

**Testimony to the members of the
PA House Appropriations and Education Committees
Dr. Frank Gallagher
November 16, 2023**

Chairman Harris and Schweyer,

Thank you for inviting me to provide testimony to the PA House Appropriations and Education Committees. My name is Frank Gallagher. I am the superintendent of the Souderton Area School District. I have been superintendent for 11 years and have watched our legislature debate school funding every year. This is a topic that is extremely important to everyone here today – as ultimately, it impacts the services and education that we are able to provide to our students.

We have a unique opportunity before us to be able to more adequately fund public education. We are standing at the precipice of change – as the need for change has become increasingly urgent and the call for change has become louder and louder. We are working with an extremely antiquated system that is simply no longer serving our students, communities, or Commonwealth.

The PA Commonwealth Court ruled that the state funding system is unconstitutional, violates student rights, and creates a system in which students

attending low-wealth districts are being deprived of equal protection under the law. That inequity impacts hundreds and hundreds of school district, and tens of thousands of children across our state. That funding formula does not provide for maintenance and support of a thorough and efficient system of public education. It is time to correct that.

I'd like to make some recommendations to improve the funding, and then provide some detail on what the impact is on the children in the Souderton Area School District, if things do not change.

Here are some recommendations:

1. **Add an additional \$4.6 billion to educational funding.** This is the estimated amount of money that is needed to provide a constitutionally efficient system of funding public education in Pennsylvania. While this is an extraordinary amount of money, it is money that should have already been committed to the children in the Commonwealth. If the state had been properly funding its schools, particularly those in low-income areas, we would not be here today.

2. **Distribute all money through the 2016 funding formula.** This formula was approved by the General Assembly and signed by then-Governor Wolf. The formula was well thought out, taking into consideration the amount of money needed to help children in poverty, those who speak limited or no English, those who need special education services, and school districts with growing enrollments. The formula is only being used for new money allocated for schools, thus most of the school funding is run through an antiquated formula that doesn't take into consideration the factors that drive up costs for growing school districts, and districts with a greater number of students coming from low income, or non- English-speaking families. It is estimated that only 11% of Basic Education Funding (BEF) funding, and 13% of Special Education Funding, goes through the formula.

3. **Change the charter school funding formula to include provisions for cyber charter schools to operate at actual costs.** Currently, there is no limit on how much money a cyber charter school can make, despite having lower operating costs than brick and mortar schools. For example, in the annual

audit for the 2021-22 school year, Commonwealth Cyber Academy, the state's largest cyber charter school, reported total revenues of \$397 million, while incurring \$275 million in expenses, for a profit of \$122 million. Where did they spend some of that excess money? According to Forbes magazine , CCA purchased a shopping complex at [The Waterfront](#) in Homestead, Pennsylvania [and spent approximately \\$19 million on marketing](#) over a two-year period, including \$632,000 for a [a float featuring Jerold the Bookworm](#) for a Thanksgiving Parade. Imagine what a public school could do with that kind of surplus.

Last year PA spent \$1.4 billion on Cyber Charter Schools. By limiting the amount of tuition, a cyber charter school can charge to approximately \$9,000, it is estimated that taxpayers will save about \$455 million.

- 4. Change the charter school laws to include actual expenses for the delivery of special education services.** Currently, there is a 'one size fits all' tuition for special education services being delivered by a charter a school. For Souderton, we pay \$34,796.09 when we send a child to a charter school in need of special education services. If that child receives extra help in

reading every day, a cost in Souderton of \$11,700, we pay \$34,796.09 to the charter school. If that child receives speech services once per week, a cost in Souderton of \$3,000 we still pay \$34,796.09. I don't mind paying for the cost of a service to a child. I do have a great issue when paying a charter school for service that is not actually being delivered to a child.

Last year Souderton School Board passed a 4.1% tax increase, in part due to the rising costs of special education, charter schools, and inflation.

It is time to stop talking about the problem, one that has been ruled unconstitutional by the Court, and start taking action to correct it. The Basic Education Commission is supposed to provide the General Assembly with a recommendation on or about November 30, 2023, of how to fix this funding problem. You were elected to uphold the Constitution. Now is the time to do it.

Consider the work of the BEF Commission, and consider the testimony of the practitioners in the schools. You can make a difference for 1.7 million public school children.

