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PA Leads Nation in Cyber Charter Costs, Not Academic Performance

PHILADELPHIA (January 27, 2022) — Compared to the 27 other states that permit cyber charters, PA has the most cyber charter students and is spending the most taxpayer money on cyber charters, yet it has the weakest systems to ensure students and taxpayers are getting their money’s worth. These are the findings of [The PA Disconnect in Cyber Charter Oversight and Funding](#), a new study released by the PA Charter Performance Center comparing state regulation, oversight, and financing of cyber charter education across the country.

“Pennsylvania is the cyber charter capital of the nation,” noted ML Wernecke, Director of the PA Charter Performance Center. “But given the persistent performance problems in cyber charter programs and the out-of-control pressure on local taxpayers, this is one place where it is not good to be first.”

The report notes that every one of Pennsylvania’s statewide cyber charters has been identified as needing improvement under the state’s ESSA School Improvement and Accountability plan, placing them among the state’s lowest performing schools.

Taxpayers paid nearly a billion dollars for cyber charter tuition last year and there is no relief in sight. School districts will need an additional \$1.7 billion by 2025 to cover all charter school costs, inevitably driving up local property taxes. With 99.7% of charter enrollment growth attributed to virtual learning, cybers are accountable for nearly all of that cost increase.

“The explosive increase in spending for cyber charter schools coupled with the sector’s inability to demonstrate reasonable levels of student performance has a broad-reaching negative impact for the commonwealth,” said Wernecke.

According to the report, 90% of Pennsylvania school districts shifted to virtual learning during the pandemic. “Since public school districts have the capacity to provide quality virtual instruction, it’s reasonable to question the need to pay for cyber charter schools. Pennsylvania is now basically paying twice for the same capacity,” according to Wernecke.

The Center identifies four significant risks to taxpayers and students associated with regulation, oversight, and financing of cyber charters in Pennsylvania:

1. High Risk of Cyber Charter Enrollment and Performance Fraud

The [report](#) echoes an earlier report that found that six of the state’s 14 cyber charter schools have never been reviewed by state auditors and the largest cyber charter in the state, with a \$270 million budget, was last audited in 2012. In contrast, traditional public schools are required to post an independent audit annually and are subject to routine audits by the Auditor General. Cyber charters in Ohio and Indiana padded their enrollment with 25,000 students who never attended the schools, bilking the states for nearly \$150 million in total.

28 Cyber Charter States

Arizona, Arkansas,
California, Colorado,
Florida, Georgia, Idaho,
Illinois, Indiana, Kansas,
Louisiana, Maine,
Minnesota, Michigan,
Nevada, New Hampshire,
New Mexico, North
Carolina, Ohio, Oklahoma,
Oregon, Pennsylvania,
South Carolina, Texas,
Utah, Washington, DC,
West Virginia, Wisconsin

(continued)

“Without regular reviews by the state Auditor General, Pennsylvania taxpayers are vulnerable to the same deceitful practices and wouldn’t even know it because the Auditor General is not conducting these audits,” stresses Wernecke.

2. Outdated Payment and Tracking Systems

The [report](#) emphasizes that Pennsylvania fails to base cyber funding on student performance or participation although this financing model is in place in at least five other states (FL, MN, NH, TX, and UT). Instead in Pennsylvania, cyber charter schools are paid regardless of how much – or little – students participate in “class” or perform on tests.

The Center recommends replicating model pay for performance practices that pay cyber schools as they demonstrate credible enrollment, successful course completion, and student proficiency.

3. Wasteful Cyber Payment Formula

Eleven states recognize that cybers have a fraction of the costs as in-person schools and pay at rates that are below what brick and mortar charters receive.

In contrast, Pennsylvania cyber charter tuition rates range from \$8,917 to \$23,917 depending on which school district is paying for the student to attend the cyber school. By comparison, Ohio charges a flat \$6,020 per student and a \$25 per student facilities fee.

The PA Charter Performance Center recommends standardizing cyber tuition statewide akin to what is proposed in bipartisan legislation (House Bill 272) setting the rate at \$9,500 per student. This measure alone would both rationalize payment and save taxpayers \$210 million annually based on estimates from the Pennsylvania Department of Education.

11 States with Lower Cyber Funding Rates
Arizona
Colorado
Florida
Georgia
Indiana
Kansas
Louisiana
North Carolina
Ohio
South Carolina
Texas

4. Absence of Performance Oversight

The [report](#) details the absence of rigorous cyber oversight in Pennsylvania which, in effect, means the state that authorizes them turns a blind eye to poorly performing cyber charters. Texas has a no-nonsense approach to dealing with poorly performing charter schools, resulting in the closure of 40 cyber charter schools.

Given the litany of PA cyber charter sector oversight weaknesses and the fact that school districts can more effectively meet students’ virtual educational needs, The Center recommends the legislature empanel a Cyber Charter School Funding Advisory Commission to recommend cyber sector reforms.

Wernecke points out that, “Such a Commission should examine options of increasing school district capacity to build out their virtual options so that taxpayers can avoid these costs and students are more likely to receive a quality education.”

Children First is a non-profit, non-partisan organization that improves the lives of children in Bucks, Chester, Delaware, Montgomery, and Philadelphia counties by developing initiatives and advocating for quality health care, child care, public education, and family stability. Learn more on our website (www.childrenfirstpa.org), and Facebook, Twitter, and Instagram (@childrenfirstpa).

The PA Charter Performance Center seeks to improve the quality of education, especially for at-risk students, by producing unbiased, accurate, and timely information that will build momentum for the adoption of sound state-level charter school policy. Follow on Twitter (@pa_charter).