

August 21, 2019

Ms. Audrey Mathison
President
Allentown School District Board of Directors
31 South Penn Street
Allentown, PA 18102

RE: Voluntary Collaboration to Reduce Costs

Dear Ms. Mathison,

I am writing today on behalf of the Pennsylvania Coalition of Public Charter Schools (PCPCS) as well as the brick-and-mortar and cyber charter schools that currently serve students from the Allentown School District (ASD). This letter addresses the request from the district to voluntarily reduce costs to the district by accepting an additional 10 percent deduction in tuition payments from the district beginning with the first tuition payment for the 2019-20 school year.

While we applaud the Allentown School District Board of Directors for prioritizing their students in the district, a 10 percent reduction in tuition payment to public charter schools is not acceptable for several reasons. First, according to the PDE-363 form used to calculate public charter school tuition payments, currently, the ASD is already deducting 32 percent from the payments made to public charter schools, making it one of the highest deductions in any district in the state. An additional 10 percent deduction would translate into reducing resources for public charter school students and making it nearly impossible for public charter schools to educate the students who have chosen their schools. Charters already receive 25 percent less funding than districts on average. Districts get to keep that money in order to help them cover their "stranded costs" once a student leaves the district school.

In addition, last year \$10 million was provided to the ASD by the state with the promise that this infusion of public taxpayer dollars would allow the district to balance the budget going forward. Unfortunately, and through no fault of the public charter schools that receive tuition from the ASD, the district's lack of fiscal restraint continues to cause expenditures to outpace revenue. This should not be the burden of a small segment of students and families who choose not to avail themselves of the district's program.

Furthermore, the increase in PSERS rates is the strongest driver of ASD's budget issues. Salaries and related benefits increased 317.1% from fiscal year 2012 to fiscal year 2018 (276.8% is PSERS). The total increase over 10 years is 700%. Without question, the largest mandated, underfunded, and uncontrollable expense for school districts in Pennsylvania is PSERS. While charter school tuition is the favorite political target for district budget complaints, pension expenses are the actual fiscal crisis that districts continue to face. Charter Schools have pioneered alternative 403(b) retirement plan options as

an alternative to PSERS and the prohibitive costs that come with it. Perhaps ASD should consider this option also.

In the 2017 fiscal year, the ASD spent \$49 million on the 1100-100 salaries budget line item (Regular Education Teacher Salaries). In the 2018 fiscal year, the district spent \$61 million (a \$12 million dollar increase) and in 2019 spent nearly \$70 million. In 2006, ASD's enrollment was about 16,500 students. The current district population is 16,628 students, which is not a substantial growth in the number of students and does not justify the rapid increase in the budget. As a matter of fact, enrollment at the district schools (not including charter schools) went down 7.6 percent from fiscal year 2012. Districts total expenses, after removing the charter school costs, increased 23.5% between fiscal year 2012 and fiscal year 2018. Meanwhile, the regular education rate for charter schools increased 17.44%. It also appears that other expenses are growing faster than charter expenses. Given these figures, it appears that the ASD board needs to address the internal cost drivers that are negatively affecting the district rather than looking elsewhere for lifelines.

We also must point out that the Charter School Law prohibits cyber charter schools from compromising the tuition rates as a matter of statute.

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;

24 P.S. § 17-1743-A(a)(1).

Lastly, as you can appreciate charter schools must also comply with their budgets without taxing authority or other outside assistance. This includes leases and financing for their facilities. These budgets, as you know, are predicated on financial obligations, which can't unilaterally be changed after the Board of Trustees budgeted for certain expenses.

The funding to public charter schools is non-negotiable as we already have less money than the ASD does to educate our students. Like public charter schools, the district needs to live within its means and budget accordingly.

Sincerely,



Ana Meyers
Executive Director

Achievement House Charter School
Arts Academy Charter Middle School
Circle of Seasons Charter School

Commonwealth Charter Academy
Easton Arts Academy Elementary Charter School
Esperanza Cyber Charter School
Executive Education Academy Charter School
Innovative Arts Academy Charter School
Insight PA Cyber Charter School
Lehigh Valley Academy Regional Charter School
Lehigh Valley Charter High School for the Arts
Lehigh Valley Dual Language Charter School
Lincoln Leadership Academy Charter School
PA Cyber Charter School
PA Distance Learning Charter School
PA Leadership Charter School
Reach Cyber Charter School
Roberto Clemente Charter School
Seven Generations Charter School

cc. Mr. Thomas E. Parker