</td>
<td>83.44%</td>
</tr>
<tr>
<td>State</td>
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<td>16.59%</td>
<td>16.65%</td>
<td>15.53%</td>
<td>14.68%</td>
<td>15.89%</td>
</tr>
<tr>
<td>Federal</td>
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<td>1.37%</td>
<td>1.17%</td>
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<td>1.33%</td>
<td>0.58%</td>
<td>-1.72%</td>
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</tr>
</tbody>
</table>

The highlighted areas in Table 4.16 show the greatest percentage decline in red and the greatest percentage increase in green for each of the revenue sources over the five years being studied. Federal stimulus money arrived in the school year 2009-10 that accounts for the consistent and significant increase from that source of funds across all school districts. The state
used these funds as well to maintain or increase educational funding in the years 2010-11 and 2011-12. Three of the four districts experienced the greatest shift to local effort in the 2011-12 school year. It was during this year that the federal money went away and the state did not to maintain the funding level that existed in the prior years. This was also the year in which the charter school supplement of approximately 30% of the tuition costs was eliminated as revenue for school districts.

Table 4.17 below shows the millage increase compared to the overall annual revenue increase. Any positive difference shown in green indicates that real estate tax millage increased at a greater rate than the combination of state and federal revenue. In 2011-12, with the elimination of the federal stimulus money, all district tax increases exceeded the combination of both federal and state revenues for all districts being studied. In the most recent year of 2011-12 all school districts millage increase outpaced that of the total revenue sources.
Table 4.17

*Millage Increase Compared to Total Revenue Increase*

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Bald Eagle Area School District</td>
<td></td>
<td></td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>Annual Millage Rate Change</td>
<td>Base Year</td>
<td>4.14%</td>
<td>5.30%</td>
<td>5.53%</td>
<td>4.10%</td>
<td>6.57%</td>
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<td>3.34%</td>
<td>-1.01%</td>
<td>7.35%</td>
<td>-4.80%</td>
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<tr>
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<td>-2.69%</td>
<td>1.96%</td>
<td>6.54%</td>
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<td>11.37%</td>
</tr>
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</tr>
<tr>
<td>Annual Millage Rate Change</td>
<td>Base Year</td>
<td>4.49%</td>
<td>3.50%</td>
<td>4.61%</td>
<td>3.79%</td>
<td>1.79%</td>
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<tr>
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<td>4.44%</td>
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<td>-0.51%</td>
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<tr>
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<td></td>
</tr>
<tr>
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<td>0.00%</td>
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<td>2.85%</td>
<td>0.01%</td>
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<tr>
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<td>0.73%</td>
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<td>2.70%</td>
<td>3.10%</td>
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<tr>
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<tr>
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<td>1.70%</td>
<td>-0.48%</td>
<td>-0.75%</td>
<td>2.03%</td>
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</table>

Table 4.18 calculated the annual and cumulative millage necessary to fund the charter tuition expenditure in each district for each year. This table represents the cost of charter tuition to the local tax payer since each district’s fixed costs remain after the students leave the traditional public system. The number of mills necessary to generate enough revenue to pay charter tuition in a given year has consistently grown from Bellefonte and State College Area school districts. The millage amount necessary to fund the charter school tuition bills in Bald Eagle and Penns Valley Area school districts has declined in recent years. Over the years studied, Penns Valley in 2009-10 had the greatest number of mills necessary to fund charter
school tuition. In fact, the Penns Valley devoted 21.2164 mills to fund charter school tuition over the six years being studies.

Table 4.18

*Charter Tuition as Tax Millage*

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Bald Eagle Area</td>
<td>2.0865</td>
<td>3.1779</td>
<td>2.7320</td>
<td>2.7427</td>
<td>2.9534</td>
<td>2.6534</td>
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<td>1.1083</td>
<td>1.5099</td>
<td>1.8247</td>
<td>2.0373</td>
<td>2.0461</td>
<td>2.7955</td>
<td>11.3218</td>
</tr>
<tr>
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<td>1.6537</td>
<td>1.6909</td>
<td>1.7773</td>
<td>1.9581</td>
<td>10.0210</td>
</tr>
</tbody>
</table>

**Interviews**

Interviews were conducted in advance of data collection to ascertain the most valuable data necessary to explain the impact of charter expenditures on each school district’s programming and funding. The key personnel interviewed were all central office administrators who were identified as having the best understanding of the phenomenon being studied. The positions held were: business manager, assistant superintendent or superintendent. All interviewees had a minimum of twenty years of experience in schools and most had a decade or more of experience in leadership at the central office level. All interviewees have key understandings of district level budgeting and the impact of line item expenditures on the overall district budget.

Those interviewed generally understood the responsibility to provide transportation to charter school students within a ten mile radius of their school district. In most cases, the individuals also understood that transportation was an option, but if provided to their students, an equivalent system is required for private and charter schools. No individual other than the Penns Valley business manager was aware of the transportation costs for private and charter. This is
partially because of mixtures of students within transportation systems. In State College, private and charter students ride the same routes as all other district students, since most charter school are within the boundaries of the school district student transportation is integrated with other student transportation. Bellefonte transports private and charter school students both within and outside district boundaries making it difficult to calculate the true costs. Bald Eagle and Penns Valley bring students to designated locations before transporting private and charter students to locations outside the district. Since transportation systems are integrated, a cost for the charter transportation component is not cleanly identifiable.

As a result, tax increases were driven by a combination of state revenue declines and increased expenditures. Those items that specifically identified as causing the tax increases were: retirement, health care and charter schools. Tax increases were not attributed to any one specific cost increase or revenue loss.

Those interviewed were aware generally of the increase in costs for retirement, health care and charter schools, but none were very accurate. Since most of these individuals deal with the big picture, it is understandable that they were unaware of the magnitude or impact. Those district representatives best able to identify the charter tuition expenditures were chiefly the business managers. The superintendents and assistant superintendents were less accurate in identifying charter expenditures than the business managers.

District leaders all noted similar examples of expenditure reduction efforts. Those specifically noted include bond refunding, reduction of staff through attrition, improved operational efficiency, health care concessions, etc. The bond refunding savings are often one-time situations, whereas staffing reductions, operational efficiencies and health care concessions are ongoing. In addition to the ongoing savings, State College and Bellefonte also approved a
pay freeze for some of all of their staff essentially holding down increases in the budget for 2010-11, which will have a lasting impact. Those interviewed also all agreed that they have been unable to reduce staffing or other expenditures as a result of students attending charter schools. The distribution of students across grade level and through large geographic areas made it impossible to create staff savings.

The interviews with key district personnel provided evidence that each school district has continued to improve programming. Bellefonte personnel did not indicate that they changed programming as a result of charter school choice, other than adding a cyber-component. Bellefonte has however increased rigor by adding advanced placement courses and eliminated general study courses. Those interviewed said that they would have added a cyber-programing component exclusive of cyber school operation. All four school districts now provide a cyber-option for students. All key personnel explained that they added the cyber-option to attract students back to the traditional school roles.

When asked about the rationale for programming changes, initially few of the key personnel indicated that it was a direct result of charter schools. When pressed about customer services, responsiveness to parents, flexibility for students, and marketing, many readily admitted that charter schools could have promoted this emphasis. All of the districts with the exception of State College Area School District also participated in a coalition of schools to market public schools and share information about the performance and costs of charter schools. What most often occurred during the interviews was a revelation about a change in focus from this is what we do, to this is why we do it. District administrators were more readily accepting of the fact that responsiveness to parents and meeting student needs is driven by competition. School districts are no longer the only provider of education.
Summary

The data in this chapter indicate that charter school enrollments have impacted enrollment, finances and programming within all four school districts. Half of the enrollment declines experienced in the school districts can be attributed to charter schools. The districts have continued to raise property taxes to pay for increased costs which can be partially attributed to charter school tuition increases. In addition, districts have improved their customer service focus while at the same time added cyber programming, although those interviewed did not link these programming changes to charter school competition.
Chapter 5: Discussion

This study examined the financial impact of charter schools on public school finance (traditional public school enrollment, resource allocation, expenditures, taxation) and programming within four Pennsylvania school districts located in Centre County, namely Bald Eagle Area School District, Bellefonte Area School District, Penns Valley Area School District and State College Area School District. This chapter is devoted to examining and interpreting the results and drawing inferences and conclusions from the data and interviews conducted in the study. Charter school tuition expenses incurred by traditional public school systems were examined by answering four main questions with multiple sub-questions. These main questions were:

(1) What have been the student enrollment trends for regular education and special education of Centre County students by school and by grade over the past five years?

(2) What has been the fiscal impact of charter schools on each of the four school districts over the past five years?

(3) What, if any, program changes have there been as a result of growing tuition payments to charter schools in each of the districts?

(4) Are there common threads among the experiences of the four school districts?

Findings and Interpretations

Enrollment Trends

Student enrollment trends in the four school districts declined over the period of time 2006-07 through 2011-12. At the same time both brick and mortar and cyber charter enrollment increased for Centre County students. When the enrollments for all school aged students were combined, the total enrollment trend was slightly negative by 2.0% across the entire county (see,
Total County School Aged Enrollments, Table 4.3b). Table 4.3b begins with school year 2007-08 rather than 2006-07 because the PDE changed the reporting for charter school enrollment between these school years creating inconsistencies in the data. To be consistent with the enrollment data particularly for charter schools 2007-08 was the base year used in the calculation.

Charter schools v. traditional public schools. Since the K-12 population has declined in all schools by 299 students since 2007-08 and the charter school enrollment has increased by 286 students, while at the same time nonpublic and home school populations have experienced little change (n=10 & n=-24 respectively), the data indicate that since 2007-08, students choosing charter schools (enrollment change of +286) in lieu of traditional public schools (enrollment change of -571) in the Centre County region accounted for half of the decline in traditional public schools. The other half can generally be attributed to school aged population decline since the entire school aged population is considered in the data. There is an enrollment shift from traditional public schools to charter schools. All of the district leaders recognized that their school districts had experienced some population decline, but they did not identify the magnitude of the enrollment decline attributed to charter enrollment.

Regular education v. special education. Over the five years covered by the study, the districts were experiencing a cumulative enrollment decline of 5.9% for regular education (n=709) students and 8.0% for special education (n=148) students. Concurrently, the brick and mortar charter schools in the area experienced a cumulative increase in enrollment of 18.6% for regular education (n=136) students and 35.1% for special education (n=24) students. The statewide cyber charters serving Centre County students experienced cumulative enrollment increases from 2006-07 to 2011-12 of 101.8% regular education (n=14,183) students and 173.8%
special education (n=3080) students. Although enrollment data for state wide cyber schools could not be directly attributed to the school districts being studied, nearly the entire decline in school district enrollments could be attributed to the collective charter enrollment increase.

The breakdown of the number of special education students and regular education students attending charter schools from each of the school districts in each of the years is not readily available, either from district or PDE data. However, a reasonable approximation of the charter enrollment by type (regular education and special education) for 2011-12 can be deduced from: 1) the number of enrolled charter students for regular education and special education; 2) the tuition rates for regular education and special education; 3) the total charter tuition paid; and 4) the total charter enrollment. Since the enrollment data contained in table 4.3 are at a fixed date during the school year and the tuition rates are calculated annually, partial year enrollment can create some level of error in the calculations but it will not be substantial. Table 5.1 contains the estimated enrollment data from the 2011-12 school year.

Table 5.1

*Enrollment by Type for Each Resident District for 2011-12*

<table>
<thead>
<tr>
<th></th>
<th>Traditional</th>
<th>Charter</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BEASD</td>
<td>1562</td>
<td>25</td>
<td>1.6%</td>
</tr>
<tr>
<td>BASD</td>
<td>2426</td>
<td>79</td>
<td>3.2%</td>
</tr>
<tr>
<td>PVASD</td>
<td>1273</td>
<td>59</td>
<td>4.4%</td>
</tr>
<tr>
<td>SCASD</td>
<td>6047</td>
<td>128</td>
<td>2.1%</td>
</tr>
<tr>
<td>Total</td>
<td>11308</td>
<td>291</td>
<td>2.5%</td>
</tr>
<tr>
<td>Special</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BEASD</td>
<td>272</td>
<td>11</td>
<td>3.9%</td>
</tr>
<tr>
<td>BASD</td>
<td>444</td>
<td>21</td>
<td>4.5%</td>
</tr>
<tr>
<td>PVASD</td>
<td>187</td>
<td>21</td>
<td>10.1%</td>
</tr>
<tr>
<td>SCASD</td>
<td>801</td>
<td>114</td>
<td>12.5%</td>
</tr>
<tr>
<td>Total</td>
<td>1704</td>
<td>167</td>
<td>8.9%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Traditional</th>
<th>Charter</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Special Education in School Enrollment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BEASD</td>
<td>14.8%</td>
<td>30.6%</td>
<td></td>
</tr>
<tr>
<td>BASD</td>
<td>15.5%</td>
<td>21.0%</td>
<td></td>
</tr>
<tr>
<td>PVASD</td>
<td>12.8%</td>
<td>26.3%</td>
<td></td>
</tr>
<tr>
<td>SCASD</td>
<td>11.7%</td>
<td>47.1%</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>13.1%</td>
<td>36.5%</td>
<td></td>
</tr>
</tbody>
</table>
Table 5.1 provides a perspective on the percentage of each student type enrolled in charter schools. Charter schools serving the four districts have approximately 36.5% of their population designated as special education students. In total the sending districts have a special education population of 13.1%, and the total special education weighting across the state was 15.2% in 2011-12. A more detailed comparison with each sending school in the county shows that charter schools have larger proportions of special education students enrolled; this is the case for every district with charter schools from approximately 50% to 400% greater concentrations of special education students.

Of most significant interest is the brick and mortar charter school enrollment by student type, since these students are geographically linked directly to the school districts being studied. The anticipated weighting of special education students to regular education students should be relatively consistent between traditional public, brick and mortar charter and cyber charter schools since all schools enroll students from a similar demographic. However, this is not the case. The traditional public school special education cumulative enrollment declines since 2006-07 of 148 students while at the same time regular education cumulative enrollment declines are 709 students (see tables 4.6a and 4.6b). This is a ratio of special education students to regular education students is 148:709. When comparing the special education numbers to the total student population the calculation yields a 17.3% special education rate. This accounts for an average of special education rate of 4.2% greater than the traditional public school system.

Another way of examining this is to review the rate of special education students to the total population.
Table 5.2

Total Enrollment by Type

<table>
<thead>
<tr>
<th>Student Type</th>
<th>Centre County Districts</th>
<th>Cyber Charter</th>
<th>Brick and Mortar Charter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular Ed.</td>
<td>11,308</td>
<td>28,109</td>
<td>523</td>
</tr>
<tr>
<td>Special Ed.</td>
<td>1,704</td>
<td>4,852</td>
<td>153</td>
</tr>
<tr>
<td><strong>Special Education Rate</strong></td>
<td><strong>13.1%</strong></td>
<td><strong>14.7%</strong></td>
<td><strong>22.6%</strong></td>
</tr>
</tbody>
</table>

Two Pennsylvania’s Department of Education leaders, Erica M. Koser, Director of the Policy Office and Dr. Carolyn Dumaresq, Acting Secretary of Education, both identified special education identification within charters as an area of concern. At the American Educational Research Association conference on April 5, 2014, Ms. Koser said that she recognized that charter schools may be inappropriately identifying students. At the North Central Pennsylvania Association for Supervision and Curriculum Development conference held on April 8, 2014, Dr. Dumaresq spoke of concerns about the over identification of special education students within charter schools as a result of the increased tuition rate. Charter tuition rates are determined differently for regular education and special education students (Table 4.8); tuition rates for special education students in charter schools are generally double those for regular education students. In the districts being studied the tuition rates in 2011-12 ranged from a low of $8,690 for a regular education resident of Penns Valley Area School District to a high of $22,419 for a special education resident of State College Area School District. The concern of state and district leaders is that charter schools are motivated to increase special education enrollment/identification due to the significant increase in mandated tuition payments from the school district.
Fiscal Impact

District leaders from Bellefonte and Penns Valley identified charter school expenditures as being a key expenditure concern. The leaders from State College and Bald Eagle did not mention charter tuition payments as a concern. All district leaders expressed that they funded charter tuition as a budgeted line item without experiencing any offsetting decrease of other line items or any state subsidy for their costs for meeting the state mandated expenditures. All district leaders were generally aware of the charter tuition costs for their school districts. Both Bellefonte and State College indicated an annual budgetary increase of $200,000 for charter school tuition. Although State College did not initially indicate that charter expenditures were a concern, when asked about how these expenditures were funded, individuals in the district expressed that charter costs were beginning to be a concern as they struggled to find money to remodel aging buildings.

Charter tuition impact on district expenditures. The school districts in the study expended approximately $6.4 million in 2011-12 for charter tuition exclusive of transportation costs. The charter tuition expenditure has increased by 53.9% for a total increase of nearly $2.2 million over the five years being studied. There have been years when school districts were able to budget an adequate amount for charter tuition and other years where it has been insufficient. Penns Valley and Bald Eagle leaders identified that they budgeted based on the prior year’s tuition expenditures without an increase. The flat line budget for Bald Eagle has served as a reasonable plan given their general consistent tuition expenditure (Table 4.12). Penns Valley on the other hand has experienced significant swings of approximately $200,000 year over year. The unpredictable charter enrollment trends make it difficult for school districts to budget
appropriately for tuition expenses. As the charter tuition expenditures continue to grow as a percentage of the district’s budget, the fiscal impact becomes more recognizable.

State College and Penns Valley have over five percent of the total instructional expenditures being diverted to charter school tuition (Table 4.12). Bellefonte has also experienced a significant increase in charter tuition as a percent of their total instructional expenditures hitting a high of 4.1% in 2011-12. District leaders have begun to express that they are noticing the charter tuition expenditures are a concern. Recently Dr. O’Donnell from State College expressed publically to Dr. Dumaresq that if they did not have the charter tuition issue, they could afford to remodel their high school without going to voter referendum for a tax increase.

**Charter tuition impact on taxes.** Over the five years being studied, all four of the school districts have increased taxes multiple times. Bald Eagle and Bellefonte increased taxes each and every year. State College increased taxes four out of five years and Penns Valley increased taxes three of the five years. When district leaders were asked about the tax increases, they most often identified the reason as increases in retirement contributions and health care. The reality is that some districts had greater growth in charter tuition expenditures than retirement or health care. As an example in Penns Valley, the annual net increase in retirement costs is approximately $200,000 annually. There have been years when the charter tuition increase has exceeded this amount.

Charter tuition payments are no longer subsidized by the state, so school districts must use their own tax revenue to generate the money necessary to pay the tuition bills. The most common way for districts to generate significant additional revenue is through real estate tax increases to the millage. The impact of charter school tuition on the millage rates for the school
districts is gathered from tables 4.14 and 4.18. Table 5.3 below shows the percent of levied millage necessary to generate the tuition payment for each of the districts across the six years studied.

Table 5.3

*Charter Tuition as % of Tax Millage*

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>BEASD</td>
<td>36.26</td>
<td>37.76</td>
<td>39.76</td>
<td>41.96</td>
<td>43.68</td>
<td>46.55</td>
</tr>
<tr>
<td>BASD</td>
<td>37.986</td>
<td>39.692</td>
<td>41.08</td>
<td>42.975</td>
<td>44.605</td>
<td>45.405</td>
</tr>
<tr>
<td>PVASD</td>
<td>38.33</td>
<td>37.87</td>
<td>37.87</td>
<td>38.33</td>
<td>40.4557</td>
<td>41.713</td>
</tr>
<tr>
<td>SCASD</td>
<td>32.566</td>
<td>32.513</td>
<td>33.7219</td>
<td>34.85</td>
<td>35.9</td>
<td>36.85</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Charter Tuition as % of RE Millage</th>
</tr>
</thead>
<tbody>
<tr>
<td>BEASD</td>
</tr>
<tr>
<td>BASD</td>
</tr>
<tr>
<td>PVASD</td>
</tr>
<tr>
<td>SCASD</td>
</tr>
</tbody>
</table>

In the 2009-10 school year, Penns Valley used approximately 11.4% of its real estate revenue to pay charter tuition for 5.6% (see table 4.3) of its resident students. The lowest percentage of charter costs was State College in 2011-12 where they spent 5.2% of its local real estate revenue for charter tuition to educate 3.4% (see table 4.3) of its resident student population.

Districts began to experience the economic down turn beginning in 2007-08 with real estate revenues declining while at the same time district were increasing tax rates. The changing charter tuition costs year-over-year at times consumed large portions of the real estate revenue change. As an example the charter tuition increase for Bellefonte Area School District in 2008-
consumed 95.9% of the real estate revenue increase (Table 5.4). In 2007-08 it consumed
124.2% of Penns Valley Area School District’s real estate increase or an amount greater the real
estate increase. The implications for school district were to find savings through other means. All
four districts noted a reduction of staff through attrition and for Bellefonte and State College
wage freezes.
Table 5.4

*Charter Tuition as a Percentage of Real Estate Revenue Change Year-Over-Year*

<table>
<thead>
<tr>
<th></th>
<th>Charter Payment</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>BEASD</td>
<td>$414,067</td>
<td>$551,148</td>
<td>$413,980</td>
<td>$408,880</td>
<td>$454,611</td>
<td>$416,836</td>
</tr>
<tr>
<td></td>
<td>$137,081</td>
<td>-$137,168</td>
<td>-$5,100</td>
<td>$45,731</td>
<td>-$37,775</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(($646,971)</td>
<td>($524,080)</td>
<td>$230,566</td>
<td>$468,373</td>
<td>$589,022</td>
<td></td>
</tr>
<tr>
<td>% of RE Increase</td>
<td><strong>Exceeds</strong></td>
<td><strong>Exceeds</strong></td>
<td>-2.2%</td>
<td>9.8%</td>
<td>-6.4%</td>
<td></td>
</tr>
</tbody>
</table>

|        | Charter Payment |            |            |            |            |            |
|        | $434,922        | $618,709   | $727,510   | $833,041   | $861,985   | $1,206,482 |
|        | $183,787        | $108,801   | $105,531   | $28,944    | $344,497   |            |
|        | $1,359,095      | $113,458   | $1,193,536 | $1,219,567 | $804,177   |            |
| % of RE Increase | 13.5% | 95.9% | 8.8% | 2.4% | 42.8% |

|        | Charter Payment |            |            |            |            |            |
|        | $611,933        | $810,199   | $820,165   | $1,033,251 | $945,365   | $810,512   |
|        | $198,266        | $9,966     | $213,086   | -$87,886   | -$134,853  |            |
|        | $159,656        | ($355,654) | $260,075   | $607,660   | $278,619   |            |
| % of RE Increase | 124.2% | Exceeds | 81.9% | -14.5% | -48.4% |

|        | Charter Payment |            |            |            |            |            |
|        | $2,692,387      | $3,010,391 | $3,226,759 | $3,349,720 | $3,569,456 | $3,960,052 |
|        | $318,004        | $216,368   | $122,961   | $219,736   | $390,596   |            |
|        | $1,659,867      | $1,912,042 | $3,237,752 | $3,062,025 | $2,425,670 |            |
| % of RE Increase | 19.2% | 11.3% | 3.8% | 7.2% | 16.1% |
Each of the school district representatives interviewed identified a reduction of state revenue in 2011-12 coupled with the loss of the state’s thirty percent (30%) reimbursement for charter school tuition costs as a key financial factor in their budgets. Since the state was supplanting its education funding with federal funds a more correct analysis includes the sum total of both state and federal revenues as well as the charter school tuition reimbursement. Table 5.5 below provides the annual change in the federal and state revenues along with the percentage change in these select items and the percentage of their the total revenues for each year in the study. Some districts experienced a greater reduction than others. State College Area School District received the largest total dollar reduction, amounting to $2,237,218 with the next largest being Bald Eagle Area School District that received a state funding reduction of $2,075,088. The fiscal impact is however more dependent on budget size as determined by annual expenditures. The fiscal impact of the funding reductions were experienced in reverse order of wealth with Bald Eagle Area School District losing the greatest percentage of its total expenditures 8.0% in 2011-12, while State College Area School District had a loss of 2.1% of its total expenditures. Table 5.5 indicates that funding level in 2011-12 retreated to levels experienced in 2007-08.
Table 5.5

Impact of Reduction in Non-Local Revenue Sources

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>State</td>
<td>$11,973,667</td>
<td>$12,743,610</td>
<td>$13,353,790</td>
<td>$12,295,655</td>
<td>$12,837,047</td>
<td>$12,444,813</td>
</tr>
<tr>
<td>Federal</td>
<td>$545,241</td>
<td>$640,403</td>
<td>$292,100</td>
<td>$1,643,626</td>
<td>$2,251,561</td>
<td>$691,370</td>
</tr>
<tr>
<td>Charter Reimbursement</td>
<td>$97,090</td>
<td>$124,220</td>
<td>$165,344</td>
<td>$112,194</td>
<td>$122,663</td>
<td></td>
</tr>
<tr>
<td>State, Federal, Charter</td>
<td>$12,615,999</td>
<td>$13,508,233</td>
<td>$13,811,235</td>
<td>$14,051,475</td>
<td>$15,211,271</td>
<td>$13,136,183</td>
</tr>
<tr>
<td>Change</td>
<td>$892,234</td>
<td>$303,002</td>
<td>$240,240</td>
<td>$1,159,796</td>
<td>($2,075,088)</td>
<td></td>
</tr>
<tr>
<td>% Change in Select Rev.</td>
<td>7.07%</td>
<td>2.24%</td>
<td>1.74%</td>
<td>8.25%</td>
<td>-13.64%</td>
<td></td>
</tr>
<tr>
<td>% Change against Total Exp.</td>
<td>3.6%</td>
<td>1.3%</td>
<td>0.9%</td>
<td>4.4%</td>
<td>-8.0%</td>
<td></td>
</tr>
<tr>
<td>State</td>
<td>$12,229,565</td>
<td>$12,521,779</td>
<td>$14,208,500</td>
<td>$13,060,319</td>
<td>$13,129,697</td>
<td>$13,472,192</td>
</tr>
<tr>
<td>Federal</td>
<td>$789,491</td>
<td>$925,101</td>
<td>$739,206</td>
<td>$2,456,875</td>
<td>$2,786,643</td>
<td>$838,906</td>
</tr>
<tr>
<td>Charter Reimbursement</td>
<td>$101,163</td>
<td>$130,477</td>
<td>$185,612</td>
<td>$218,253</td>
<td>$249,912</td>
<td></td>
</tr>
<tr>
<td>State, Federal, Charter</td>
<td>$13,120,219</td>
<td>$13,577,357</td>
<td>$15,133,318</td>
<td>$15,735,447</td>
<td>$16,166,252</td>
<td>$14,311,098</td>
</tr>
<tr>
<td>Change</td>
<td>$457,138</td>
<td>$1,555,961</td>
<td>$602,130</td>
<td>$430,805</td>
<td>($1,855,154)</td>
<td></td>
</tr>
<tr>
<td>% Change in Select Rev.</td>
<td>3.48%</td>
<td>11.46%</td>
<td>3.98%</td>
<td>2.74%</td>
<td>-11.48%</td>
<td></td>
</tr>
<tr>
<td>% Change against Total Exp.</td>
<td>1.2%</td>
<td>4.1%</td>
<td>1.5%</td>
<td>1.1%</td>
<td>-4.5%</td>
<td></td>
</tr>
<tr>
<td>State</td>
<td>$7,764,620</td>
<td>$8,033,569</td>
<td>$8,339,262</td>
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<td>$7,729,163</td>
<td>$8,051,123</td>
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<tr>
<td>Federal</td>
<td>$561,405</td>
<td>$913,752</td>
<td>$982,255</td>
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<td>$243,059</td>
<td>$246,049</td>
<td>$309,975</td>
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<td>State, Federal, Charter</td>
<td>$8,433,893</td>
<td>$9,130,901</td>
<td>$9,564,576</td>
<td>$10,020,991</td>
<td>$9,778,111</td>
<td>$8,961,841</td>
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<tr>
<td>Change</td>
<td>$697,008</td>
<td>$433,675</td>
<td>$456,415</td>
<td>($242,879)</td>
<td>($816,270)</td>
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<td>% Change in Select Rev.</td>
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<td>4.75%</td>
<td>4.77%</td>
<td>-2.42%</td>
<td>-8.35%</td>
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<td>3.2%</td>
<td>2.0%</td>
<td>2.1%</td>
<td>-1.2%</td>
<td>-3.9%</td>
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<td>Federal</td>
<td>$1,336,459</td>
<td>$1,406,200</td>
<td>$1,226,602</td>
<td>$2,712,921</td>
<td>$3,466,002</td>
<td>$1,545,919</td>
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<td>Charter Reimbursement</td>
<td>$704,329</td>
<td>$807,716</td>
<td>$903,117</td>
<td>$968,027</td>
<td>$1,004,915</td>
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<tr>
<td>State, Federal, Charter</td>
<td>$17,674,094</td>
<td>$19,190,142</td>
<td>$19,509,607</td>
<td>$20,508,327</td>
<td>$20,977,516</td>
<td>$18,740,297</td>
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<td>Change</td>
<td>$1,516,048</td>
<td>$319,465</td>
<td>$998,720</td>
<td>$469,189</td>
<td>($2,237,218)</td>
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<td>% Change in Select Rev.</td>
<td>8.58%</td>
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<td>5.12%</td>
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<td>% Change against Total Exp.</td>
<td>1.5%</td>
<td>0.3%</td>
<td>1.0%</td>
<td>0.4%</td>
<td>-2.1%</td>
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</tr>
</tbody>
</table>

At the same time the districts were experiencing reductions in state funding, they were simultaneously experiencing an increase in mandated and necessary expenditures (i.e. PSERS, Charter Schools, and Health Care). Since funding was reduced and mandated costs were
increasing, districts had few options but to increase taxes and make programming changes to reduce expenditures.

Those interviewed identified a variety of expenditure reductions that they undertook: professional staff, support staff, transportation, energy, general supplies, technology, and field trips. State College representatives were the only ones to identify the need for staffing reductions as a result of charter enrollment. This followed a recent redistricting of students in which individual school catchment areas were modified for a more efficient operation. No other district representative identified any staffing savings. In fact, nearly all district leaders interviewed responded that the disbursement of charter students across grade level and geographic region could not provide them with an opportunity to reduce staff in an effort to capture some savings from charter enrollments.

The argument that the money should follow the child assumes seems to make sense on the surface. Further study, however, indicates that enrollment shifts to charter schools do not necessarily provide districts with an equivalent or nearly equivalent savings necessary to counteract the charter tuition costs. The individual case study for Penns Valley in chapter 4 shows that there is little opportunity to reduce expenditures as a result of moderate (approximately 5%) enrollment shifts to charter schools distributed across schools and grade levels. This raises the question about the rationale to fund charter school through tuition paid by local school district as a misperceived view of savings generated as a result of the enrollment shift. There are no significant savings available until traditional grade level enrollment declines occur in bounded attendance regions sufficient enough to reduce one or more staff positions. Instead of reducing the per pupil expenditure, charter tuition payments inflate the per pupil cost to educate all children throughout a district; no change in expenditures divided by fewer students yields a higher cost per pupil. This, in turn, leads to even greater tuition rates than would
otherwise be calculated in a more efficient system since tuition rates to charter schools are based on district expenditures.

Programming Response

District representatives were asked about their implementation of programming changes to compete with charter schools. None of the district representatives indicated a change in enrollment age for kindergarten, graduation requirements or extra/co-curricular offerings. Most identified other program changes, but almost none of them identified charter schools as the impetus for the change. Bald Eagle and Bellefonte representatives identified the addition of advanced placement courses to enhance their curriculum. State College representatives shared they already offer programming for nearly all student types to include a full slate of clubs and intermural activities. The Penns Valley representatives expressed that they have maintained programming and added cyber programming to their own list of course delivery options.

The most consistent addition of programming across the districts was the development of their own cyber option. No district felt that cyber programming was the best educational option for all students. In fact, most do not promote the option, but use it as a fall back when students look to enroll in a cyber-charter school. State College Area School District representatives did express that they felt before and after school care by charter schools was attractive to parents. They shared that they were considering the option of free or low cost child care at their district schools. They were also considering the expansion of the DELTA alternative education program and/or the development of a magnet school for STEM in order to attract students to return from charter schools.

The district representatives did not identify any key staffing changes as a result of competition for charter programming. Several mentioned the reassignment of an existing principal to be their cyber principal. None of them identified additional staffing to add
programming and compete with charter schools. One representative from Bellefonte identified that marketing of charter schools was a concern. The Penns Valley leaders identified the need to communicate district programming in order to counter some of the charter school advertisements. Many district representatives identified customer service, responsiveness, and building relationships with parents and students as key to maintaining student enrollment.

**Common Beliefs**

The intent for creating charter schools in Pennsylvania is outlined in the Charter Schools law passed by the General Assembly in 1997. The law includes the following language.

*It is the intent of the General Assembly, in enacting this article, to provide pupils and community members to establish and maintain schools that operate independently from the existing school district structure as a method to accomplish all of the following:*

1. **Improve pupil learning.**
2. **Increase learning opportunities for all pupils.**
3. **Encourage the use of different and innovative teaching methods.**
4. **Create new professional opportunities for teachers, including the opportunity to be responsible for the learning program at the school site.**
5. **Provide parents and pupils with expanded choices in the types of educational opportunities that are available within the public school system.**
6. **Hold the schools established under this act accountable for meeting measurable academic standards and provide the school with a method to establish accountability systems.**

What became abundantly clear in the interviews was the charter schools were not perceived as positive among the district leaders. Those interviewed were critical of charter oversight, instructional approach, student performance, and teacher quality. None of the district
representatives expressed that they were interested in learning from charter schools to improve their own programming. In fact, most of those interviewed questioned the rationale for the continued existence of charter schools.

**Recommendations and Suggestions for Further Research**

From the very beginning of our county, public education has been a matter of importance. Citizens have and continue to debate issues related to public education including: identifying those eligible to receive an education, the purpose of education, and the quality of education. Today, school accountability and school choice rise to the pinnacle of the current public debate. Charter schools have become one of the major choice reform initiatives promoted to improve our educational system. Pennsylvania has pursued the choice initiative through charter schools and now maintains over 165 separate charters. The funding of these schools has been a cause of considerable and regular debate among Pennsylvania’s educators, parents and policy makers. Public education advocates, educational leaders, parents and specifically policy makers should be particularly attentive to the research findings of this study and its recommendations to mitigate the financial impact of charter school enrollment on traditional public school expenditures, resource allocation and programming.

**Enrollment Trends**

Across the nation, in Pennsylvania and more specifically in Centre County, public school enrollment is in decline while charter school enrollments are on the increase. If current trends continue an ever greater percentage of the population will receive their education from charter schools. If this occurs, local elected public officials (board members) have progressively less control over the public education provided in their communities. The oversight for the education in turn is transferred from the elected officials to the appointed/selected charter board members.
Pennsylvania could potentially learn about the impact of this shift from states that have had charter schools for longer periods of time under similar governance structures.

Enrollment in general and more specifically the enrollment ratios between regular and special education are of concern. There is no doubt that special education charter enrollment rates significantly outpace district enrollment rates. Research should be conducted to determine the reason for the significant difference between special education students who attend traditional public schools, brick and mortar charter school and cyber charter schools. Across the nation in 2010-11, 13.0% of the total population was identified within the special education services categories (http://nces.ed.gov/fastfacts/display.asp?id=64, May 10, 2014). Since this percentage of special education students in Pennsylvania in 2010-11 was 15.2%, research should be conducted to determine the root cause for the difference. Additional research could follow to determine an effective funding formula to provide charter schools with the necessary operational money without determining funding by broad enrollment types.

**Fiscal Impact**

Funding for public education has been under significant pressure recently as the country and state emerge from the economic decline which began in 2008. All government entities are finding it burdensome to provide the monetary resources necessary to meet the educational expectations in an age of accountability. In Pennsylvania there has been what can be characterized as a tax shift from the state level to the local level. The shift has occurred because the state has reduced its funding levels for education while districts have been required to raise taxes to maintain programming. Under Act 1 of 2006, most school districts annually raise property taxes in an effort to maintain programming in an environment of ever increasing costs. However, Act 1 limits the annual increase in millage rates changes to an inflationary index, which may not be sufficient to fund all of the district mandates and necessary programs they
offer. The loss of state funds in 2011-12 and the subsequent small increases, often mostly appropriated for the state contribution to the retirement system, has shifted ever greater portions of the education funding responsibility to the local tax payers. The problem is that districts struggle to balance their budgets in an environment where the loss of state revenue coupled with annual mandated increases (charter tuition, retirement, health care) outpace their ability to raise taxes.

Districts have strained relationships with charter schools because they perceive the institutions as taking money from their students. If the PA General Assembly wants to improve the negative fiscal impact on the traditional public school system and relieve the tension between traditional public schools and charter schools, they need to change the funding mechanism. Since all budgets including the state’s budget have suffered throughout the fiscal crisis, further research is recommended to promote operational efficiency and funding strategies. This appears to be happening to some degree as legislative commissions on special education funding and basic education funding are working toward improving funding formulas in these areas.

**Programming Response**

School district leaders did identify their greater emphasis on customer service as a result of charter school options. They also admitted to adding cyber programming to compete with cyber schools. The initial hope and rationale the Charter Law however as previously identified was broader in scope.

The competitive environment, in which shifting enrollments mean substantial gains or losses in revenues for charter schools and school districts respectively, has prevented innovation and the sharing of ideas between traditional public and charter schools. Changing the way charters are funded as described above may help to improve the relationship between traditional
public schools and charter schools. Over time, improved relationships could promote the likelihood that charters become the incubator of ideas as proposed in goal 3 above.

As charter school enrollment continues to grow in Pennsylvania and the nation, it is important to understand the impact of these schools on the traditional public system. If the intent of the original charter legislation was to simply provide a choice, then that goal has been achieved. The problem is that there is a cost to the traditional system.

The philosophy within the traditional public system has been to share ideas and work together to shed light on complex issues and solutions. Our motivation as educational leaders should be challenging our students to learn constantly. Research should be conducted to determine if the competitive environment created by charter schools improves the sharing of educational innovation while at the same time improving rigorous learning opportunities for all students. Additional studies should be completed that include the perspectives of charter school leaders on the current funding system, their innovative ideas leading to pupil success, and how to improve relationships with traditional public schools.

Additional research should also include the perspectives of principals and teachers whom may have insights into programming change that have been or could be made to maintain current enrolled students or attract students from other educational choice options (charter, non-public, home schooled). Educational research about charter schools and school choice must continue so that policy makers have the necessary resources available to improve education and serve the public good.

**Researcher Reflection**

The researcher’s perspective is filtered through his own bias as a superintendent of schools and passion for education. Taking from one group (traditional public schools) and giving to another (charter schools) is counter to the philosophy of the researcher. This being said, school
choice is supported by the researcher. School choice can be helpful to students who find themselves with the inability to relocate to areas where schools are positive, effective and safe. The journey through the research process has provided the researcher with added perspectives from other school leaders. The school leaders interviewed responded to charter schools in different ways. What was not surprising was that leaders serving institutions financially impacted the most had the greatest charter school interest, understanding and motivation to adjust their own programming to maintain enrollment. The researcher was most surprised by the substantially higher concentration of special education students enrolled in charter schools. This finding raised additional questions in the researcher’s mind about the accuracy of these identifications and the motivation to obtain additional tuition dollars. In addition, the researcher found it interesting that many district leaders were not totally aware of the fiscal impact of charter tuition nor did they see charter schools as true competition. The general assembly should be attentive to the financial impact charter schools are having on the traditional public school system.

Summary

The purpose of this study was to examine the fiscal impact of charter schools on public school enrollment, expenditures, resource allocation and programming among a purposefully selected group of four Centre County Pennsylvania School Districts. The research questions provided the necessary guide for organizing the data, while the use of mixed methodology helped decipher the findings.

The results are that all school districts studied experienced an enrollment decline with the charter schools serving these same residents students experienced an enrollment increase. The data indicate that since 2007-08 students choosing charter schools (enrollment change of +286) in lieu of traditional public schools (enrollment change of -571) in the Centre County region
accounted for half of the decline in traditional public schools. The other half can generally be attributed to school aged population decline since the entire school aged population is considered in the data. The study also found that charter schools special education enrollments rates were significantly greater than the traditional public school system special education enrollment rates.

From 2006-07 through 2011-12 districts continued to collectively pay greater charter tuition costs as measured against their total revenues, instructional expenditures, local real estate taxes, and total budgets. These increased expenditures could not be offset by reductions as a result of the enrollment shifts. Many districts leaders identified the addition of cyber programming and improvement to customer service as a reaction to charter school competition. There was, however, a consistent belief that charter school tuition costs were becoming an ever increasing financial burden to the traditional public school system and local taxpayers. Given the limited ability for school districts to raise tax rates to cover the ever increasing cost of charter tuition and other mandated expenditures, it is likely that programming changes to reduce traditional public school costs are on the horizon for the districts being studied.
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Appendix A – PA Charter School Law

ARTICLE XVII-A.
CHARTER SCHOOLS.
(a) Preliminary Provisions.

Compiler's Note: See sections 2 and 3 of Act 22 of 1997 in the appendix to this act for special provisions relating to legislative declarations and findings and appropriations.

Section 1701-A. Short Title.--This article shall be known and may be cited as the "Charter School Law."
(1701-A added June 19, 1997, P.L.225, No.22)

Section 1702-A. Legislative Intent.--It is the intent of the General Assembly, in enacting this article, to provide pupils and community members to establish and maintain schools that operate independently from the existing school district structure as a method to accomplish all of the following:
(1) Improve pupil learning.
(2) Increase learning opportunities for all pupils.
(3) Encourage the use of different and innovative teaching methods.
(4) Create new professional opportunities for teachers, including the opportunity to be responsible for the learning program at the school site.
(5) Provide parents and pupils with expanded choices in the types of educational opportunities that are available within the public school system.
(6) Hold the schools established under this act accountable for meeting measurable academic standards and provide the school with a method to establish accountability systems.
(1702-A added June 19, 1997, P.L.225, No.22)

Section 1703-A. Definitions.--As used in this article, "Appeal board" shall mean the State Charter School Appeal Board established by this article.
"At-risk student" shall mean a student at risk of educational failure because of limited English proficiency, poverty, community factors, truancy, academic difficulties or economic disadvantage.
"Charter school" shall mean 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.
"Chief executive officer" shall mean an individual appointed by the board of trustees to oversee and manage the operation of the charter school, but who shall not be deemed a professional staff member under this article.
"Cyber charter school" shall mean an independent public school established and operated under a charter from the Department of Education and in which the school uses technology in order to provide a significant portion of its curriculum and to deliver a significant portion of instruction to its students through the Internet or other electronic means. A cyber charter school must be organized as a public, nonprofit corporation. A charter may not be granted to a for-profit entity.
"Department" shall mean the Department of Education of the
Commonwealth.

"Local board of school directors" shall mean the board of
directors of a school district in which a proposed or an
approved charter school is located.

"Regional charter school" shall mean an independent public
school established and operated under a charter from more than
one local board of school directors and in which students are
enrolled or attend. A regional charter school must be organized
as a public, nonprofit corporation. Charters may not be granted
to any for-profit entity.

"School district of residence" shall mean the school
district in this Commonwealth in which the parents or guardians
of a child reside.

"School entity" shall mean a school district, intermediate
unit, joint school or area vocational-technical school.

"Secretary" shall mean the Secretary of Education of the
Commonwealth.

"State board" shall mean the State Board of Education of the
Commonwealth.

(1703-A amended June 29, 2002, P.L.524, No.88)

(b) Charter Schools.

(Subdiv. (b) added June 19, 1997, P.L.225, No.22)

Section 1714-A. Powers of Charter Schools.--(a) A charter
school established under this act is a body corporate and shall
have all powers necessary or desirable for carrying out its
charter, including, but not limited to, the power to:
(1) Adopt a name and corporate seal; however, any name
selected shall include the words "charter school."
(2) Sue and be sued, but only to the same extent and upon
the same condition that political subdivisions and local
agencies can be sued.
(3) Acquire real property from public or private sources by
purchase, lease with an option to purchase or gift for
use as a charter school facility.
(4) Receive and disburse funds for charter school purposes
only.
(5) Make contracts and leases for the procurement of
services, equipment and supplies.
(6) Incur temporary debts in anticipation of the receipt of
funds.
(6.1) Incur debt for the construction of school facilities.
(7) Solicit and accept any gifts or grants for charter
school purposes.

(b) A charter school shall have such other powers as are
necessary to fulfill its charter and which are not inconsistent
with this article.

(c) Any indebtedness incurred by a charter school in the
exercise of the powers specified in this section shall not
impose any liability or legal obligation upon a school entity
or upon the Commonwealth.

(1714-A amended July 4, 2004, P.L.536, No.70)

Section 1715-A. Charter School Requirements.--Charter
schools shall be required to comply with the following
provisions:
(1) Except as otherwise provided in this article, a charter
school is exempt from statutory requirements established in
this act, from regulations of the State board and the standards
of the secretary not specifically applicable to charter
schools. Charter schools are not exempt from statutes
applicable to public schools other than this act.

(2) A charter school shall be accountable to the parents, the public and the Commonwealth, with the delineation of that accountability reflected in the charter. Strategies for meaningful parent and community involvement shall be developed and implemented by each school.

(3) A charter school shall not unlawfully discriminate in admissions, hiring or operation.

(4) A charter school shall be nonsectarian in all operations.

(5) A charter school shall not provide any religious instruction, nor shall it display religious objects and symbols on the premises of the charter school.

(6) A charter school shall not advocate unlawful behavior.

(7) A charter school shall only be subject to the laws and regulations as provided for in section 1732-A, or as otherwise provided for in this article.

(8) A charter school shall participate in the Pennsylvania State Assessment System as provided for in 22 Pa. Code Ch. 5 (relating to curriculum), or subsequent regulations promulgated to replace 22 Pa. Code Ch. 5, in the manner in which the school district in which the charter school is located is scheduled to participate.

(9) A charter school shall provide a minimum of one hundred eighty (180) days of instruction or nine hundred (900) hours per year of instruction at the elementary level, or nine hundred ninety (990) hours per year of instruction at the secondary level. Nothing in this clause shall preclude the use of computer and satellite linkages for delivering instruction to students.

(10) Boards of trustees and contractors of charter schools shall be subject to the following statutory requirements governing construction projects and construction-related work:

(i) The following provisions of this act:
(A) Sections 751 and 751.1.
(B) Sections 756 and 757 insofar as they are consistent with the act of December 20, 1967 (P.L.869, No.385), known as the "Public Works Contractors' Bond Law of 1967."
(ii) Section 1 of the act of May 1, 1913 (P.L.155, No.104), entitled "the act regulating the letting of certain contracts for the erection, construction, and alteration of public buildings."
(iii) The act of August 11, 1961 (P.L.987, No.442), known as the "Pennsylvania Prevailing Wage Act."
(v) The act of March 3, 1978 (P.L.6, No.3), known as the "State Products Procurement Act."

(11) Trustees of a charter school shall be public officials.

(12) A person who serves as an administrator for a charter school shall not receive compensation from another charter school or from a company that provides management or other services to another charter school. The term "administrator" shall include the chief executive officer of a charter school and all other employees of a charter school who by virtue of their positions exercise management or operational oversight responsibilities. A person who serves as an administrator for a charter school shall be a public official under 65 Pa.C.S. Ch. 11 (relating to ethics standards and financial disclosure). A violation of this clause shall constitute a violation of 65
Pa.C.S. § 1103(a) (relating to restricted activities), and the
violation shall be subject to the penalties imposed under the
jurisdiction of the State Ethics Commission. (12) added July
9, 2008, P.L. 846, No. 61)
(1715-A added June 19, 1997, P.L. 225, No. 22)

Compiler's Note: Section 34 of Act 61 of 2008, which added
section 1715-A(12), provided that Act 61 shall apply
retroactively to July 1, 2008.
Section 1716-A. Powers of Board of Trustees.--(a) The
board of trustees of a charter school shall have the authority
to decide matters related to the operations of the school,
including but not limited to, budgeting, curriculum and
operating procedures, subject to the school's charter. The
board shall have the authority to employ, discharge and
contract with necessary professional and nonprofessional
employees subject to the school's charter and the provisions of
this article.
(b) No member of a local board of school directors of a
school entity shall serve on the board of trustees of a charter
school that is located in the member's district.
(c) The board of trustees shall comply with the act of July
3, 1988 (P.L. 388, No. 84), known as the "Sunshine Act."
(1716-A added June 19, 1997, P.L. 225, No. 22)
Section 1717-A. Establishment of Charter School.--(a) A
charter school may be established by an individual; one or more
teachers who will teach at the proposed charter school; parents
or guardians of students who will attend the charter school;
any nonsectarian college, university or museum located in this
Commonwealth; any nonsectarian corporation not-for-profit, as
defined in 15 Pa.C.S. (relating to corporations and
incorporated associations); any corporation, association or
partnership; or any combination thereof. A charter school may
be established by creating a new school or by converting an
existing portion of an existing public school. No charter school
shall be established or funded by and no charter shall be granted to any sectarian school,
institution or other entity. No funds allocated or disbursed
under this article shall be used to directly support
instruction pursuant to section 1327.1.
(b) (1) The conversion of an existing public school or
portion of an existing public school to a charter school may be
initiated by any individual or entity authorized to establish a
charter school under subsection (a).
(2) In order to convert an existing public school to a
charter school, the applicants must show that:
(i) More than fifty per centum of the teaching staff in the
public school have signed a petition in support of the public
school becoming a charter school; and
(ii) More than fifty per centum of the parents or guardians
of pupils attending that public school have signed a petition
in support of the school becoming a charter school.
(3) In no event shall the board of school directors serve
as the board of trustees of an existing school which is
converted to a charter school pursuant to this subsection.
(c) An application to establish a charter school shall be
submitted to the local board of school directors of the
district where the charter school will be located by November
15 of the school year preceding the school year in which the
charter school will be established except that for a charter
school beginning in the 1997-1998 school year, an application
must be received by July 15, 1997. In the 1997-1998 school year
only, applications shall be limited to recipients of fiscal
year 1996-1997 Department of Education charter school planning
grants.
(d) Within forty-five (45) days of receipt of an
application, the local board of school directors in which the
proposed charter school is to be located shall hold at least
one public hearing on the provisions of the charter
application, under the act of July 3, 1986 (P.L.388, No.84),
known as the "Sunshine Act." At least forty-five (45) days must
transpire between the first public hearing and the final
decision of the board on the charter application except that
for a charter school beginning in the 1997-1998 school year,
only thirty (30) days must transpire between the first public
hearing and the final decision of the board.
(e) (1) Not later than seventy-five (75) days after the
first public hearing on the application, the local board of
school directors shall grant or deny the application. For a
charter school beginning in the 1997-1998 school year, the
local board of school directors shall grant or deny the
application no later than sixty (60) days after the first
public hearing.
(2) A charter school application submitted under this
article shall be evaluated by the local board of school
directors based on criteria, including, but not limited to, the
following:
(i) The demonstrated, sustainable support for the charter
school plan by teachers, parents, other community members and
students, including comments received at the public hearing
held under subsection (d).
(ii) The capability of the charter school applicant, in
terms of support and planning, to provide comprehensive
learning experiences to students pursuant to the adopted
charter.
(iii) The extent to which the application considers the
information requested in section 1719-A and conforms to the
legislative intent outlined in section 1702-A.
(iv) The extent to which the charter school may serve as a
model for other public schools.
(3) The local board of school directors, in the case of an
existing school being converted to a charter school, shall
establish the alternative arrangements for current students who
choose not to attend the charter school.
(4) A charter application shall be deemed approved by the
local board of school directors of a school district upon
affirmation by a majority of all the directors. Formal
action approving or denying the application shall be taken by
the local board of school directors at a public meeting, with
notice or consideration of the application given by the board,
under the "Sunshine Act."
(5) Written notice of the board's action shall be sent to
the applicant, the department and the appeal board. If the
application is denied, the reasons for the denial, including a
description of deficiencies in the application, shall be
clearly stated in the notice sent by the local board of school
directors to the charter school applicant.
(f) At the option of the charter school applicant, a denied
application may be revised and resubmitted to the local board
of school directors. Following the appointment and confirmation
of the Charter School Appeal Board under section 1721-A, the
decision of the local board of school directors may be appealed
to the appeal board. When an application is revised and
resubmitted to the local board of school directors, the board
may schedule additional public hearings on the revised
application. The board shall consider the revised and
resubmitted application at the first board meeting occurring at
least forty-five (45) days after receipt of the revised
application by the board. For a revised application resubmitted
for the 1997-1998 school year, the board shall consider the
application at the first board meeting occurring at least
thirty (30) days after its resubmit. The board shall provide
notice of consideration of the revised application under the
"Sunshine Act." No appeal from a decision of a local school
board may be taken until July 1, 1999.

(g) Notwithstanding the provisions of subsection (e)(5),
failure by the local board of directors to hold a public
hearing and to grant or deny the application for a charter
school within the time periods specified in subsections (d),
(e) and (f) shall permit the applicant for a charter to file
its application as an appeal to the appeal board. In such case,
the appeal board shall review the application and make a
decision to grant or deny a charter based on the criteria
established in subsection (e)(2).

(h) In the case of a review by the appeal board of an
application that is revoked or is not renewed, the appeal board
shall make its decision based on the criteria established in
subsection (e)(2). A decision by the appeal board under this
subsection or subsection (g) to grant, to renew or to
revoke a charter shall serve as a requirement for the local
board of directors of a school district or school districts, as
appropriate, to sign the written charter of the charter school
as provided by section 1720-A. Should the local board of
directors fail to grant the application and sign the charter
within ten (10) days of notice of reversal of the decision of
the local board of directors, the charter shall be deemed to
be approved and shall be signed by the chairman of the appeal
board.

(1) The appeal board shall have the exclusive review
of an appeal by a charter school applicant, or by the board of
trustees of an existing charter school, of a decision made by a
local board of directors not to grant a charter as provided in
this section.

(2) In order for a charter school applicant to be eligible
to appeal the denial of a charter by the local board of
directors, the applicant must obtain the signatures of at least
twenty-five (25) of the residents of the school district or of
one thousand (1,000) residents, whichever is less, who are over
eighteen (18) years of age. For a regional charter school, the
applicant must obtain the signatures of at least two per centum
of the residents of each school district granting the charter
or of one thousand (1,000) residents from each of the school
districts granting the charter, whichever is less, who are over
eighteen (18) years of age. The signatures shall be obtained
within sixty (60) days of the denial of the application by the
local board of directors in accordance with clause (3).

(3) Each person signing a petition to appeal denial of a
charter under clause (2) shall declare that he or she is a
resident of the school district which denied the charter
application and shall include his or her printed name;
signature; address, including city, borough or township, with street and number, if any; and the date of signing. All pages shall be bound together. Additional pages of the petition shall be numbered consecutively. There shall be appended to the petition a statement that the local board of directors rejected the petition for a charter school, the names of all applicants for the charter, the date of denial by the board and the proposed location of the charter school. No resident may sign more than one petition relating to the charter school application within the sixty (60) days following denial of the application. The department shall develop a form to be used to petition for an appeal.

(4) Each petition shall have appended thereto the affidavit of some person, not necessarily a signer, setting forth all of the following:
   (i) That the affiant is a resident of the school district referred to in the petition.
   (ii) The affiant's residence, giving city, borough or township, with street and number, if any.
   (iii) That the signers signed with full knowledge of the purpose of the petition.
   (iv) That the signers' respective residences are correctly stated in the petition.
   (v) That the signers all reside in the school district.
   (vi) That each signer signed on the date set forth opposite the signer's name.
   (vii) That to the best of the affiant's knowledge and belief, the signers are residents of the school district.

(5) If the required number of signatures are obtained within sixty (60) days of the denial of the application, the applicant may present the petition to the court of common pleas of the county in which the charter school would be situated. The court shall hold a hearing only on the sufficiency of the petition. The applicant and local board of school directors shall be given seven (7) days' notice of the hearing. The court shall issue a decree establishing the sufficiency or insufficiency of the petition. If the petition is sufficient, the decree shall be transmitted to the State Charter School Appeal Board for review in accordance with this section. Notice of the decision shall be given to the applicant and the local board of directors.

(6) In any appeal, the decision made by the local board of directors shall be reviewed by the appeal board on the record as certified by the local board of directors. The appeal board shall give due consideration to the findings of the local board of directors and specifically articulate its reasons for differing with those findings in its written decision. The appeal board shall have the discretion to allow the local board of directors and the charter school applicant to supplement the record if the supplemental information was previously unavailable.

(7) Not later than thirty (30) days after the date of notice of the acceptance of the appeal, the appeal board shall meet to officially review the certified record.

(8) Not later than sixty (60) days following the review conducted pursuant to clause (6), the appeal board shall issue a written decision affirming or denying the appeal. If the appeal board has affirmed the decision of the local board of directors, notice shall be provided to both parties.

(9) A decision of the appeal board to reverse the decision
of the local board of directors shall serve as a requirement for the local board of directors of a school district or school districts, as appropriate, to grant the application and sign the written charter of the charter school as provided for in section 1720-A. Should the local board of directors fail to grant the application and sign the charter within ten (10) days of notice of the reversal of the decision of the local board of directors, the charter shall be deemed to be approved and shall be signed by the chairman of the appeal board.

(10) All decisions of the appeal board shall be subject to appellate review by the Commonwealth Court.

(1718-A added June 19, 1997, P.L.225, No.22)
Section 1718-A. Regional Charter School.--(a) A regional charter school may be established by an individual, one or more teachers who will teach at the proposed charter school; parents or guardians of students who will attend the charter school; any nonsectarian college, university or museum located in this Commonwealth; any nonsectarian corporation not-for-profit, as defined in 15 Pa.C.S. (relating to corporations and unincorporated associations); any corporation, association or partnership; or any combination thereof. A regional charter school may be established by creating a new school or by converting an existing public school or a portion of an existing public school. Conversion of an existing public school to a regional charter school shall be accomplished in accordance with section 1714-A(b). No regional charter school shall be established or funded by and no charter shall be granted to any sectarian school, institution or other entity.

(b) The boards of school directors of one or more school districts may act jointly to receive and consider an application for a regional charter school, except that any action to approve an application for a charter or to sign a written charter of an applicant shall require an affirmative vote of a majority of all the directors of each of the school districts involved. The applicant shall apply for a charter to the board of directors of any school district in which the charter school will be located.

(c) The provisions of this article as they pertain to charter schools and the powers and duties of the local board of school directors of a school district and the appeal board shall apply to regional charter schools, except as provided in subsections (a) and (b) or as otherwise clearly stated in this article.

(1718-A added June 19, 1997, P.L.225, No.22)
Section 1719-A. Contents of Application.--An application to establish a charter school shall include all of the following information:

(1) The identification of the charter applicant.

(2) The name of the proposed charter school.

(3) The grade or age levels served by the school.

(4) The proposed governance structure of the charter school, including a description and method for the appointment or election of members of the board of trustees.

(5) The mission and education goals of the charter school, the curriculum to be offered and the methods of assessing whether students are meeting educational goals.

(6) The admission policy and criteria for evaluating the admission of students which shall comply with the requirements of section 1723-A.

(7) Procedures which will be used regarding the suspension
or expulsion of pupils. Said procedures shall comply with section 1318.

(8) Information on the manner in which community groups will be involved in the charter school planning process.

(9) The financial plan for the charter school and the provisions which will be made for auditing the school under section 437.

(10) Procedures which shall be established to review complaints of parents regarding the operation of the charter school.

(11) A description of and address of the physical facility in which the charter school will be located and the ownership thereof and any lease arrangements.

(12) Information on the proposed school calendar for the charter school, including the length of the school day and school year consistent with the provisions of section 1502.

(13) The proposed faculty and a professional development plan for the faculty of a charter school.

(14) Whether any agreements have been entered into or plans developed with the local school district regarding participation of the charter school students in extracurricular activities within the school district. Notwithstanding any provision to the contrary, no school district of residence shall prohibit a student of a charter school from participating in any extracurricular activity of that school district of residence. Provided, That the student is able to fulfill all of the requirements of participation in such activity and the charter school does not provide the same extracurricular activity.

(15) A report of criminal history record, pursuant to section 111, for all individuals who shall have direct contact with students.

(16) An official clearance statement regarding child injury or abuse from the Department of Public Welfare as required by 23 Pa.C.S. ch. 63 Subch. C.2 (relating to background checks for employment in schools) for all individuals who shall have direct contact with students.

(17) How the charter school will provide adequate liability and other appropriate insurance for the charter school, its employees, and the board of trustees of the charter school.

(1719-A added June 19, 1997, P.L.225, No.22)

Section 1720-A. Term and Form of Charter.--(a) Upon approval of a charter application under section 1717-A, a written charter shall be developed which shall contain the provisions of the charter application and which shall be signed by the local board of school directors of a school district, by the board of trustees of school directors of a school district in the case of a regional charter school or by the chairman of the appeal board pursuant to section 1717-A(1)(5) and the board of trustees of the charter school. This written charter, when duly signed by the local board of school directors of a school district, or by the local boards of school directors of a school district in the case of a regional charter school, and the charter school's board of trustees, shall act as legal authorization for the establishment of a charter school. This written charter shall be legally binding on both the local board of school directors of a school district and the charter school's board of trustees. Except as otherwise provided in subsection (b), the charter shall be for a period of no less than three (3) nor more than five (5) years and may be renewed
for five (5) year periods upon reauthoriztion by the local
board of school directors of a school district or the appeal
board. A charter will be granted only for a school organized as
a public, nonprofit corporation.
(b) (1), Notwithstanding subsection (a), a governing board
of a school district of the first class may renew a charter for
a period of one (1) year if the board of school directors
determines that there is insufficient data concerning the
charter school’s academic performance to adequately assess that
performance and determines that an additional year of
performance data would yield sufficient data to assist the
governing board in its decision whether to renew the charter
for a period of five (5) years.
(2) A one-year renewal pursuant to paragraph (1) shall not
be considered an adjudication and may not be appealed to the
State Charter School Appeal Board.
(3) A governing board of a school district of the first
class does not have the authority to renew a charter for
successive one (1) year periods.
(1720-A amended July 9, 2008, P.L. 846, No. 61)

Compiler's Note: Section 34 of Act 61 of 2008, which
amended section 1720-A, provided that Act 61 shall apply
retroactively to July 1, 2008.
Section 1721-A. State Charter School Appeal Board.--(a)
The State Charter School Appeal Board shall consist of the
Secretary of Education and six (6) members who shall be
appointed by the Governor by and with the consent of a majority
of the members of the Senate. Appointments by the Governor
shall not occur prior to January 1, 1999. The Governor shall
select the chairman of the appeal board to serve at the
pleasure of the Governor. The members shall include:
(1) A parent of a school-aged child.
(2) A school board member.
(3) A certified teacher actively employed in a public
school.
(4) A faculty member or administrative employee of an
institution of higher education.
(5) A member of the business community.
(6) A member of the State Board of Education.
The term of office of members of the appeal board, other than
the term for a period of four (4) years or until
a successor is appointed and qualified, except that, of the
initial appointees, the Governor shall designate two (2)
members to serve terms of two (2) years, two (2) members to
serve terms of three (3) years and two (2) members to serve
terms of four (4) years. Any appointment to fill any vacancy
shall be for the period of the unexpired term or until a
successor is appointed and qualified.
(b) The appeal board shall meet as needed to fulfill the
purposes provided in this subsection. A majority of the members
of the appeal board shall constitute a quorum, and a majority
of the members of the appeal board shall have authority to act
upon any matter properly before the appeal board. The appeal
board is authorized to establish rules for its operation.
(c) The members shall receive no payment for their
services. Members who are not employees of State government
shall be reimbursed for expenses incurred in the course of
their official duties from funds appropriated for the general
government operations of the department.
(d) The department shall provide assistance and staffing for the appeal board. The Governor, through the Governor’s General Counsel, shall provide such legal advice and assistance as the appeal board may require.

(e) Meetings of the appeal board shall be conducted under the act of July 3, 1966 (P.L.388, No.84), known as the "Sunshine Act." Documents of the appeal board shall be subject to the act of June 21, 1957 (P.L.390, No.212), referred to as the Right-to-Know Law.

(1721-A added June 19, 1997, P.L.225, No.22)

Compiler's Note: The act of June 21, 1957 (P.L.390, No.212), referred to as the Right-to-Know Law, referred to in subs. (e), was repealed by the act of Feb. 14, 2008 (P.L., No.3), known as the Right-to-Know Law.

Section 1722-A. Facilities. -- (a) A charter school may be located in an existing public school building, in a part of an existing public school building, in space provided on a privately owned site, in a public building or in any other suitable location.

(b) The charter school facility shall be exempt from public school facility regulations except those pertaining to the health or safety of the pupils.

(c) ((c) repealed July 4, 2004, P.L.536, No.70)

(d) Notwithstanding any other provision of this act, a school district of the first class may, in its discretion, permit a charter school to operate its school at more than one location.

(e) (1) Notwithstanding the provisions of section 204 of the act of May 22, 1933 (P.L.853, No.155), known as The General County Assessment Law, all school property, real and personal, owned by any charter school, cyber charter school or an associated nonprofit foundation, or owned by a nonprofit corporation or nonprofit foundation and leased to a charter school, cyber charter school or associated nonprofit foundation at or below fair market value, that is occupied and used by any charter school or cyber charter school for public school, recreation or any other purposes provided for by this act, shall be made exempt from every kind of State, county, city, borough, township or other real estate tax, including payments in lieu of taxes established through agreement with the Commonwealth or any local taxing authority, as well as from all costs or expenses for paving, curbing, sidewalks, sewers or other municipal improvements, provided, That any charter school or cyber charter school or owner of property leased to a charter school or cyber charter school may make a municipal improvement in a street on which its school property abuts or may contribute a sum toward the cost of the improvement.

(2) Any agreement entered into by a charter school, cyber charter school or associated nonprofit foundation with the Commonwealth or a local taxing authority for payments in lieu of taxes prior to December 31, 2009, shall be null and void.

(3) This subsection shall apply retroactively to all charter schools, cyber charter schools and associated nonprofit foundations that filed an appeal from an assessment, as provided in Article V of The General County Assessment Law, prior to the effective date of this subsection.

(4) For purposes of this subsection, "local taxing authority" shall include, but not be limited to, a county, city, borough, incorporated town, township or school district.
Compiler's Note: Section 24 of Act 104 of 2010, which added section 1722-A, provided that any regulations that are inconsistent with Act 104 are hereby abrogated to the extent of the inconsistency.

Section 1723-A. Enrollment.—(a) All resident children in this Commonwealth qualify for admission to a charter school within the provisions of subsection (b). If more students apply to the charter school than the number of attendance slots available in the school, then students must be selected on a random basis from a pool of qualified applicants meeting the established eligibility criteria and submitting an application by the deadline established by the charter school, except that the charter school may give preference in enrollment to a child of a parent who has actively participated in the development of the charter school and to siblings of students presently enrolled in the charter school. First preference shall be given to students who reside in the district or districts.

(b) (1) A charter school shall not discriminate in its admission policies or practices on the basis of intellectual ability, except as provided in paragraph (2), or athletic ability, measures of achievement or aptitude, status as a person with a disability, proficiency in the English language or any other basis that would be illegal if used by a school district.

(2) A charter school may limit admission to a particular grade level, a targeted population group composed of at-risk students, or areas of concentration of the school such as mathematics, science or the arts. A charter school may establish reasonable criteria to evaluate prospective students which shall be outlined in the school's charter.

(c) If available classroom space permits, a charter school may enroll nonresident students on a space-available basis, and the board of control of control established under section 692 or any other governing authority, unless agreed to by the charter school or cyber charter school as part of a written charter pursuant to section 1720-A.

(d) (1) Enrollment of students in a charter school or cyber charter school shall not be subject to a cap or otherwise limited by any past or future action of a board of school directors, a board of control established under Article XVII-B, a special board of control established under section 692 or any other governing authority, unless agreed to by the charter school or cyber charter school as part of a written charter pursuant to section 1720-A.

(2) The provisions of this subsection shall apply to a charter school or cyber charter school regardless of whether the charter was approved prior to or is approved subsequent to the effective date of this subsection.

(1723-A amended July 9, 2008, P.L.846, No.61)
(1723-A amended June 26, 1999, P.L.394, No.36)

Compiler's Note: Section 34 of Act 61 of 2008, which added section 1723-A(d), provided that Act 61 shall apply retroactively to July 1 2008.

Section 1724-A. School Staff.—(a) The board of trustees shall determine the level of compensation and all terms and conditions of employment of the staff except as may otherwise be provided in this article. At least seventy-five per centum
of the professional staff members of a charter school shall hold appropriate State certification. Employees of a charter school may organize under the act of July 23, 1970 (P.L. 563, No. 199), known as the "Public Employee Relations Act." The board of trustees of a charter school shall be considered an employer for the purposes of Article XI-A. Upon formation of one or more collective bargaining units at the school, the board of trustees shall bargain with the employees based on the provisions of this article, Article XI-A and the "Public Employee Relations Act." Collective bargaining units at a charter school shall be separate from any collective bargaining unit of the school district in which the charter school is located and shall be separate from any other collective bargaining unit. A charter school shall be considered a school entity as provided for in section 1161-A for the purpose of the secretary seeking an injunction requiring the charter school to meet the minimum requirements for instruction as provided for in this article.

(b) Each charter application shall list the general qualifications needed to staff any noncertified positions. Professional employees who do not hold appropriate Pennsylvania certification must present evidence that they:

(i) Meet the qualifications in sections 1109 and 1209.

(ii) Have demonstrated satisfactorily a combination of experience, achievement and qualifications as defined in the charter school application in basic skills, general knowledge, professional knowledge and practice and subject matter knowledge in the subject area where an individual will teach.

(c) All employees of a charter school shall be enrolled in the Public School Employees' Retirement System in the same manner as set forth in 24 Pa.C.S. § 8301(a) (relating to mandatory and optional membership) unless at the time of the application for the charter school the sponsoring district or the board of trustees of the charter school has a retirement program which covers the employees or the employee is currently enrolled in another retirement program. The Commonwealth shall make contributions on behalf of charter school employees enrolled in the Public School Employees' Retirement System.

The charter school shall be considered a school district and shall make payments by employers to the Public School Employees' Retirement System and payments on account of Social Security as established under 24 Pa.C.S. Pt. IV (relating to retirement for school employees). The market value/income aid ratio used in calculating payments as prescribed in this subsection shall be the market value/income aid ratio for the school district in which the charter school is located or, if the charter school is a regional charter school, shall be the aggregate market value/income aid ratio for the participating school districts as determined by the department. Except as otherwise provided, employees of a charter school shall make regular member contributions as required for active members under 24 Pa.C.S. Pt. IV. If the employees of the charter school participate in another retirement plan, then those employees shall have no concurrent claim on the benefits provided to public school employees under 24 Pa.C.S. Pt. IV. For purposes of this subsection, a charter school shall be deemed to be a "public school" as defined in 24 Pa.C.S. § 8102 (relating to definitions).

(d) Every employee of a charter school shall be provided the same health care benefits as the employee would be provided if
he or she were an employee of the local district. The local board of school directors may require the charter school to provide the same terms and conditions with regard to health insurance as in the collective bargaining agreement of the school district to include employee contributions to the district's health benefits plan. The charter school shall make any required employer's contribution to the district's health plan or to an insurer, a local board of school directors or a contractual representative of school employees, whichever is appropriate to provide the required coverage.

(e) Any public school employee of a school entity may request a leave of absence for up to five (5) years in order to work in a charter school located in the district of employment or in a regional charter school in which the employing school district is a participant. Approval for a leave shall not be unreasonably withheld.

(f) Temporary professional employees on leave from a school district may accrue tenure in the non-charter public school system at the discretion of the local board of school directors, the same as they would under Article XI if they had continued to be employed by that district. Professional employees on leave from a school district shall retain their tenure rights, as defined in Article XI, in the school entity from which they came. No temporary professional employee or professional employee shall have tenure rights as against a charter school. Both temporary professional employees and professional employees shall continue to accrue seniority in the school entity from which they came if they return to that school entity when the leave ends.

(g) Professional employees who hold a first level teaching or administrative certificate may, at their option, have the time completed in satisfactory service in a charter school applied to the length of service requirements for the next level of certification.

(h) (1) Any temporary professional employee or professional employee who leaves employment at a charter school shall have the right to return to a comparable position for which the person is properly certified in the school entity which granted the leave of absence. In the case where a teacher has been dismissed by the charter school, the school entity which granted the leave of absence is to be provided by the charter school with the reasons for such dismissal at the time it occurs, a list of any witnesses who were relied on by the charter school in moving for dismissal, a description of and access to any physical evidence used by the charter school in moving for dismissal and a copy of any record developed at any hearing conducted by the charter school. The record of any such hearing may be admissible in a hearing before the school entity which granted the leave of absence. Nothing in this section shall affect the authority of the board of school directors to initiate proceedings under Article XI if the board determines that occurrences at the charter school leading to dismissal of a teacher constitute adequate and independent grounds for discipline under section 3122.

(2) No temporary employee or professional employee who is leaving employment at a charter school shall be returned to a position in the public school district which granted his leave of absence until such public school district is in receipt of a current criminal history record under section 311 and the official clearance statement regarding child injury or abuse
from the Department of Public Welfare as required by 23 Pa.C.S. Ch. 63 Subch. C.2 (relating to background checks for employment in schools).

(i) All individuals who shall have direct contact with students shall be required to submit a report of criminal history record information as provided for in section 111 prior to accepting a position with the charter school. This subsection shall also apply to any individual who volunteers to work on a full-time or part-time basis at the charter school.

(j) All applicants for a position as a school employee shall be required to submit the official clearance statements regarding child injury or abuse from the Department of Public Welfare as required by 23 Pa.C.S. Ch. 63 Subch. C.2. This section shall also apply to any individual who volunteers to work on a full-time or part-time basis at a charter school.

(1724-A added June 19, 1997, P.L.225, No.22)

Section 1725-A. Funding for Charter Schools.--(a) Funding for a charter school shall be provided in the following manner:

(1) There shall be no tuition charge for a resident or nonresident student attending a charter school.

(2) For non-special education students, the charter school shall receive for each student enrolled no less than the budgeted total expenditure per average daily membership of the prior school year, as defined in section 2501(20), minus the budgeted expenditures of the district of residence for nonpublic school programs; adult education programs; community/junior college programs; student transportation services; for special education programs; facilities acquisition, construction and improvement services; and other financing uses, including debt service and fund transfers as provided in the Manual of Accounting and Related Financial Procedures for Pennsylvania School Systems established by the department. This amount shall be paid by the district of residence of each student.

(3) For special education students, the charter school shall receive for each student enrolled the same funding as for each non-special education student as provided in clause (2), plus an additional amount determined by dividing the district of residence’s total special education expenditure by the product of multiplying the combined percentage of section 2503.5(k) times the district of residence’s total average daily membership for the prior school year. This amount shall be paid by the district of residence of each student.

(4) A charter school may request the intermediate unit in which the charter school is located to provide services to assist the charter school to address the specific needs of students. The intermediate unit shall assign the charter school and bill the charter school for the services. The intermediate unit may not charge the charter school more for any service than it charges the constituent districts of the intermediate unit.

(5) Payments shall be made to the charter school in twelve equal monthly payments, by the fifth day of each month, within the operating school year. A student enrolled in a charter school shall be included in the average daily membership of the student’s district of residence for the purpose of providing basic education funding payments and special education funding pursuant to Article XXV. If a school district fails to make a payment to a charter school as prescribed in this clause, the secretary shall deduct the
estimated amount, as documented by the charter school, from any and all State payments made to the district after receipt of documentation from the charter school.

(b) Within thirty (30) days after the secretary makes the deduction described in clause (5), a school district may notify the secretary that the deduction made from State payments to the district under this subsection is inaccurate. The secretary shall provide the school district with an opportunity to be heard concerning whether the charter school documented that its students were enrolled in the charter school, the period of time during which each student was enrolled, the school district of residence of each student and whether the amounts deducted from the school district were accurate.

((a) amended June 29, 2002, P.L.524, No.88)
((b) The Commonwealth shall provide temporary financial assistance to a school district due to the enrollment of students in a charter school who attended a nonpublic school in the prior school year in order to offset the additional costs directly related to the enrollment of those students in a public charter school. The Commonwealth shall pay the school district of residence of a student enrolled in a nonpublic school in the prior school year who is attending a charter school an amount equal to the school district of residence's basic education subsidy for the current school year divided by the district's average daily membership for the prior school year. This payment shall occur only for the first year of the attendance of the student in a charter school, starting with the school year 1997-1998. Total payments of temporary financial assistance to school districts on behalf of a student enrolling in a charter school who attended a nonpublic school in the prior school year shall be limited to funds appropriated for this program in a fiscal year. If the total of the amount needed for all students enrolled in a nonpublic school in the prior school year who enroll in a charter school exceeds the appropriation for the temporary financial assistance program, the amount paid to a school district for each qualifying student shall be pro rata reduced. Receipt of funds under this subsection shall not preclude a school district from applying for a grant under subsection (c).

(c) The Commonwealth shall create a grant program to provide temporary transitional funding to a school district due to the budgetary impact relating to any student's first-year attendance at a charter school. The department shall develop criteria which shall include, but not be limited to, the overall fiscal impact on the budget of the school district resulting from students of a school district attending a charter school. The criteria shall be published in the Pennsylvania Bulletin. This subsection shall not apply to a public school converted to a charter school under section 1717-A(b). Grants shall be limited to funds appropriated for this purpose. ((c) amended June 22, 2001, P.L.530, No.35)

(d) It shall be lawful for any charter school to receive, hold, manage and use, absolutely or in trust, any devise, bequest, grant, endowment, gift or donation of any property, real or personal and/or mixed, which shall be made to the charter school for any of the purposes of this article.

(e) It shall be unlawful for any trustee of a charter school or any board of trustees of a charter school or any other person affiliated in any way with a charter school to demand or request, directly or indirectly, any gift, donation
or contribution of any kind from any parent, teacher, employee or any other person affiliated with the charter school as a condition for employment or enrollment and/or continued attendance of any pupil. Any donation, gift or contribution received by a charter school shall be given freely and voluntarily.

(1725-A added June 19, 1997, P.L.225, No.22)

Section 1726-A. Transportation.--(a) Students who attend a charter school located in their school district of residence, a regional charter school of which the school district is a part or a charter school located outside district boundaries at a distance not exceeding ten (10) miles by the nearest public highway shall be provided free transportation to the charter school by their school district of residence on such dates and periods that the charter school is in regular session whether or not transportation is provided on such dates and periods to students attending schools of the district. Transportation is not required for elementary students, including kindergarten students, residing within one and one-half (1.5) miles or for secondary students residing within two (2) miles of the nearest public highway from the charter school in which the students are enrolled unless the road or traffic conditions are such that walking constitutes a hazard to the safety of the students when so certified by the Department of Transportation, except that if the school district provides transportation to the public schools of the school district for elementary students, including kindergarten students, residing within one and one-half (1.5) miles or for secondary students residing within two (2) miles of the nearest public highway under nonhazardous conditions, transportation shall also be provided to charter schools under the same conditions. Districts providing transportation to a charter school outside the district and, for the 2007-2008 school year and each school year thereafter, districts providing transportation to a charter school within the district shall be eligible for payments under section 2509.3 for each public school student transported. ((a) amended July 9, 2008, P.L.846, No.61)

(a.1) In addition to any other requirements in this section, school districts of the first class shall provide transportation to students who attend a charter school if they are the same age or are enrolled in the same grade, grades or their grade equivalents as any of the students of the school district for whom transportation is provided under any program or policy to the schools of the school district.

(b) In the event that the Secretary of Education determines that a school district is not providing the required transportation to the charter school students, the Department of Education shall pay directly to the charter school funds for costs incurred in the transportation of its students. Payments to a charter school shall be determined in the following manner: for each eligible student transported, the charter school shall receive a payment equal to the total expenditures for transportation of the school district divided by the total number of school district students transported by the school district under any program or policy.

(c) The department shall deduct the amount paid to the charter school under subsection (b) from any and all payments made to the district.

(d) A school district of the first class shall submit a copy of its current transportation policy to the department no
later than August 1 of each year.
(1726-A amended July 11, 2006, P.L.1092, No.114)

Compiler's Note: Section 34 of Act 61 of 2008, which amended section 1726-A(a), provided that Act 61 shall apply retroactively to July 1 2008.

Section 1727-A. Tort Liability.--For purposes of tort liability, employees of the charter school shall be considered public employees and the board of trustees shall be considered the public employer in the same manner as political subdivisions and local agencies. The board of trustees of a charter school and the charter school shall be solely liable for any and all damages of any kind resulting from any legal challenge involving the operation of a charter school. Notwithstanding this requirement, the local board of directors of a school entity shall not be held liable for any activity or operation related to the program of the charter school.
(1727-A added June 19, 1997, P.L.225, No.22)

Section 1728-A. Annual Reports and Assessments.--(a) The local board of school directors shall annually assess whether each charter school is meeting the goals of its charter and shall conduct a comprehensive review prior to granting a five (5) year renewal of the charter. The local board of school directors shall have ongoing access to the records and facilities of the charter school to ensure that the charter school is in compliance with its charter and this act and that requirements for testing, civil rights and student health and safety are being met.

(b) In order to facilitate the local board's review and secretary's report, each charter school shall submit an annual report no later than August 1 of each year to the local board of school directors and the secretary in the form prescribed by the secretary.

(c) Five (5) years following the effective date of this article, the secretary shall contract with an independent professional consultant with expertise in public and private education. The consultant shall receive input from members of the educational community and the public on the charter school program. The consultant shall submit a report to the secretary, the Governor and the General Assembly and an evaluation of the charter school program, which shall include a recommendation on the continuation, modification, expansion or termination of the program and any recommendations for changes in the structure of the program.
(1728-A added June 19, 1997, P.L.225, No.22)

Section 1729-A. Causes for Nonrenewal or Termination.--(a) During the term of the charter or at the end of the term of the charter, the local board of school directors may choose to revoke or not to renew the charter based on any of the following:

1. One or more material violations of any of the conditions, standards or procedures contained in the written charter signed pursuant to section 1720-A.
2. Failure to meet the requirements for student performance set forth in 22 Pa. Code Ch. 5 (relating to curriculum) or subsequent regulations promulgated to replace 22 Pa. Code Ch. 5 or failure to meet any performance standard set forth in the written charter signed pursuant to section 1716-A.
3. Failure to meet generally accepted standards of fiscal management or audit requirements.
(4) Violation of provisions of this article.
(5) Violation of any provision of law from which the charter school has not been exempted, including Federal laws and regulations governing children with disabilities.
(6) The charter school has been convicted of fraud.
(a.1) When a charter school located in a school district of the first class is in corrective action status and seeks renewal of its charter, if the governing body of the school district of the first class renews the charter, it may place specific conditions in the charter that require the charter school to meet specific student performance targets within stated periods of time subject to the following:
(i) The performance targets and the periods of time in which the performance targets must be met shall be reasonable.
(ii) The placement of conditions in a charter as specified in this subsection shall not be considered an adjudication and may not be appealed to the State Charter School Appeal Board.
(iii) If the charter school fails to meet the performance targets within the stated period of time, such failure shall be sufficient cause for revocation of the charter.
((a.1) added July 9, 2008, P.L.846, No.61)
(b) A member of the board of trustees who is convicted of a felony or any crime involving moral turpitude shall be immediately disqualified from serving on the board of trustees.
(c) Any notice of revocation or nonrenewal of a charter given by the local board of school directors of a school district shall state the grounds for such action with reasonable specificity and give reasonable notice to the governing board of the charter school of the date on which a public hearing concerning the revocation or nonrenewal will be held. The local board of school directors shall conduct such hearing, present evidence in support of the grounds for revocation or nonrenewal stated in its notice and give the charter school reasonable opportunity to offer testimony before taking final action. Formal action revoking or not renewing a charter shall be taken by the local board of school directors at a public meeting pursuant to the act of July 3, 1986 (P.L.388, No.84), known as the "Sunshine Act," after the public has had thirty (30) days to provide comments to the board. All proceedings of the local board pursuant to this subsection shall be subject to 2 Pa.C.S. Ch. 5 Subch. B (relating to practice and procedure of local agencies). Except as provided in subsection (d), the decision of the local board shall not be subject to 2 Pa.C.S. Ch. 7 Subch. B (relating to judicial review of local agency action).
(d) Following the appointment and confirmation of the appeal board but not before July 1, 1993, the charter school may appeal the decision of the local board of school directors to revoke or not renew the charter to the appeal board. The appeal board shall have the exclusive review of a decision not to renew or revoke a charter. The appeal board shall review the record and shall have the discretion to supplement the record if the supplemental information was previously unavailable. The appeal board may consider the charter school plan, annual reports, student performance and employee and community support for the charter school in addition to the record. The appeal board shall give due consideration to the findings of the local board of directors and specifically articulate its reasons for agreeing or disagreeing with those findings in its written decision.
(e) If the appeal board determines that the charter should not be revoked or should be renewed, the appeal board shall order the local board of directors to rescind its revocation or nonrenewal decision.

(f) Except as provided in subsection (g), the charter shall remain in effect until final disposition by the appeal board.

(g) In cases where the health or safety of the school's pupils, staff or both is at serious risk, the local board of school directors may take immediate action to revoke a charter.

(h) All decisions of the charter school appeal board shall be subject to appellate review by the Commonwealth Court.

(i) When a charter is revoked, not renewed, forfeited, surrendered or otherwise ceases to operate, the charter school shall be dissolved. After the disposition of any liabilities and obligations of the charter school, any remaining assets of the charter school, both real and personal, shall be distributed on a proportional basis to the school entities with students enrolled in the charter school for the last full or partial school year of the charter school. In no event shall such school entities or the Commonwealth be liable for any outstanding liabilities or obligations of the charter school.

(j) When a charter is revoked or is not renewed, a student who attended the charter school shall apply to another public school in the student's school district of residence. Normal application deadlines will be disregarded under these circumstances. All student records maintained by the charter school shall be forwarded to the student's district of residence.

(1729-A added June 19, 1997, P.L.225, No.22)

Compiler's Note: Section 34 of Act 61 of 2008, which added section 1729-A(a.1), provided that Act 61 shall apply retroactively to July 1, 2008.

Section 1730-A. Desegregation Orders.—The local board of school directors of a school district which is operating under a desegregation plan approved by the Pennsylvania Human Relations Commission or a desegregation order by a Federal or State court shall not approve a charter school application if such charter school would place the school district in noncompliance with its desegregation order.

(1730-A added June 19, 1997, P.L.225, No.22)

Section 1731-A. Charter School Grants.—(a) The secretary shall allocate grants for planning and start-up funding to eligible applicants under section 1717-A from funds appropriated for the implementation of this act.

(1) Planning grant applications shall be filed on a form and by a date determined by the secretary. The amount of a grant may vary depending on the size and scope of the planning needed by the applicant. The application shall address the manner in which the applicant plans to address the criteria established for charter schools in sections 1715-A and 1717-A.

(2) Start-up funding grant applications shall be filed on a form and by a date determined by the secretary. The applicant for the charter school shall submit its application for a charter when applying for the grant. A grant for start-up funding may vary depending on the size and special characteristics of the charter school. A start-up grant may be used to meet the expenses of the charter school as established in their charter and as authorized in the provisions of this act.
article.

(b) The applicant shall include a copy of a letter informing the local board of school directors of the school district of the application for the planning grant if the location of the proposed charter school is known. An applicant receiving a start-up funding grant shall notify the school district or districts signing the charter of receipt of this grant.

(1731-A added June 19, 1997, P.L.225, No.22)

Section 1732-A. Provisions Applicable to Charter Schools.--

(a) Charter schools shall be subject to the following:


Act of July 17, 1961 (P.L.776, No.341), known as the "Pennsylvania Fair Educational Opportunities Act."

Act of July 19, 1965 (P.L.215, No.116), entitled "An act providing for the use of eye protective devices by persons engaged in hazardous activities or exposed to known dangers in schools, colleges and universities."

Section 4 of the act of January 25, 1966 (1965 P.L.1546, No.541), entitled "An act providing scholarships and providing funds to assure Federal funds for qualified students of the Commonwealth of Pennsylvania who need financial assistance to attend postsecondary institutions of higher learning, making an appropriation, and providing for the administration of this act."

Act of July 12, 1972 (P.L.765, No.181), entitled "An act relating to drugs and alcohol and their abuse, providing for projects and programs and grants to educational agencies, other public or private agencies, institutions or organizations."

Act of December 15, 1986 (P.L.1595, No.175), known as the "Anti-Hazing Law."

(b) Charter schools shall be subject to the following provisions of 22 Pa. Codes:

Section 5.216 (relating to ESOL).
Section 9.4 (relating to general policies).
Chapter 11 (relating to pupil attendance).
Chapter 12 (relating to students).
Section 32.3 (relating to assurances).
Section 121.3 (relating to discrimination prohibited).
Section 235.4 (relating to practices).
Section 235.8 (relating to civil rights).
Section 1211 (relating to charter school services and programs for children with disabilities).

(c) (1) The secretary may promulgate additional regulations relating to charter schools.

(2) The secretary shall have the authority and the responsibility to ensure that charter schools comply with Federal laws and regulations governing children with disabilities. The secretary shall promulgate regulations to implement this provision.

(1732-A amended June 29, 2002, P.L.524, No.88)

(c) Cyber Charter Schools.

(Subdiv. added June 29, 2002, P.L.524, No.88)
Compiler's Note: Section 33 of Act 88 of 2002 provided that the purpose of the addition of Subdivision (c) is to provide for the continued operation of charter schools approved under section 1717-A or 1718-A and which provide instruction through the Internet or other electronic means and to establish additional requirements for all cyber charter schools.

Section 1741-A. Powers and duties of department.
(a) Powers and duties.--The department shall:
(1) Receive, review and act on applications for the creation of a cyber charter school and have the power to request further information from applicants, obtain input from interested persons or entities and hold hearings regarding applications.
(2) Renew the charter of cyber charter school and renew the charter of a charter school approved under section 1717-A or 1718-A which provides instruction through the Internet or other electronic means. Upon renewal of a charter of a charter school approved under section 1717-A or 1718-A, the charter school shall qualify as a cyber charter school under this subdivision and shall be subject to the provisions of this subdivision.
(3) Revoke or deny renewal of a cyber charter school's charter under the provisions of section 1729-A.
   (i) Notwithstanding the provisions of section 1729-A(i), when the department has revoked or denied renewal of a charter, the cyber charter school shall be dissolved. After the disposition of the liabilities and obligations of the cyber charter school, any remaining assets of the cyber charter school shall be given over to the intermediate unit in which the cyber charter school's administrative office was located for distribution to the school districts in which the students enrolled in the cyber charter school reside at the time of dissolution.
   (ii) Notwithstanding any laws to the contrary, the department may, after notice and hearing, take immediate action to revoke a charter if:
      (A) a material component of the student's education as required under this subdivision is not being provided; or
      (B) the cyber charter school has failed to maintain the financial ability to provide services as required under this subdivision.
(4) Execute charters after approval.
(5) Develop forms, including the notification form under section 1748-A(b), necessary to carry out the provisions of this subdivision.
(b) Hearings.--Hearings conducted by the department shall be conducted under 65 Pa.C.S. Ch. 7 (relating to open meetings).
(c) Documents.--Documents of the appeal board shall be subject to the act of June 21, 1957 (P.L.390, No.212), referred to as the Right-to-Know Law.
(1741-A added June 29, 2002, P.L.524, No.88)
2008 (P.L.6, No.3), known as the Right-to-Know Law.
Section 1742-A. Assessment and evaluation.
The department shall:
(1) Annually assess whether each cyber charter school is meeting the goals of its charter and is in compliance with the provisions of the charter and conduct a comprehensive review prior to granting a five-year renewal of the charter.
(2) Annually review each cyber charter school's performance on the Pennsylvania System of School Assessment test, standardized tests and other performance indicators to ensure compliance with 22 Pa. Code Ch. 4 (relating to academic standards and assessment) or subsequent regulations promulgated to replace 22 Pa. Code Ch. 4.
(3) Have ongoing access to all records, instructional materials and student and staff records of each cyber charter school and to every cyber charter school facility to ensure the cyber charter school is in compliance with its charter and this subdivision.
(1742-A added June 29, 2002, P.L.524, No.88)
Section 1743-A. Cyber charter school requirements and prohibitions.
(a) Special financial requirements prohibited.--A cyber charter school shall not:
(1) provide discounts to a school district or waive payments under section 1725-A for any student;
(2) except as provided for in subsection (e), provide payments to parents or guardians for the purchase of instructional materials; or
(3) except as compensation for the provision of specific services, enter into agreements to provide funds to a school entity.
(b) Enrollment.--A cyber charter school shall report to the department an increase or a decrease of 30% or more in its anticipated enrollment set forth in the application under section 1747-A(11).
(c) School district.--A cyber charter school shall make available upon request, either in writing or electronically, to each student's school district of residence the following:
(1) A copy of the charter.
(2) A copy of the cyber charter school application.
(3) A copy of all annual reports prepared by the cyber charter school.
(4) A list of all students from that school district enrolled in the cyber charter school.
(d) Parent or guardian.--Upon request and prior to the student's first day in a cyber charter school, the cyber charter school shall, either in writing or electronically, provide to the parent or guardian of a student the following:
(1) A list and brief description of the courses of instruction the student will receive. The list shall be updated annually for each grade level in which the student is enrolled.
(2) A description of the lessons and activities to be offered both online and offline.
(3) The manner in which attendance will be reported and work will be authenticated.
(4) A list of all standardized tests the student will be required to take during the school year and the place where the test will be administered, if available.
(5) The meetings to be held during the school year
between a parent or guardian and a teacher and among other
school officials or parents or guardians and the manner in
which the parent or guardian will be notified of the time
and place for the meeting.
(6) The address of the cyber charter school and the
name, telephone number and e-mail address of the school
administrator and other school personnel.
(7) A list of any extracurricular activities provided
by the cyber charter school.
(8) The names of the student's teachers, if available,
and the manner in which each teacher can be contacted by
the student or the parent or guardian.
(9) A list of all services that will be provided to the
student by the cyber charter school.
(10) Copies of policies relating to computer security
and privacy, truancy, absences, discipline and withdrawal or
expulsion of students.
(11) Information on:
(i) The cyber charter school's professional staff,
including the number of staff personnel, their education
level and experience.
(ii) The cyber charter school's performance on the
PSSA and other standardized test scores.
(12) Information regarding the proper usage of
equipment and materials and the process for returning
equipment and materials supplied to the students by the
cyber charter school. A parent or guardian shall
acknowledge, either in writing or electronically, the
receipt of this information.
(13) A description of the school calendar, including,
but not limited to, the time frame that will constitute a
school year and a school week, holidays and term breaks.
(a) Students.--For each student enrolled, a cyber charter
school shall:
(1) provide all instructional materials;
(2) provide all equipment, including, but not limited
to, a computer, computer monitor and printer; and
(3) provide or reimburse for all technology and
services necessary for the on-line delivery of the
curriculum and instruction.
The Commonwealth shall not be liable for any reimbursement owed
to students, parents or guardians by a cyber charter school
under paragraph (3).
(f) Annual report.--A cyber charter school shall submit an
annual report no later than August 1 of each year to the
department in the form prescribed by the department.
(g) Records and facilities.--A cyber charter school shall
provide the department with ongoing access to all records and
facilities necessary for the department to assess the cyber
charter school in accordance with the provisions of this
subdivision.
(h) Offices and facilities.--A cyber charter school shall
maintain an administrative office within this Commonwealth
where all student records shall be maintained at all times and
shall provide the department with the addresses of all offices
and facilities of the cyber charter school, the ownership
thereof and any lease arrangements. The administrative office
of the cyber charter school shall be considered as the
principal place of business for service of process for any
action brought against the cyber charter school or cyber charter school staff members. The cyber charter school shall notify the department of any changes in this information within ten days of the change.

(i) Applicable law.--Any action taken against the cyber charter school, its successors or assigns or its employees, including any cyber charter school staff member as defined in the act of December 12, 1973 (P.L.397, No.141), known as the Professional Educator Discipline Act, shall be governed by the laws of this Commonwealth. If the department initiates an investigation or pursues an action pursuant to the Professional Educator Discipline Act involving any current or former charter school staff member outside this Commonwealth, any reasonable expenses incurred by the department in such investigation or action shall be paid by the cyber charter school which employed that staff member at the time of the alleged misconduct.

(1743-A added June 29, 2002, P.L.524, No.88)

Section 1744-A. School district and intermediate unit responsibilities.

An intermediate unit or a school district in which a student enrolled in a cyber charter school resides shall do all of the following:

1. Provide the cyber charter school within ten days of receipt of the notice of the admission of the student under section 1748-A(a) with all records relating to the student, including transcripts, test scores and a copy of any individualized education program for that student.

2. Provide the cyber charter school with reasonable access to its facilities for the administration of standardized tests required under this subdivision.

3. Upon request, provide assistance to the cyber charter school in the delivery of services to a student with disabilities. The school district or intermediate unit shall not charge the cyber charter school more for a service than it charges a school district.

4. Make payments to the cyber charter school under section 1725-A.

(1744-A added June 29, 2002, P.L.524, No.88)

Section 1745-A. Establishment of cyber charter school.

Cyber charter school establishment.--A cyber charter school may be established by an individual; one or more teachers who will teach at the proposed cyber charter school; parents or guardians of students who will enroll in the cyber charter school; a nonsectarian college, university or museum located in this Commonwealth; a nonsectarian corporation not-for-profit as defined in 15 Pa.C.S. § 5103 (relating to definitions); a corporation, partnership or any combination of the foregoing. Section 1327.1 shall not apply to a cyber charter school established under this subdivision.

(b) Sectarian entities.--No cyber charter school shall be established or funded by and no charter shall be granted to a sectarian school, institution or other entity.

(c) Attendance.--Attendance at a cyber charter school shall satisfy requirements for compulsory attendance.

(d) Application.--An application to establish a cyber charter school shall be submitted to the department by October 1 of the school year preceding the school year in which the cyber charter school proposes to commence operation.

(e) Grant or denial.--Within 120 days of receipt of an application, the department shall grant or deny the
application. The department shall review the application and shall hold at least one public hearing under 65 Pa.C.S. Ch. 7 (relating to open meetings). At least 30 days prior to the hearing, the department shall publish in the Pennsylvania Bulletin and on the department's World Wide Web site notice of the hearing and the purpose of the application.

(f) Evaluation criteria.--

(1) A cyber charter school application submitted under this subdivision shall be evaluated by the department based on the following criteria:

(i) The demonstrated, sustainable support for the cyber charter school plan by teachers, parents or guardians and students.

(ii) The capability of the cyber charter school applicant, in terms of support and planning, to provide comprehensive learning experiences to students under the charter.

(iii) The extent to which the programs outlined in the application will enable students to meet the academic standards under 22 Pa. Code Ch. 4 (relating to academic standards and assessment) or subsequent regulations promulgated to replace 22 Pa. Code Ch. 4.

(iv) The extent to which the application meets the requirements of section 1747-A.

(v) The extent to which the cyber charter school may serve as a model for other public schools.

(2) Written notice of the action of the department shall be sent by certified mail to the applicant and published on the department's World Wide Web site. If the application is denied, the reasons for denial, including a description of deficiencies in the application, shall be clearly stated in the notice.

(3) Upon approval of a cyber charter school application, a written charter shall be developed which shall contain the provisions of the charter application and be signed by the secretary and each member of the board of trustees of the cyber charter school. The charter, when duly signed, shall act as legal authorization of the establishment of a cyber charter school. The charter shall be lodged by the department, the cyber charter school and its board of trustees. The charter shall be for a period of no less than three years nor more than five years and may be renewed for a period of five years by the department.

(4) The decision of the department to deny an application may be appealed to the appeal board.

(g) Appeal.--A cyber charter school applicant may revise and resubmit a denied application. The appeal board shall grant or deny the revised application within 60 days after its receipt.

(h) Appeal.--If the department fails to hold the required public hearing or to approve or disapprove the charter, the applicant may file its application as an appeal to the appeal board. The appeal board shall review the application and make a decision to approve or disapprove the charter based on the criteria in subsection (f).

(1745-A added June 29, 2002, P.L.524, No.88)

Section 1746-A. State Charter School Appeal Board review.

(a) Jurisdiction.--The appeal board shall have the exclusive review of an appeal by a cyber charter school
applicant or by the board of trustees of a cyber charter school on the decisions of the department, including:

(1) The denial of an application for a charter.
(2) The denial of a renewal of a charter.
(3) The revocation of a charter.
(4) An appeal under section 1745-A(h).
(b) Procedure.--The appeal board shall:
(1) Review the decision made by the department under subsection (a) on the record as certified by the department. The secretary shall recuse himself from all cyber charter school appeals and shall not participate in a hearing, deliberation or vote on a cyber charter school appeal. The appeal board may allow the department, the cyber charter school applicant or the board of trustees of a cyber charter school to supplement the record if the supplemental information was previously unavailable.
(2) Meet to officially review the certified record no later than 30 days after the date of filing the appeal.
(3) Issue a written decision affirming or denying the appeal no later than 60 days following its review.
(4) In the case of a decision by the department to deny a cyber charter application, make its decision based on section 1745-A(f)(1). A decision by the appeal board to reverse the decision of the department and grant a charter shall serve as a requirement for the secretary to sign the written charter of the cyber charter school.
(5) In the case of a decision by the department to revoke or deny renewal of a cyber school charter in accordance with section 1741-A(a){3}, make its decision based on section 1729-A(a). A decision of the appeal board to reverse the decision of the department to not revoke or deny renewal of a charter shall serve as a requirement of the department to not revoke or to not deny renewal of the charter of the cyber charter school.
(c) Stay.--If the department appeals the decision of the appeal board, the appeal board's decision shall be stayed only upon order of the appeal board, the Commonwealth Court or the Pennsylvania Supreme Court.
(d) Review.--All decisions of the appeal board shall be subject to appellate review by the Commonwealth Court.
1746-A added June 29, 2002, P.L.524, No.88
Section 1747-A. Cyber charter school application.
In addition to the provisions of section 1719-A, an application to establish a cyber charter school shall also include the following:
(1) The curriculum to be offered and how it meets the requirements of 22 Pa. Code Ch. 4 (relating to academic standards and assessment) or subsequent regulations promulgated to replace 22 Pa. Code Ch. 4.
(2) The number of courses required for elementary and secondary students.
(3) An explanation of the amount of on-line time required for elementary and secondary students.
(4) The manner in which teachers will deliver instruction, assess academic progress and communicate with students to provide assistance.
(5) A specific explanation of any cooperative learning opportunities, meetings with students, parents and guardians, field trips or study sessions.
(6) The technology, including types of hardware and
software, equipment and other materials which will be provided by the cyber charter school to the student.

(7) A description of how the cyber charter school will define and monitor a student's school day, including the delineation of on-line and off-line time.

(8) A description of commercially prepared standardized achievement tests that will be used by the cyber charter school in addition to the Pennsylvania System of School Assessment test, including the grade levels that will be tested and how the data collected from the tests will be used to improve instruction.

(9) The technical support that will be available to students and parents or guardians.

(10) The privacy and security measures to ensure the confidentiality of data gathered online.

(11) The level of anticipated enrollment during each school year of the proposed charter, including expected increases due to the addition of grade levels.

(12) The methods to be used to insure the authenticity of student work and adequate proctoring of examinations.

(13) The provision of education and related services to students with disabilities, including evaluation and the development and revision of individualized education programs.

(14) Policies regarding truancy, absences and withdrawal of students, including the manner in which the cyber charter school will monitor attendance consistent with the provisions of section 1715-A(9).

(15) The types and frequency of communication between the cyber charter school and the student and the manner in which the cyber charter school will communicate with parents and guardians.

(16) The addresses of all facilities and offices of the cyber charter school, the ownership thereof and any lease arrangements.

(1747-A added June 29, 2002, P.L.524, No.88)

Section 1748-A. Enrollment and notification.

(a) Notice to school district.--

(i) Within 15 days of the enrollment of a student to a cyber charter school, the parent or guardian and the cyber charter school shall notify the student's school district of residence of the enrollment through the use of the notification form under subsection (b).

(ii) If a school district which has received notice under paragraph (1) determines that a student is not a resident of the school district, the following apply:

(A) Within seven days of receipt of the notice under paragraph (1), the school district shall notify the cyber charter school and the department that the student is not a resident of the school district. Notification of nonresidence shall include the basis for the determination.

(B) Within seven days of notification under subparagraph (a), the cyber charter school shall review the notification of nonresidence, respond to the school district and provide a copy of the response to the department. If the cyber charter school agrees that a student is not a resident of the school district, it shall determine the proper district of residence of the student before requesting funds from another school district.
district.

(iii) Within seven days of receipt of the response under subparagraph (ii), the school district shall notify the cyber charter school that it agrees with the cyber charter school's determination or does not agree with the cyber charter school's determination.

(iv) A school district that has notified the cyber charter school that it does not agree with the cyber charter school's determination under subparagraph (iii) shall appeal to the department for a final determination.

(v) All decisions of the department regarding the school district of residence of a student shall be subject to review by the Commonwealth Court.

(vi) A school district shall continue to make payments to a cyber charter school under section 1725-A during the time in which the school district of residence of a student is in dispute.

(vii) If a final determination is made that a student is not a resident of an appealing school district, the cyber charter school shall return all funds provided on behalf of that student to the school district within 30 days.

(b) Notification form.--The department shall develop a notification form for use under subsection (a). The notification shall include:

1. The name, home address and mailing address of the student.
2. The grade in which the student is being enrolled.
3. The date the student will be enrolled.
4. The name and address of the cyber charter school and the name and telephone number of a contact person able to provide information regarding the cyber charter school.
5. The signature of the parent or guardian and an authorized representative of the cyber charter school.

(c) Withdrawal.--The cyber charter school and the parent or guardian of a student enrolled in a cyber charter school shall provide written notification to the student's school district of residence within 15 days following the withdrawal of a student from the cyber charter school.

(1748-A added June 29, 2002, P.L.524, No.88)

Section 1749-A. Applicability of other provisions of this act and of other acts and regulations.

(a) General requirements.--Cyber charter schools shall be subject to the following:


2. The act of July 17, 1961 (P.L.776, No.341), known as the Pennsylvania Fair Educational Opportunities Act.
3. The act of July 19, 1965 (P.L.215, No.116), entitled "An act providing for the use of eye protective devices by persons engaged in hazardous activities or exposed to known dangers in schools, colleges and universities."

www.legis.state.pa.us/cfdocs/Legis/CheckBill.cfm?b=H17&m=1948&s=ind&isind=0&year=0&act=014&chpt=17A
(4) Section 4 of the act of January 25, 1966 (1965 P.L.1546, No.541), entitled "An act providing scholarships and providing funds to secure Federal funds for qualified students of the Commonwealth of Pennsylvania who need financial assistance to attend postsecondary institutions of higher learning, making an appropriation, and providing for the administration of this act."

(5) The act of July 12, 1972 (P.L.765, No.181) entitled "An act relating to drugs and alcohol and their abuse, providing for projects and programs and grants to educational agencies, other public or private agencies, institutions or organizations."


(b) Regulations.--Cyber charter schools shall be subject to the following provisions of 22 Pa. Code (relating to education):

1. Chapter 4 (relating to academic standards and assessment).
2. Chapter 11 (relating to pupil attendance).
3. Chapter 12 (relating to students).
4. Section 32.3 (relating to assurances).
5. Section 121.3 (relating to discrimination prohibited).
6. Section 235.4 (relating to practices).
7. Section 235.8 (relating to civil rights).
8. Chapter 711 (relating to charter school services and programs for children with disabilities).

(c) Existing charter schools.--

1. The charter of a charter school approved under section 1717-A or 1718-A which provides instruction through the Internet or other electronic means shall remain in effect for the duration of the charter and shall be subject to the provisions of Subdivision (b).

2. In addition to subsections (a) and (b), the following provisions of this subdivision shall apply to a charter school approved under section 1717-A or 1718-A which provides instruction through the Internet or other electronic means:

   (i) Section 1743-A(c), (d), (e), (h) and (i).
   (ii) Section 1744-A.
   (iii) Section 1748-A.

(1749-A added June 29, 2002, P.L.524, No.88)

Section 1750-A. Effect on certain existing charter schools.

(a) Determination.--For a charter school approved under section 1717-A or 1718-A which provides instruction through the Internet or other electronic means, prior to August 15, 2002, the department shall determine:

1. whether the charter school is in compliance with this subdivision;

2. whether the charter school has provided notification of the enrollment of each existing student to the school district of residence; and

3. how the charter school plans to comply with section 1743-A(d).

(b) Notification of compliance.--Prior to August 15, 2002, the department shall:

1. Notify each charter school and the chartering school district of the department's determination under subsection (a). The notification shall include specific
1. Publish a copy of the notification on the department's World Wide Web site.
2. Charter school requirement. A charter school subject to the requirements of this section shall, either in writing or electronically, provide the parent or guardian of any student enrolled in the charter school a copy of the department's determination under subsection (b).
3. School districts. A school district shall not renew the charter of a charter school approved under section 1717-A or 1718-A which provides instruction through the Internet or other electronic means or approve a charter for a cyber charter school.
4. Renewal of charter for certain existing charter schools. Upon the expiration of its charter, a charter school approved under section 1717-A or 1718-A which provides instruction through the Internet or other electronic means shall seek renewal of its charter from the department under this subdivision. The charter shall be amended as needed to reflect the requirements of this subdivision.

Section 1751-A. Regulations.
The department may issue regulations to implement this subdivision.

(1751-A added June 29, 2002, P.L.524, No.88)
Appendix B

Map of Intermediate Unit 10
# Appendix C – PDE 363

## FUNDING FOR CHARTER SCHOOLS

### Calculation of Selected Expenditures Per Average Daily Membership

**PDE-363 (5/2003)**

<table>
<thead>
<tr>
<th>Name of School District</th>
<th>County Name</th>
<th>Administrative Unit Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Penna Valley Area School District</td>
<td>Centre</td>
<td>1-10-14-700-3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Signature of Superintendent</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brian D. Ditt</td>
<td>9-6-06</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Contact Person</th>
<th>Telephone Number</th>
<th>Ext.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pamela Farabugh, Business Manager</td>
<td>814-422-8814</td>
<td>5238</td>
</tr>
</tbody>
</table>

**FUNDING FOR CHARTER SCHOOLS FOR 2006-2007 SCHOOL YEAR**

**Calculation based on budgeted expenditures and estimated average daily membership for 2005-2006 school year (immediately preceding year).**

**NOTE:** When completing this form, use the most updated version of the General Fund Budget for the school year immediately preceding the school year for which payments will be made to a charter school.

### FOR NON-SPECIAL EDUCATION STUDENTS

**Total Budgeted Expenditures**

\[ \text{Total Budgeted Expenditures} \]

\[ \$ 19,894,247.00 \] (a)

**Minus Total Deductions (see reverse side)**

\[ \$ 6,353,484.00 \] (b)

**Selected Budgeted Expenditures**

\[ (a - b) \]

\[ \$ 13,540,763.00 \] (c)

**Estimated Average Daily Membership**

\[ d \]

\[ 1643 \]

**Funding for Non-Special Education Students**

\[ \frac{c}{d} \]

\[ \$ 8,241.49 \] (e)

### FOR SPECIAL EDUCATION STUDENTS

**1200 Budgeted Special Education Expenditures**

\[ \$ 1,663,888.00 \] (f)

**Estimated Average Daily Membership Times 0.16**

\[ (d \times 0.16) \]

\[ 262.88 \] (g)

**Budgeted Special Education Expenditures Divided by 0.16 Average Daily Membership**

\[ \frac{f}{g} \]

\[ \$ 6,329.50 \] (h)

**Plus Funding for Non-Special Education Students (from e above)**

\[ + \$ 8,241.49 \] (i)

**Funding for Special Education Students**

\[ (h + i) \]

\[ \$ 14,570.99 \] (j)

Provide a copy of this form to each charter school in which residents of the school district are enrolled.

Return a copy of the form to the Division of Subsidy Data and Administration, Bureau of Budget and Fiscal Management, Pennsylvania Department of Education, 333 Market Street, Harrisburg, PA 17128-0033.
The following expenditure amounts are to be subtracted from the TOTAL BUDGETED EXPENDITURES reported on line (a). Deduct only the federal portion of expenditures except for the following account codes: 1200, 1600, 1700, 2700, 4000, 5000.

NOTE: Only deduct the federal portion of expenditures if included in the Total Budgeted Expenditures reported on line (a) on front side of form.

<table>
<thead>
<tr>
<th>NAME OF SCHOOL DISTRICT</th>
<th>COUNTY NAME</th>
<th>ADMINISTRATIVE UNIT NUMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Penns Valley Area School District</td>
<td>Centre</td>
<td>1-10-14-700-3</td>
</tr>
</tbody>
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### DEDUCTIONS FROM TOTAL EXPENDITURES

<table>
<thead>
<tr>
<th>Account Code</th>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>1100</td>
<td>Regular Education (federal only)</td>
<td>$ __________</td>
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<tr>
<td>1200</td>
<td>Special Education Programs</td>
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<tr>
<td>1300</td>
<td>Vocational Education (federal only)</td>
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<td>1400</td>
<td>Other Instructional Programs (federal only)</td>
<td>478,007.00</td>
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<tr>
<td>1600</td>
<td>Adult Education Programs</td>
<td>__________</td>
</tr>
<tr>
<td>1700</td>
<td>Community/Junior College Programs</td>
<td>__________</td>
</tr>
<tr>
<td>2100</td>
<td>Pupil Personnel (federal only)</td>
<td>__________</td>
</tr>
<tr>
<td>2200</td>
<td>Instructional Staff (federal only)</td>
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<td>2300</td>
<td>Administration (federal only)</td>
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<tr>
<td>2400</td>
<td>Pupil Health (federal only)</td>
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<tr>
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<td>Oper and Maint of Plant Serv (federal only)</td>
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<td>Student Transportation Services</td>
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<td>2900</td>
<td>Other Support Services (federal only)</td>
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<td>3000</td>
<td>Oper of Noninstructional Serv (federal only)</td>
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<tr>
<td>4000</td>
<td>Facilities Acquisition, Construction and Improvement Services</td>
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</tr>
<tr>
<td>5000</td>
<td>Other Financing Uses</td>
<td>2,546,721.00</td>
</tr>
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</table>

**TOTAL DEDUCTIONS (transfer to line (b) on front side)** $ 6,353,484.00 (b)
Appendix D

Interview Guide

1. Background
   a. Key Decision Maker Information: gender, ethnicity, position, educational background, general work experience, experience at current location

2. Knowledge and Skills
   a. Describe your background and experience in budget preparation.
   b. Describe your understanding of charter school funding.
   c. Describe your understanding of transportation responsibilities for your district students.
   d. How has revenue evolved in your school district over the past five years?
   e. What are the key expenditures you are most concerned about today and in the near future?
   f. What is your school population?
   g. How many of your district’s students are enrolled in charter/cyber charter schools?
   h. How has your district funded charter school expenses?
   i. Have you been able to reduce staffing or other costs due to the charter school enrollment?

3. Philosophy and Beliefs
   a. What is your personal philosophy when making decisions about budget requests?
   b. What choices has the district made to reduce expenditures in the past five years?
   c. How much was state funding reduced for your district in 2011-12? What choices have you had to make to reduce expenditures in the 2011-12 school year?
   d. What state funding do you anticipate in 2012-13 and beyond?
   e. What do you believe to be some of the biggest challenges in limiting your expenses?
   f. Has your district changed its programming to attract enrolled students?
      i. Entrance age
      ii. Graduation requirements
      iii. Advanced classes
      iv. Extra/Co Curricular
   g. What leadership changes have you made that are influenced by charter school choice options?
   h. What improvement efforts are on the horizon? Has your decision to make these changes been impacted by charter schools?
      i. Customer service focus
      ii. Responsiveness to parents
      iii. Responsiveness to student needs
      iv. Marketing
      v. Cyber education
   i. What evidence could you provide to support your claims?
j. Is there anything else you would like to share about your thoughts about the impact of your programming as influence by charter schools?

k. What other feedback if any could you provide me on the interview?

l. Who else in your school district should I speak with?
### Appendix E

**Enrollment Tables**

Table 4.7a

*Charter School Enrollments by Grade Level for Bald Eagle Area School District Resident Students*

<table>
<thead>
<tr>
<th>School District</th>
<th>Grade</th>
<th>2007-08</th>
<th>2008-09</th>
<th>2009-10</th>
<th>2010-11</th>
<th>2011-12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bald Eagle Area</td>
<td>K4</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Bald Eagle Area</td>
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</tr>
<tr>
<td>Bald Eagle Area</td>
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<td>0</td>
<td>0</td>
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<td>5</td>
<td>5</td>
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<td>3</td>
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<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Bald Eagle Area</td>
<td>11</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>3</td>
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<tr>
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<td>1</td>
<td>0</td>
<td>2</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td>11</td>
<td>10</td>
<td>36</td>
<td>41</td>
<td>36</td>
</tr>
</tbody>
</table>

**ANNUAL CHANGE**

|                  | -1   | 26   | 5      | -5     |

**CUMULATIVE CHANGE**

|                  | -1   | 25   | 30     | 25     |

**ANNUAL PERCENTAGE**

|                  | -9.1% | 260.0% | 13.9% | -12.2% |

**CUMULATIVE PERCENTAGE**

|                  | -9.1% | 227.3% | 272.7% | 227.3% |
Table 4.7b

*Charter School Enrollments by Grade Level for Bellefonte Area School District Resident Students*

<table>
<thead>
<tr>
<th>School District</th>
<th>Grade</th>
<th>2007-08</th>
<th>2008-09</th>
<th>2009-10</th>
<th>2010-11</th>
<th>2011-12</th>
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<tr>
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<td>1</td>
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<td>3</td>
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<td>0</td>
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<tr>
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<td>30</td>
<td>89</td>
<td>79</td>
<td>100</td>
</tr>
</tbody>
</table>

**ANNUAL CHANGE**

|       | 4 | 59 | -10 | 21 |

**CUMULATIVE CHANGE**

|       | 4 | 63 | 53 | 74 |

**ANNUAL PERCENTAGE**

|       | 15.4% | 196.7% | -11.2% | 26.6% |

**CUMULATIVE PERCENTAGE**

|       | 15.4% | 242.3% | 203.8% | 284.6% |
Table 4.7c

*Charter School Enrollments by Grade Level for Penns Valley Area School District Resident Students*

<table>
<thead>
<tr>
<th>School District</th>
<th>Grade</th>
<th>Schools per Grade</th>
<th>2007-08</th>
<th>2008-09</th>
<th>2009-10</th>
<th>2010-11</th>
<th>2011-12</th>
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<td>-2.4%</td>
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Table 4.7d

Charter School Enrollments by Grade Level for State College Area School District Resident Students

<table>
<thead>
<tr>
<th>School District</th>
<th>Grade</th>
<th>2007-08</th>
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<th>2010-11</th>
<th>2011-12</th>
<th>Students/School</th>
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ANNUAL CHANGE

|                  | -14  | 163  | -1    | 2     |

CUMULATIVE CHANGE

|                  | -14  | 149  | 148   | 150   |

ANNUAL PERCENTAGE

|                  | -15.2% | 209.0% | -0.4% | 0.8%  |

CUMULATIVE PERCENTAGE

|                  | -15.2% | 162.0% | 160.9% | 163.0% |
Table 4.11

Total Expenditures by Year for Centre County Districts

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### Appendix G – Real Estate Tax and Millage Tables


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Appendix H

Commonwealth of Pennsylvania
Department of Education

Charter School Application
2014
Commonwealth Of Pennsylvania
  Tom Corbett, Governor

Department Of Education
  Carolyn C. Dumaresq, Ed.D., Acting Secretary

Charter Schools Office
  Elizabeth Anzalone, Executive Assistant

Office of Elementary and Secondary Education
  Rita Perez, Acting Deputy Secretary

Bureau of Teaching and Learning
  Patricia Hozella, Acting Bureau Director

Division of Planning
  Robert Staver, Division Chief

The Pennsylvania Department of Education (PDE) does not discriminate in its educational programs, activities, or employment practices, based on race, color, national origin, sex, sexual orientation, disability, age, religion, ancestry, union membership, or any other legally protected category. Announcement of this policy is in accordance with State law including the Pennsylvania Human Relations Act and with federal law, including Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, Section 504 of the Rehabilitation Act of 1973, the Age Discrimination in Employment Act of 1967, and the Americans with Disabilities Act of 1990.

If you have any questions about this publication, contact:

Department of Education, Charter Schools Office
333 Market Street, 10th Floor
Harrisburg, PA  17126-0333

Voice Telephone: (717) 787-9744 Fax: (717) 787.7222 Text Telephone TTY: (717) 783-8445

The following persons have been designated to handle inquiries regarding the non-discrimination policies:
Complaints regarding discrimination in schools:

Pennsylvania Human Relations Commission, Human Relations Representative
Intake Division

Harrisburg Regional Office (717) 787-9784; Pittsburgh Regional Office (412) 565-5395
Philadelphia Regional Office (215) 560-2496

Complaints against a Pennsylvania Department of Education employee:

Pennsylvania Department of Education, Equal Employment Opportunity Representative
Bureau of Human Resources, 333 Market Street, 11th Floor, Harrisburg, PA 17126-0333
Voice Telephone: (717) 787-4417, Fax: (717) 783-9348, Text Telephone TTY: (717) 783-8445

Information on accommodations within the Department of Education for persons with disabilities:

Pennsylvania Department of Education, Americans with Disabilities Act Coordinator
Bureau of Management Services, 333 Market Street, 15th Floor, Harrisburg, PA 17126-0333
Voice Telephone: (717) 787-4417, Fax: (717) 783-9348, Text Telephone TTY: (717) 783-8445

General questions regarding educational law or issues:

Pennsylvania Department of Education, Director
School Services Office, 333 Market Street, 5th Floor, Harrisburg, PA 17126-0333
Voice Telephone: (717) 783-3750, Fax: (717) 783-6802, Text Telephone TTY: (717) 783-8445

If you have questions about this updated statement, please call the Bureau of Human Resources at (717) 787-4417.
Table of Contents

2014 CHARTER SCHOOL REQUIREMENTS AND APPLICATION INSTRUCTIONS... 3

I. CHARTER SCHOOL APPLICATION FACT SHEET ........................................... 5

II. SCHOOL DESIGN .......................................................................................... 6

III. NEEDS ASSESSMENT ................................................................................ 8

IV. DESCRIPTION FOUNDING/MANAGEMENT TEAM .................................. 9

V. FINANCE AND FACILITY ......................................................................... 10

VI. IMPLEMENTATION AND ADMINISTRATION ......................................... 12

CHARTER TEMPLATE ...................................................................................... 15
2014 CHARTER SCHOOL REQUIREMENTS AND APPLICATION

Introduction

This application format serves as a tool for a charter applicants and school boards. Charter School applications are due to the district school board on November 15 of the year preceding the anticipated opening. A review of charter school research and literature and the practices of the states that have charter schools, reveals that planning for charter schools should have the following components:

I. School Design
II. Needs Assessment
III. Description of Founding/Management Team
IV. Finance and Facility
V. Implementation and Administration
VI. Charter Template

Your response to the six components may serve as the charter school’s plan as you develop your model. Act 22 of 1997 outlines the following 17 specific points that the charter application must address. To fulfill all requirements, please complete all items in each section. Keep these points in mind as you address the six broad components of the charter school plan.

Application Requirements

Section 1719-A:

1. The identification of the charter applicant.
2. The name of the proposed charter school.
3. The grade or age levels served by the school.
4. The proposed governance structure of the charter school, including a description and method for the appointment or election of the Board of Trustees.
5. The mission and measurable education goals of the charter school, the curriculum to be offered, and the methods of assessing whether students are meeting educational goals. Charter school students shall be required to meet the same testing and academic performance standards established by law and regulations applicable to public school students. (Chap. 4, Academic Standards and Assessment)
6. The admission policy and criteria for evaluating student admission, which shall comply with the requirements of the Charter School Law.

7. The procedures that will be used regarding the suspension or expulsion of pupils. Said procedures shall comply with Section 1318 of the Public School Code.

8. The information on the manner in which community groups will be involved in the charter school planning process.

9. The financial plan for the charter school and the provisions that will be made for auditing the school under provisions of Section 437 of the Public School Code.

10. The procedures that shall be established to review complaints of parents regarding the operation of the charter school.

11. A description and an address for the physical facility in which the charter school will be located and the ownership thereof and any lease arrangements.

12. The proposed school calendar for the charter school, including the length of the school day and school year consistent with the provisions of Section 1502 of the Public School Code.

13. The proposed faculty and a professional development plan for the faculty of a charter school.

14. Whether any agreements have been entered into or plans developed with the local school district regarding participation of the charter school students in extracurricular activities within the school district. No school district of residence shall prohibit a student of a charter school from participating in any extracurricular activity of that school district of residence: provided that the student is able to fulfill all of the requirements of participation in such activity and the charter school does not provide the same extracurricular activity.

15. A report of criminal history record, pursuant to Section 111 of the Public School Code, for all individuals who shall have direct contact with students.

16. An official clearance statement regarding child injury or abuse from the Department of Public Welfare as required by 23 Pa.C.S. Chapter 63, Subchapter C.2 (relating to background checks for employment in schools) for all individuals who shall have direct contact with students.

17. How the charter school, the employees and the Board of Trustees will be insured.
This application fact sheet is intended to be a “finger-tip” summary of your application. The information furnished below must be an accurate representation of the application and must correspond to the information provided in the body of the application.

Proposed Charter School Name (Must Include “Charter School” in the Title)
____________________________________________________________

Proposed Charter School Location (Address, City/Town and Zip Code)
____________________________________________________________

County____________________________________________________
Intermediate Unit___________________________________________
Proposed Start Date__________________________________________
Federal Employer Identification Number_________________________

Contact Person:
First____________________Middle____________________Last____________________
Organization____________________________________________________
City______________________State______________Zip Code______________
Telephone______________Fax Number ___________E-mail _____________________
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<th>Projected Student Enrollment Year 1-5</th>
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<td>Elementary____________</td>
<td>1&lt;sup&gt;st&lt;/sup&gt; Year________</td>
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<tr>
<td>Teachers_______________________</td>
<td>Secondary_____________</td>
<td>2&lt;sup&gt;nd&lt;/sup&gt; Year ___________</td>
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<td>Business Partners_____________</td>
<td>Age of Kindergarten__</td>
<td>3&lt;sup&gt;rd&lt;/sup&gt; Year__________</td>
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<td>Age of Beginners______</td>
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<td>Other Group (Identify)_________</td>
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<tr>
<td>Total Number of Teachers _______</td>
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</table>

Does the charter applicant have an existing retirement system? Yes_____ No____

Does the applicant group presently have access to a facility suitable for the charter school? Yes____ No____

**School Focus:** In brief terms, please describe the school mission, educational focus, and other essential characteristics of the proposed charter school. (Use additional page if needed).

I. SCHOOL DESIGN

1. **Mission Statement:**
   A. Briefly describe the core philosophy or underlying purpose of the proposed school.
   B. What is your overarching vision of the school?

   *Explanation:* Define a concise plan for an innovative public school that will lead to improved educational performance and consistency between mission and the educational programs. The
plan should be articulated to achieve improved performance.

2. **Measurable Goals and Objectives:**
   A. What are the school’s measurable academic goals and objectives to promote student learning?
   B. What are the schools measurable non-academic goals and objectives to promote student performance?

   *Explanation: Develop clear, measurable goals with objectives for building the educational program that reflects a commitment to academic excellence for all students.*

3. **Educational Program:**
   A. Describe the educational program of the school, providing an overview of the curriculum and the content in all subject areas.
   B. Describe how your school will meet the educational needs of students with disabilities in accordance with Chapter 711. Describe your projections for special education instructional programs that will be operated directly by the charter school or operated by others under contract with your charter school. List any support staff and related service providers that might be employed directly by the charter school or provided under contract, who will provide required support for students with disabilities receiving special education.
   C. What teaching methods will be used? How will this pedagogy enhance student learning?
   D. Attach the school calendar and identify hours of the school operation, as per Section 1715-A(9).

   *Explanation: Describe effective teaching methods, curriculum, and a specific plan to meet the needs of students with disabilities that are consistent with the mission of your school.*

4. **School Accountability:**
   *School:
   A. What methods of self-assessment or evaluation will be used to ensure that the school is meeting its stated mission and objectives?
   B. How will teachers and administrators be evaluated? Describe your standards for teacher and staff performance.
   
   **I. SCHOOL DESIGN (cont.)**

   C. How do you plan to hold your school accountable to the parents of the children attending your school?
   D. Discuss your plan for regular review of school budgets and financial records.
E. Describe your system for maintaining school records and disseminating information as required under the Family Educational Rights and Privacy Act (FERPA)

F. Describe your system for maintaining accurate student enrollment information as required under Section 1748-A, Enrollment and Notification.

Student Evaluation:
A. Describe plans to evaluate student performance.
B. How will student development toward the school’s overall learning goals and objectives be measured?
C. Describe how student evaluation will be used to improve student achievement and attain the stated learning objectives.

Explanation: Describe your commitment to high academic standards for all students; well-developed evaluation program for either school-developed or standardized testing; use of the Pennsylvania System of School Assessment (PSSA) or the Pennsylvania Alternate School Assessment (PASA); and compliance with applicable auditing requirements.

5. School Community:
A. Describe the relationship of your school with the surrounding community.
B. Describe the nature and extent of parent involvement in the school’s mission.
C. Describe procedures established to review complaints of parents regarding operation of the charter school.

Explanation: Describe expectations of family members (or guardians) to be active participants in their children’s education and the integration plan of the school to collaborate with other community organizations.

6. Extra-curricular activities (athletics, publications and organizations):
A. Describe the program of extracurricular activities planned for the charter school.

Note: Charter schools shall be permitted, if otherwise qualified, to be members of the Pennsylvania Interscholastic Athletic Association.

B. Describe whether any agreements have been entered into or plans developed with the local school district regarding participation of the charter school students in extracurricular activities within the school district.

Explanation: Identify organized program of activities that complements the mission of the charter school and the similar programs in the school district of students’ residence.
II. NEEDS ASSESSMENT

1. Statement of Need:
   A. Why is there a need for this type of school?
   B. Explain why the charter school model is an appropriate vehicle to address this need.

   Explanation: Provide recognition of potential opportunities to improve service and expand choices for students and parents.

2. School Demographics:
   A. What are the school’s enrollment projections for the first five years? What is the school’s ultimate enrollment goal? What grades will be served? What is the age of kindergarten and age of beginner students? How many students are expected to be in each grade or grouping?
   B. Describe the community or region where the school will be located.
   C. Why was this location selected? Are there other locations suitable to the needs and focus of the school?
   D. Describe any unique demographic characteristics of the student population to be served, including primary languages spoken.

   Explanation: Provide a description of the students to be served and the community in which the school will be located.

3. District Relations/Evidence of Support:
   A. What efforts have you made to notify the district(s) from which your charter school would draw students?
   B. What efforts will be implemented to maintain a collaborative relationship with school districts?

   Note: Letters of intent must be sent to all school districts from which the charter school could reasonably expect to draw students.
   
   C. Convey the scope of community backing for the proposed charter school and its founding coalition. Document community support among teachers, parents, students, community members, institutional leaders and others through the use of letters of support, surveys, or other tangible means.

   Explanation: Document efforts to foster open communications with local school districts; evidence that the founders inspire the confidence of their targeted community; evidence that the program provides an attractive educational alternative to students and parents, and evidence that the breadth of community support extends beyond the core group of founders.
III. DESCRIPTION OF FOUNDING/MANAGEMENT TEAM

1. Profile of Founding Coalition:
   A. Describe the makeup of the group or partnership that is working together to apply for a charter, including the names of the founders, their background and experiences, and references for each.
   B. Discuss how the group came together, as well as any partnership arrangements with existing schools, educational programs, businesses, non-profits, or any other entities or groups.
   C. Include any plans for further recruitment of founders or organizers of the school.
   D. Provide information on the manner in which community groups are involved in the charter school planning process.

Explanation: Describe a group that is composed of people with a range of professional skills capable of the organizational, financial, pedagogical, legal and other skills required to operate a functioning public school.

2. Governance
   A. Describe the proposed management organization of the school, including the following requirement:

   An affirmative vote of a majority of the members of the Board of Trustees of the charter school, duly recorded, showing how each member voted, shall be used in order to take action on the following subjects:

   - School calendar (must include 990 hours or 180 days of instruction for secondary students [grades 7-12] and 900 hours or 180 days for elementary students [grades 1-6]. School cannot be kept open for the purpose of ordinary instruction, on Sundays, Fourth of July, Memorial Day, Thanksgiving, the first of January, Christmas, or Saturday, except when Monday is fixed by the board of directors as the weekly holiday for the entire school year)
   - Adopting textbooks
   - Appointing or dismissing charter school administrators
   - Adopting the annual budget
   - Purchasing or selling of land
   - Locating new buildings or changing the locations of old ones
   - Creating or increasing any indebtedness
   - Adopting courses of study
   - Designating depositories for school funds
   - Entering into contracts of any kind where the amount involved exceeds $200
   - Fixing salaries or compensation of administrators, teachers, or other employees of the charter school.
• Entering into contracts with and making appropriations to an intermediate unit, school district or Area Vocational/Technical School for the charter’s proportionate share of the cost of services provided or to be provided by the foregoing entities.
III. DESCRIPTION OF FOUNDING/MANAGEMENT TEAM (cont.)

B. How will the Board of Trustees be selected?
C. What steps will be taken to maintain continuity between the founding coalition’s vision and the Board of Trustees?
D. Describe the roles and responsibilities of the Board.
E. What steps will be taken to facilitate a productive relationship between administrators and teachers?
F. Discuss the nature of parental and student involvement in decision-making matters where appropriate.
G. Submit copies of the school’s by-laws, contracts and other documents required by pending charter school legislation or applicable law. The requirements for the bylaws follow:
   - The bylaws must contain a provision for “failure to organize or neglect of duty”. Specifically, the bylaws must outline a removal procedure for the failure of a board member to perform his or her duties as outlined in the Charter School Law.
   - No board member shall as a private citizen, engage in any business transaction with the charter school of which he or she is a trustee, be employed in any capacity by the charter school of which he or she is a trustee, or receive from such charter school any pay for services rendered to the charter school.
   - A charter school Board of Trustees shall have a designated treasurer who shall receive all funds, including local, state and federal funds, and privately donated funds. The treasurer shall also make payments out of the same on proper orders approved by the Board of Trustees, signed by the president or vice president of the Board. The treasurer may pay out such funds on orders that have been properly signed without the approval of the Board first having been secured for the payment of amounts owing under any contracts, which shall previously have been approved by the Board, and by which prompt payment, the charter will receive a discount or other advantage.
   - Procedures for dismissal of an employee must be contained in the bylaws.

H. Submit board members’ names, addresses, phone numbers and resumes.

Explanation: Describe the effective governance model; consistency with the mission; clearly defined roles of the Board of Trustees; teacher, student and parent input in school decision-making; and the well-developed, viable management structure.

IV. FINANCE AND FACILITY
1. Financing:
   A. Develop a preliminary startup and operating budget. Applicants are to use the guidance provided in the Manual of Accounting and Financial Reporting for Pennsylvania Public Schools to create those budgets, available at
      http://www.portal.state.pa.us/portal/server.pt/community/general_fund_budget/12777/pd e-2028/606285Develop a purchasing procedure that addresses a competitive way to purchase goods and services.
      Note: For additional financing procedures see Section 1725-A of the Charter School Law.
   C. What fund raising efforts have occurred and/or are planned to generate capital or to supplement the per pupil allocations?
   D. Describe the implementation of the following required financial procedures:
      The treasurer of the charter shall deposit the funds belonging to the charter school in a depository approved by the board and shall, at the end of each month, make a report to the charter board of the amount of funds received and disbursed by him or her during the month. All deposits of charter school funds by the charter treasurer shall be made in the name of the charter school. The Board of Trustees of a charter school shall invest charter school funds consistent with sound business practice. Authorized types of investments for charter schools shall be:
      - United States Treasury bills
      - Short-term obligations of the United States Government or its agencies or instrumentalities
      - Deposits in savings accounts, time deposits or share account of institutions insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation or the National Credit Union Share Insurance Fund to the extent that such accounts are so insured, and for any amounts above the insured maximum, provided that approved collateral as provided by law therefore shall be pledged by the depository.
      - Obligations of the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith of the Commonwealth, or of any political subdivision of the Commonwealth of Pennsylvania of any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

   Note: All Investments shall be subject to the standards set forth in PA 24 PS 4-440.1 of the Pennsylvania School Code.
The school treasurer shall settle his accounts annually with the Board of School Directors for each school year. An annual school audit shall be conducted according to the requirements of Article 24 of the School Code of 1949. Charter School Boards of Trustees shall follow requirement set forth for school boards in this section.

2. **Facility:**
   
   A. Provide descriptions of and addresses for the physical facilities under consideration and the ownership thereof and any lease arrangements.
   
   B. Explain how this site(s) would be a suitable facility for the proposed school. Consider the necessity of renovation to the facility and compliance with applicable building codes and accessibility for individuals with disabilities. Describe the services of the facility including heating, ventilating, lighting, sanitary conditions and water supply.
   
   C. Discuss the plan for maintaining the facility on a daily basis (custodial) and extended basis (facility maintenance).
   
   D. Discuss any progress, partnership developments or other future steps toward acquisition of a

   IV. **FINANCE AND FACILITY (cont.)**

   E. Describe facility financing plans.

   *Explanation: Describe progress toward identifying and acquiring a school facility, with a back-up plan considering alternative facilities.*

3. **Liability and Insurance**

   A. Describe your school’s insurance coverage plans, including health, general liability (including school operation, extracurricular activities and parent volunteer activities), property, and director and officer’s liability coverage (see Section 1727-A of the charter school legislation).

   *Explanation: Provide evidence of insurability in all areas identified above.*

4. **Child Accounting**

   A. Describe your school enrollment and attendance procedures.

   *Note: State child accounting procedures must be followed. (24 PS 13-1332)*

   *Explanation: Charter school funding is based on enrollment; therefore, a totally accurate child count is necessary to meet audit standard.*
V. IMPLEMENTATION AND ADMINISTRATION

1. Recruiting and Marketing Plan:
   A. Demonstrate how you will publicize the school to attract a sufficient pool of eligible applicants.
   B. What type of outreach will be made to potential students and their families?

Explanation: Develop a solid plan to attract sufficient students to operate a school; publicize the school; and ensure a match between the school program and applicants’ educational and personal needs.

2. Admissions Policy:
   A. Describe the admission methods and eligibility criteria you will use to select students. Explain administrative procedures to ensure compliance with laws pertaining to Special Education.
   B. Describe the timetable to be used for admitting students, including a plan for the admission lottery for students from both within and outside the district.
   C. Explain how these policies further the mission of the school in a non-discriminatory fashion.

Explanation: Establish consistency with the mission of the school and the non-discriminatory policies for timely and realistic procedures for admitting students in accordance with charter school law (Section 1723-A).

V. IMPLEMENTATION AND ADMINISTRATION (cont.)

3. Human Resource Information:
   A. Describe the standards to be used in the hiring process of teachers, administrators and other school staff.
   B. What is the targeted staff size and teacher/student ratio?
   C. What professional development opportunities will be available to teachers and other staff?
   D. Describe your human resource policies governing salaries, contracts, hiring and dismissal, sick and other leave, and benefits.
   E. Identify the proposed faculty.
   F. Attach a report of criminal history record, pursuant to Section 111 of the Public School Code for all individuals who shall have direct contact with students.
   G. Attach an official clearance statement regarding child injury or abuse from the Department of Public Welfare as required by 23 Pa. C.S. Chapter 63 Subchapter C. 2 (relating to background checks for employment in schools) for all individuals who shall have direct contact with students.

Explanation: Establish high professional standards for teachers and other staff; commitment to
professional development of staff; and working conditions and compensation packages that will attract and retain quality staff as per compliance with labor laws.

4. **Code of Conduct:**
   A. Discuss any rules or guidelines governing student behavior.
   B. Describe your school’s policies regarding student expulsion and suspension, including students with disabilities.
   C. Describe your school’s mandatory student attendance plan and its fit with the code of conduct.

   **Explanation:** Provide evidence that the founders inspire the confidence of their targeted community; program provides an attractive educational alternative to students and parents; and community support extends beyond the core group of founders. Expectation for student behavior is clear and specific processes for disciplinary actions are established.

5. **Transportation:**
   A. Describe your transportation program, including transportation for Special Education students and suggestions for improvement.
   B. What arrangements will be made to transport students and if you plan to implement an extended-day or extended-year program that requires transportation beyond that which the district provides?
   C. What plans are being made for the coordination of transportation of students who live outside the local district to be transported to the school? The school district of student residence must provide transportation to a charter school up to ten miles from its border.

   **V. IMPLEMENTATION AND ADMINISTRATION (cont.)**

   **Explanation:** Establish workable arrangements for safely transporting students to and from school.

6. **Food Service:**
   A. Describe the food service plan of the school.
   B. What are the plans for free or reduced lunch or breakfast? State regulations for student participation in such a program must be followed (24 PS 13-1337).

   **Explanation:** Develop plans for the provision or accommodations of a mid-day meal.

7. **Timetable:**
   Provide a detailed timetable of projected steps and dates leading to the opening of a charter school.
**Explanation:** Establish a well-developed, realistic plan of action for opening a charter school.

8. **Safety:**

   A. Submit written documentation of intent to comply with all applicable safety requirements including the following to demonstrate the safety and structural soundness of the school:
      - Inspection by a local building inspector.
      - Inspection by a local fire department.
      - Approval from the municipal licensing authority for use of any explosives and flammable compounds or liquids in connection with courses taught at the school.
      - Compliance with all other federal, state, and local health and safety laws and regulations.
      - Application for certificates, licenses, etc. are part of the planning process.

   **Note:** All necessary certificates and occupancy permits must be issued and in effect prior to the opening of the charter school. Preliminary clearances on all these requirements should be obtained prior to a lease being executed.

9. **School Health Services**

   A. Describe your plan for providing school health services as required under Article XIV of the Public School Code.
   
   B. Describe how school nursing services, including administration of medication will be delivered.
COMMONWEALTH OF PENNSYLVANIA

CHARTER

to operate a cyber charter school known as
(insert school name)

Pursuant to the authority vested in the Board of School Directors of ______________________ under the Public School Code of 1949, as amended, and the (insert citation to Charter School Law), the Board of Trustees of the (insert name of charter school) is hereby granted a Charter to operate a public charter school located at ____, for the period commencing on ______________ and ending on ______________. The grant of this charter was approved by vote of the Board of School Directors at a public meeting held on ____________.

It is specifically understood and agreed between the signatories hereto that:

1) the Board of Trustees shall operate the charter school in accordance with the provisions of (insert citation to Charter School Statue), any amendments thereto enacted during the term of this charter and any regulations or standards applicable to charter schools;

2) the granting of this charter is specifically contingent upon operation of the charter school in strict adherence to the terms of the Application submitted by the Board of Trustees and approved by the Board of School Directors or the State Charter School Appeal Board. Said application is attached hereto as Appendix A and is incorporated herein by reference as if fully set forth;

3) this Charter and the Appendix hereto constitute a legally binding agreement for the term set forth above and the terms of said agreement cannot be changed absent a written amendment to this charter;

4) this charter may be renewed for additional periods of five (5) years duration and upon any such renewal, a new charter shall be executed by the parties; and

5) this charter can only be terminated in accordance with the provisions of applicable law.

WHEREFORE, the undersigned, intending to be legally bound hereby set their hands this _______ of 20____.

For the Board of School Directors of ______________________

Board President/Vice President ______________________

Board Secretary ______________________

For the Board of Trustees of ______________________

Board President/Vice President ______________________

Board Secretary ______________________
PERSONAL

Date of Birth: July 18, 1968
Place of Birth: Bedford, Pennsylvania, United States of America
Citizenship: U.S.

OBJECTIVE

To provide the reader with a brief background about the author

EDUCATION

Penn State University, University Park, PA
Bachelor of Science – Mathematics Education
December 1990

Penn State University, University Park, PA
Masters of Educational Administration
May 1999

Penn State University, University Park, PA
High School Principal Certificate
May 1999

Bucknell University, Lewisburg, PA
Superintendent Letter of Eligibility
May 2004

Penn State University, University Park, PA
Doctor of Educational Leadership
August 2014

EMPLOYMENT

Penns Valley Area School District, Spring Mills, PA
Superintendent: January 2008 - Present
Assistant Superintendent: July 2004 – December 2008

Midd-West School District, Middleburg, PA
High School Principal: July 2002 – June 2004
Assistant High School Principal: August 1999 – June 2002

PROFESSIONAL AFFILIATIONS

Pennsylvania Association of Rural and Small Schools – Board of Directors
Pennsylvania Association for Supervision and Curriculum Development - Regional President
Pennsylvania Association of School Administrators - Member
Pennsylvania Association of School Business Officials - Member