



## Charter School Funding in Pennsylvania

Many school districts and other advocates complain about the charter school funding mechanism, arguing that it “drains funding” from school districts. This charge must be considered in the context of charter school funding.

### Charter School Funding

Charter schools are public schools, given a charter to operate either through local school districts, or for cyber charter schools, which operate through the state Department of Education.

- Pennsylvania’s charter schools receive funding on a per-student basis.
- Whether the charter school is brick-and-mortar or cyber school, funding follows a child from the school district they reside in.
- Charter school funding for each student is the per-pupil spending of local districts, excluding certain categories of spending and federal funds. Charter schools invoice school districts for each child attending.
  - Prior to 2011-12, school districts would then be reimbursed by the state for a portion of the amount sent to charter schools.

### Charter School Spending Represents Less Than 4% of Tax Dollars on Public Education

In the 2009-10 school year, more than 79,000 Pennsylvania students enrolled in charter schools.

- Total spending by charter schools exceeded \$944 million.
  - While this is no small amount, it represents **only 3.7%** of total spending on public education in the commonwealth.
- In comparison, school districts spent \$2.8 billion on construction and debt payments, nearly triple the total spending by charter schools, \$1.4 billion on administration, \$600 million on business and central office support, and \$2.1 billion on facilities operations.
- School districts’ reserve fund balances grew in 2009-10 to \$2.8 billion.

**Table 1: Pennsylvania Public School Expenditures, 2009-10**

	Total Spending	Percent of Total Public School Spending
<b>Charters</b>	<b>\$944,795,105</b>	<b>3.7%</b>
<b>Brick and Mortar</b>	<b>\$675,760,413</b>	<b>2.6%</b>
<b>Cyber</b>	<b>\$269,034,692</b>	<b>1.0%</b>
<b>School Districts</b>		
<b>Construction and Debt</b>	<b>\$2,792,932,397.05</b>	<b>10.8%</b>
<b>Administration</b>	<b>\$1,392,073,583.43</b>	<b>5.4%</b>
<b>Business &amp; Central Support</b>	<b>\$602,097,645.93</b>	<b>2.3%</b>
<b>Operation and Maintenance of Plant</b>	<b>\$2,104,809,347.90</b>	<b>8.1%</b>
	<b>Total General Fund Balances</b>	<b>Percent of Total Public School Spending</b>
<b>School Districts</b>	<b>\$2,823,836,884.00</b>	<b>10.9%</b>

Source: PA Department of Education, Summaries of Annual Financial Report Data, [http://www.portal.state.pa.us/portal/server.pt/community/data\\_and\\_statistics/7202](http://www.portal.state.pa.us/portal/server.pt/community/data_and_statistics/7202)

### Charters Schools Spend Less Per Student

Charter schools only receive funding when students choose to attend them rather than a district-run school.

- The funding that follows a student to the charter school of choice is about 83%, on average, of what school districts spend per pupil, as Table 2 shows.
  - Statewide, charter schools receive about \$2,300 less than school districts per student.

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## Charter Schools & Public School "Fixed Costs"

### *Philadelphia School District (2009-10)*

A	Current Spending Per ADM	\$13,272
B	Charter Payment per Student (Non-Special Ed)	\$8,184
C	Retained \$ per Charter Student	\$5,089
D	Cost per Classroom of 22 Students	\$291,993
E	Fixed Costs of Classroom (60% of Spending)	\$175,196

<i>What if 5 students leave for charters?</i>		
Charter Students = 5   Remaining Students = 17		
F	Charter "Cost" to District (B x 5)	\$40,918
G	Charter "Savings" to District (C x 5)	\$25,444
H	New Total Spending per Classroom of 17 Students (D - G)	\$251,075
I	New per Student Spending (H / 17)	\$14,769
J	Amount above "fixed costs" (H - E)	\$75,879

<i>How many students can leave and still pay "fixed costs"?</i>		
Charter Students = 14   Remaining Students = 8		
K	Charter "Cost" to District (B x 14)	\$114,570
L	Charter "Savings" to District (C x 14)	\$71,243
M	New Total Spending per Classroom of 8 Students (D - L)	\$177,423
N	New per Student Spending (M / 8)	\$22,178
O	Amount above "fixed costs" (M-E)	\$2,227

### *Pittsburgh School District (2009-10)*

A	Current Spending Per ADM	\$21,072
B	Charter Payment per Student (Non-Special Ed)	\$12,394
C	Retained \$ per Charter Student	\$8,679
D	Cost per Classroom of 22 Students	\$463,590
E	Fixed Costs of Classroom (60% of Spending)	\$278,154

<i>What if 5 students leave for charters?</i>		
Charter Students = 5   Remaining Students = 17		
F	Charter "Cost" to District (B x 5)	\$61,969
G	Charter "Savings" to District (C x 5)	\$43,393
H	New Total Spending per Classroom of 17 Students (D - G)	\$401,621
I	New per Student Spending (H / 17)	\$23,625
J	Amount above "fixed costs" (H - E)	\$123,467

<i>How many students can leave and still pay "fixed costs"?</i>		
Charter Students = 14   Remaining Students = 8		
K	Charter "Cost" to District (B x 14)	\$173,512
L	Charter "Savings" to District (C x 14)	\$121,500
M	New Total Spending per Classroom of 8 Students (D - L)	\$290,078
N	New per Student Spending (M / 8)	\$36,260
O	Amount above "fixed costs" (M-E)	\$11,924

**Central Bucks School District (2009-10)**

A	Current Spending Per ADM	\$13,143
B	Charter Payment per Student (Non-Special Ed)	\$8,827
C	Retained \$ per Charter Student	\$4,316
D	Cost per Classroom of 22 Students	\$289,148
E	Fixed Costs of Classroom (60% of Spending)	\$173,489

*What if 5 students leave for charters?*

Charter Students = 5 | Remaining Students = 17

F	Charter "Cost" to District (B x 5)	\$44,137
G	Charter "Savings" to District (C x 5)	\$21,579
H	New Total Spending per Classroom of 17 Students (D - G)	\$245,011
I	New per Student Spending (H / 17)	\$14,412
J	Amount above "fixed costs" (H - E)	\$71,522

*How many students can leave and still pay "fixed costs"?*

Charter Students = 13 | Remaining Students = 9

K	Charter "Cost" to District (B x 13)	\$114,756
L	Charter "Savings" to District (C x 13)	\$56,104
M	New Total Spending per Classroom of 9 Students (D - L)	\$174,392
N	New per Student Spending (M / 9)	\$19,377
O	Amount above "fixed costs" (M-E)	\$904

**Southern Tioga School District (2009-10)**

A	Current Spending Per ADM	\$16,699
B	Charter Payment per Student (Non-Special Ed)	\$8,992
C	Retained \$ per Charter Student	\$7,707
D	Cost per Classroom of 22 Students	\$367,378
E	Fixed Costs of Classroom (60% of Spending)	\$220,427

*What if 5 students leave for charters?*

Charter Students = 5 | Remaining Students = 17

F	Charter "Cost" to District (B x 5)	\$44,960
G	Charter "Savings" to District (C x 5)	\$38,535
H	New Total Spending per Classroom of 17 Students (D - G)	\$322,418
	New per Student Spending (H / 17)	\$18,966
	Amount above "fixed costs" (H - E)	\$101,991

*How many students can leave and still pay "fixed costs"?*

Charter Students = 16 | Remaining Students = 6

K	Charter "Cost" to District (B x 16)	\$143,872
L	Charter "Savings" to District (C x 16)	\$123,312
M	New Total Spending per Classroom of 6 Students (D - L)	\$223,506
N	New per Student Spending (M / 6)	\$37,251
O	Amount above "fixed costs" (M-E)	\$3,079

- This difference—the amount school districts keep for children they are no longer educating—can be used to increase district spending per student, or to lower local property taxes.

**Table 2: Pennsylvania District and Charter Spending per Student, 2009-10**

	Total Spending	Fall Enrollment	Per-Pupil Spending	Percentage of School District	Avg. Difference from School District	Per-ADM Expenditure*
Charters	\$944,795,105	79,167	\$11,934	83%	-\$2,367	
Brick and Mortar	\$675,760,413	54,564	\$12,385	87%	-\$1,916	
Cyber	\$269,034,692	24,603	\$10,935	76%	-\$3,366	
School Districts	\$24,330,128,693	1,701,246	\$14,301			\$13,691

\* PA Department of Education provides expenditures per Average Daily Membership per school district, which includes charter school students. Fall enrollment used to provide direct comparison to charter schools.

Sources: PA Department of Education, Summaries of Annual Financial Report Data; Public School Enrollment Reports, [http://www.portal.state.pa.us/portal/server.pt/community/data\\_and\\_statistics/7202](http://www.portal.state.pa.us/portal/server.pt/community/data_and_statistics/7202)

### School Districts and “Fixed Costs”

Despite the relatively small scale of charter school funding and the fact that charter school students cost taxpayers less, some contend that districts are unable to adequately reduce costs as students leave. That is, districts have “fixed costs” such as debt, building maintenance, utilities, and transportation that can’t be immediately reduced when children leave.

- Only **32.2% of public school spending** goes to identifiable “fixed costs”: construction, debt payments, administration, building maintenance, transportation, and central support.
- Even assuming 60% of spending per classroom represents fixed costs, every school district in the state could meet their fixed costs if one-quarter of students left for charter schools.

The examples in the previous page demonstrate the impact on charter school funding in four sample school districts: Philadelphia, Pittsburgh, Central Bucks, and Southern Tioga.

- These districts spend between \$13,272 (Philadelphia) and \$21,072 (Pittsburgh) per student—representing between \$291,000 and \$401,000 for a classroom of 22 students.
  - For each student choosing to attend a charter school, the districts would pay between \$8,000 and \$12,400 (represented on line B), based on the state formula.
- Line F represents the cost if five students per class of 22 (23% of students) were to leave for charter schools. Each classroom of 17 students would have fewer total dollars, but the **per-student spending would increase**, as shown on line I.
- All of these districts would retain significantly more than 60% of current funding—the generous estimate of “fixed costs”—if 23% of students were to leave.
  - In Pittsburgh and Philadelphia, 68% students would have to leave before charter school payments cut into fixed costs.
  - In Central Bucks, 64% of students would have to opt for charter schools before the district would have to reduce its spending on fixed costs.
  - In Southern Tioga, three-quarters of all students could leave, yet the district would retain 60% of its current funding and still cover fixed costs.

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**Editors Note:** For fixed costs of all Pennsylvania school districts, visit [CommonwealthFoundation.org/CharterFunding](http://CommonwealthFoundation.org/CharterFunding).

*The Commonwealth Foundation (CommonwealthFoundation.org) is Pennsylvania’s free market think tank.*

