
House Education

June 3, 2013

The committee met to consider three bills.

[HB 618 Emrick, Joe](#) - (PN 1159) Amends the Public School Code, in charter schools, providing for charter school funding of the full employer's share of retirement contributions paid to Public School Employees Retirement System (PSERS). (Prior Printer Number: 680) - The bill was **reported as amended** with Rep. Kathy Rapp (R-Warren), Rep. Dan Truitt (R-Chester) voting with the Democratic members of the committee in the negative.

[A01659](#) by Reese, was described in committee as a comprehensive amendment. The amendment provides a two year period when traditional public schools deduct pension contributions and food services on their per pupil calculations to cyber charter schools; creates an advisory commission to examine funding for cyber charter schools; provides direct pay to charter and cyber charter schools; clarifies the School Code in the area of truancy. The amendment was **adopted** with Rep. Rapp and Rep. Truitt voting with the Democratic members of the committee in the negative.

Rep. Mike Reese (R-Westmoreland) gave an overview of the amendment and emphasized that it is a "compromise amendment" that "protects school choice and the hard earned tax dollars entrusted to us and to our school boards."

Minority Chairman James Roebuck (D-Philadelphia) spoke against the amendment and the bill. "The amendment still falls far short of what is needed in reforming governance, finance and accountability of charter and cyber charter schools," he stated. "Earlier this year, I introduced legislation that would save school districts a minimum of \$365 million a year based on a 2012 report from the Auditor General. The proposed amendment provides only temporary and small amount of relief for our school districts that have faced over \$1 billion in state funding cuts in the past two years."

Chairman Roebuck emphasized that the legislation only applies to 16 cyber charter schools and not the 157 charter schools. "I do not understand why we are treating charter and cyber charter schools differently when it comes to the pension double dipping issue," he stated. "School districts should be allowed to deduct the cost of pension contributions to both charter and cyber charter schools. If we're going to do let's do it right."

Chairman Roebuck expressed concern about a lack of reforms for cyber charter and charter schools in the amendment and legislation. He said the legislation does not address special education overpayments to cyber charter schools, does not require the Department of Education to conduct an annual reconciliation of the tuition process, and does not address the issue of cyber charter and charter schools using public money to advertise their schools.

Chairman Roebuck also took issue with the commission that is created in the amendment. "This commission is stacked against both Democratic interests as it includes six Republican members and only four Democratic members, and the interests of school districts in that all of the non-legislative appointments are made by the governor and not by public school associations," he stated. "Every commission, usually established by this General Assembly, includes equality of representation among Democrats and Republicans. We abandoned that in this amendment."

Chairman Roebuck said the amendment does not address the issue of private management companies running cyber charter and charter schools. "The contracting out of charter and cyber charter schools has

increased significantly," he stated. "In 2010-11, 42 percent of cyber charter schools and 30 percent of brick and mortar charters paid management companies to manage their schools. I'm sure this percentage has increased since then. Lack of transparency and oversight has led, in many instances, to excessive management fees, increasing schools administrative costs and resulting in less money available to educating students."

Chairman Roebuck urged a negative vote on the amendment. "Cyber charter and charter schools need to be held to the same academic and financial accountability standards that our traditional public schools are held to," he stated. "This amendment advances on the road to recreating a separate and unequal system of public education in this commonwealth. It is wrong when we go down that road."

Rep. Jim Christiana (R-Beaver) spoke in support of the amendment. "The law needs updated," he stated. "This is one step in a long process. There are a lot of good things in here to expand parental choice. We can disagree or agree on the Floor to update this proposal even more. If we don't support this amendment and move this bill forward I think we're standing in the way of updating a law that needs updated very badly."

Rep. Mark Longietti (D-Mercer) asked why the pension double dip issue is being addressed for cyber charter schools and not charter schools. Rep. Reese stated "in order to move this language forward you have to build consensus; we put in this bill language almost everyone can agree to." He noted that the commission provided for in the amendment will examine the pension issue for charter schools.

Rep. Longietti also expressed concern about the unequal representation of Republicans and Democrats on the commission. Rep. Reese stated "it is based on the majority party and the minority party; the majority party would have two and the minority would have one, it just so happens that the majority is Republican in the House and the Senate." Rep. Longietti responded "the commission's product is important and needs to have legitimacy and I think it raises questions on whether the commission will be viewed as legitimate if we have an overrepresentation of majority members and an underrepresentation of minority members."

Rep. Longietti opined that the Department of Education is understaffed to handle their current duties and disputed that they would be able to take on the additional task of direct pay for cyber charter and charter schools. "This amendment is flawed and significantly flawed to the point where I cannot support it," he stated. Rep. Reese noted that the Pennsylvania Association of School Business Officials wrote a letter in support of direct pay.

Rep. Truitt spoke against the amendment. He said cyber charter school students should not be treated as "second class citizens" and emphasized that the cost of running a cyber charter school varies. "A school that uses a for-profit management company and the ones that don't have a different cost structure; the ones do use mobile science labs and the ones that don't have different cost structures; the synchronous learning and the ones that don't have different cost structures," he stated. "It is nonsense to say there is this one mythical cost to run a cyber charter school and that it's automatically less than running a traditional charter school." He argued "it doesn't make sense to randomly take two chunks of money away from cyber charter schools that's a significant portion of their budget and give it back to traditional public schools, an amount of money that is insignificant and will disappear like a drop of water in the ocean."

Rep. Mike Fleck (R-Huntingdon) spoke in support of the amendment and said it does represent a compromise. "I think it is a good start," he stated. "Hopefully we can get to a point of agreement when it comes to where our education is being spent and the accountability of that."

Chairman Paul Clymer (R-Bucks) expressed support for the amendment and said it was crafted with information provided from various public hearings. "After years that we have been involved in trying to put together a reform package, this is a first step," he stated. "It's a good start to a good conversation in this area."

[A01677](#) by Truitt, provides that school districts only be allowed to deduct 50 percent of their Category 4000 and Category 5000 expenses on the PDE-363 Form. The amendment **failed** with Rep. Christiana, Rep. Mark Gillen (R-Berks), Rep. Justin Simmons (R-Lehigh), Rep. Rapp, and Rep. Truitt voting in the affirmative.

Rep. Truitt explained that the PDE-363 Form is a form used by school districts to calculate how much money they have to pay to charter schools and said Category 4000 and Category 5000 expenses on the form include deductions for facilities acquisitions, facility maintenance, facility financing. "It is all the money you spend on buildings; it is all the money you don't spend on personnel and textbooks and stuff like that," he stated. "Because the school districts are able to take that deduction, it means cyber charter schools have to pay for their buildings, mobile science labs, learning centers, performing arts centers, if they have any kind of brick and mortar building." He added "what that means is all of that money has to come from money that could be used for instruction."

[A01695](#) by Truitt providing that school districts only deduct half of their per-pupil pension costs to charter and cyber charter schools. The amendment **failed** with Rep. Christiana, Rep. Simmons, Rep. Rapp, and Rep. Truitt voting in the affirmative.


Rep. Truitt explained the issue of double dipping as it applies to pensions. "Pension costs increase year over year but charter schools are paid based on the school district's prior year's expenses," he stated. "If a school district is going to spend \$500 on its pension costs that means last year it spent something less than that. If a school district is spending \$500 on its own students, it's going to send \$325 to \$370 to the charter school. The charter school at the same time would receive \$250 from the state. That means the charter school has received anywhere from \$575 to \$620 to cover a \$500 expense. The problem with the underlying bill is that it doesn't take away the extra \$75, the extra \$120 or even the \$250 from the state. It takes away the \$325/\$370 from the school district. It leaves the charter school with \$250 which is half of what it's costs are. They have to go back to cutting expenses in other areas." He affirmed that the amendment would allow charters to take a "half a dip from the districts and a half a dip from the state."

[A01639](#) by Truitt was **withdrawn**.

Rep. Truitt said the amendment would restore the \$237 million Charter School Reimbursement. "We need to have a discussion about bring back the reimbursement from the state to the school district," he stated. "Its money that helps the school districts adapt to the loss of students. It may take time for them to layoff a teacher, or close a classroom."

Rep. Christiana spoke against the amendment and urged that Rep. Truitt withdraw it. "I don't agree with a line item in the budget, as I didn't agree with it two years ago, that gives school districts \$225 million for kids that left their school," he stated. "I think it is bad policy. I think it was bad policy two years ago. This amendment is an underhanded way to change the dynamic and any progress we would be making to today to a final product would be sent backwards."

Rep. Truitt agreed to withdraw the amendment. "I'll take this back and revise and develop an amendment for the House Floor," he stated.


 [HB 980 Fleck, Michael](#) - (PN 1121) Amends the Public School Code imposing a moratorium on the approval of charter school applications by the Department of Education between July 1, 2013, and July 1, 2016. The legislation also details maximum fund balance limits and how these fund balances may be used by charter schools. The bill also provides for definitions. - The bill was **reported as committed** with Rep. Ryan Aument (R-Lancaster), Rep. Christiana, Rep. Gillen, Rep. Rapp, Rep. Todd Rock (R-Franklin), Rep. Simmons, Rep. Will Tallman (R-York) and Rep. Truitt voting in the negative.

Rep. Fleck said Illinois recently put a moratorium on cyber charter schools and said in addition to the moratorium, the bill also reforms fund balances for cyber charter schools.

Rep. Christiana spoke against the bill. "I think this is the wrong direction to go," he stated. "You're basically saying 'even if you're a good operator we don't want you to do business in Pennsylvania.' I think competition has increased opportunities for kids in Pennsylvania. This is absolutely shutting down future opportunities and protecting bad actors that may be operating in Pennsylvania."

Rep. Rapp also said she would not support the legislation. "Parents are leaving regular brick and mortar for a reason," she stated. "Parents are looking for choice in education today. I think this bill is a way to take away that competition and that choice that parents want today in education."

Rep. Truitt spoke against the bill and emphasized that there are tens of thousands of students on waiting lists for charter schools. "What we're doing with a moratorium is saying 'we don't like all this innovation and creativity, we want to shut this down', that's just wrong," he stated. "We shouldn't be doing this we should allow these schools to expand and flourish and try new things."

 [HB 1207 Christiana, Jim](#) - (PN 1512) Amends the Tax Reform Code increasing the amount of funding for the Educational Improvement Tax Credit Program from \$100 million to \$125 million and increasing the amounts that may be used under the credit. - The bill was **reported as committed** with Representatives Fleck and Bernie O'Neill (R-Bucks) voting with the Democratic members of the committee in the negative.

Rep. Christiana gave an overview of the bill. "This would increase the EITC program from \$100 million to \$125 million; this will not appropriate any more dollars, it simply increases the limits for the appropriation process," he stated. "It leaves the program intact the way it is. It's increasing it proportionately to how the money is being spent."

Rep. Fleck indicated that he supports the EITC but said the additional funds could be spent on other programs such as Science in Motion.

Chairman Roebuck said 75 percent of EITC funds go to non-public schools and questioned if the program could be restructured to make it more amenable to public education. Rep. Christiana said 60 percent of the funds go to scholarship organizations and said "I'm happy to have a discussion on the Floor about ways to make the program better but there's been a lot of success in the program the way it is."