



## ED, CharterRegs

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**From:** Steven Sullivan <sullivan.steven@gmail.com>  
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My name is Steven Sullivan, and while I am a member of the York Suburban School Board, I am writing as a parent of 3 kids (2 still in high school) and as a 25-year federal contractor.

The proper approach to charter school funding in Pennsylvania might be to make cyber-charters and brick-and-mortar charters into cost-plus-award-fee contractors with the Commonwealth. This probably bears a little explanation. Under this arrangement, charters would be awarded formal written contracts with the PDOE, and would have their books audited annually, similarly to the way the Defense Contracts Audit Agency (<https://www.dcaa.mil>) examines the books of many federal contractors. These audits would consist of a review of the allowability and allocability (and reasonableness) of both direct and indirect costs (the latter inclusive of employee benefits, general and administrative costs, and overhead), and would provide a basis for total annual reimbursement for these allowable direct and indirect costs, plus an "award fee" (say, up to 10% of total cost) for academic performance or for meeting other clearly defined written performance goals, which could be chosen from a list of goals specific to the school's mission or location. Parents could decide which charters their children attend by examining what share of their total contract award fee various charters had qualified for based on performance, and could also review the data underlying the "multiplier" used to burden direct costs to allow for recovery of indirect costs. Those schools which spend too much on marketing, or overpay their top administrators, would begin to stand out.

Impracticality is no reasonable objection. Thousands of Commonwealth contractors live and work and build and operate new and established businesses under these already-existing rules every day. The cost standards, the contracting language, the audit frameworks, and yes, the provisions for suspension and debarment for infractions such as fraud or defective pricing, already exist. This approach would seem to present a clear way forward. It's worth the Commonwealth's consideration.

Best,  
Steven T. Sullivan, Ph.D.  
Spring Garden Township