

CEO Legislation Update  
August 11, 2014

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Dear PALCS Parents Families,

The Pennsylvania General Assembly has passed the budget for the state for the 2014-15 fiscal year, with increased funding for **non-charter public schools**. The budget that the Governor signed:

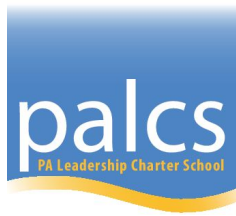
- Replaces the \$100 million Accountability Block Grant program with a \$200 million Ready-to-Learn Block Grant program, which gives the schools some flexibility in how they choose to spend their share
- Provides \$20 million more for special education
- Provides \$10 million more for preschool
- Provides \$10 million for school construction and renovation projects; and
- Provides a \$150 million increase to pay the state's share of school employees' pension benefits.
- [Click here](#) to view an article about the funding breakdown.

This is a total increase of \$390 million to non-charter schools which equates to about \$216 per Pennsylvania student. **For charter schools**, the budget eliminates the State PSERS 50% reimbursement. For charter schools that are utilizing PSERS for their employees, this could be a 4-5% cut to the school's budget overall this school year (2014-15) and would be more in out years as the PSERS reimbursement increases. The new budget eliminates the 50% PSERS subsidy for charter schools for only one year, after which it could be reinstated.

While this cut seems unfair to charter schools – (the only group of public schools that are getting their funding cut this year) - the result could have been much worse.

This year, Republican sponsored bills, with some Democrat support would, if passed, have caused the following cuts:

- House Bill 618
  - **Funding cuts for pensions for Cyber Charter Schools** only for two years. Districts will deduct 100% of their costs for pensions. The 50% reimbursement from the state to Cyber Charter Schools will remain. This could be as much as **5-8% of a school's overall budget**.
  - **Funding cut – districts may deduct 100% of food services for Cyber Charter Schools** only (two years only)
  - **Requires that all charters issuing debt must hold in escrow an amount sufficient to pay the annual amount due. This could be as much as 5% of a school's overall budget.**
- Senate Bill 1085



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- **Funding cut for pensions for all charters schools.** Districts deduct 30% of their costs and the PA State reimbursement goes from 50% to 25%. This could be as much as **5-8% of a school's overall budget.**
- **5% funding cut to Cyber Charter Schools**
- **Requires that all charters issuing debt must hold in escrow an amount sufficient to pay the annual amount due. This could be as much as 5% of a school's overall budget.**
- **Senate Bill 1316 and House Bill 2138** (identical bills)
  - Funding cuts to Special Education Funding to Charter Schools from School Districts (distributed via the 363 funding formula). The result will be to cut the Special Education portion of the student's subsidy by 30-60 % (generally by half). This could be as much as **a drop of 12% of a school's budget** if 50% of the school's students were Special Education Students.

I am told that the reason that these three sets of bills did not pass or that the cuts to charters did not get enfolded into the fiscal code bill was the heroic grassroots efforts of the thousands of parents and charter school advocates who wrote, called and visited their state legislators to let them know that public charter schools should be treated equally with other public schools.

One state legislator, I am told, received over 500 letters from his constituents! The true heroes in this effort are the 189 charter schools that mobilized their parents, students and friends to contact their House Representatives, Senators and Governor Corbett to let them know that charter schools work for their families and should be supported.

Because the PSERS reimbursement cut is only for one year, I expect our opposition to be back in the fall and next year seeking to make it permanent. The fall session is a tough session to pass controversial legislation as it is so close to the election. **Next year, though, with new faces in Harrisburg, we need to be prepared for an even tougher fight to hold our ground and possibly obtain some legislative victories.**

We would like to thank our dedicated PALCS families for continuing to reach out to their legislators. Your voice makes a difference.

Sincerely,

Dr. Jim Hanak  
CEO  
PA Leadership Charter School