



**Testimony for the House Democratic Policy Committee
Impact of Cyber Charter Schools on Rising Property Taxes
and What We Can Do About It
Irvis Office Building, Capitol Complex, Harrisburg
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My name is Tomea Sippio-Smith, and I am the K-12 Policy Director at Children First. Thank you for allowing me to testify on behalf of Children First and the PA Charter Performance Center.

I would like to focus my testimony on Pennsylvania's cyber charter sector. Not only are the cybers among the lowest performing schools in the commonwealth, but they are also growing much faster than brick and mortar charter schools, overburdening local taxpayers in many school districts.

Since the start of the pandemic, cyber charters have been the biggest driver behind the increase in local property taxes. In fact, last year, 99.7% of the Pennsylvania's charter enrollment growth occurred in virtual charter schools, which means that cybers are accountable for virtually all the charter related cost increases.

Pennsylvania is in the unenviable position of being the cyber charter capital of the nation. Enrollment in Pennsylvania cyber charter schools mushroomed by 59% to 60,900 full-time students last year, largely as a result of COVID-19. While complete data for the current year is not yet available, reports from many individual school districts indicate that cyber enrollment remains at or near an all-time high.

Last year taxpayers spent nearly \$1 billion on cyber charter schools, more than double the total from just five years ago. And while taxpayers may be hoping that the worst is over, Temple University's Public Policy Lab projects that charter fees will soar by \$1.7 billion by 2025. If recent enrollment trends continue, cyber charters will remain the major cost driver putting additional pressure on local taxpayers.

The flight to cyber charters is even more concerning given the evidence that cyber charters have had a profound and negative impact on student achievement. All 14 of Pennsylvania's cyber charters scored below the statewide average on the 2018-2019 English and math assessments and all 14 have been identified as needing support under the state's ESSA School Improvement and Accountability plan.

Unfortunately, the 2020-21 state assessments do not tell us anything new about cyber performance because only 24% -- or one in four -- cyber charter students took the tests. With such a small sample, there is no way of knowing if students who took the test are representative of all students. In comparison 83% of cyber students took the assessments in the 2018-19 school year.

The results are even more shocking for CCA, formerly known as Commonwealth Charter Academy. Only 5% -- or one in 20 -- CCA students took the 2020-21 state assessment compared to 79% two years ago. CCA is the largest cyber charter in Pennsylvania with over 16,000 students. It is hard to understand how CCA can justify testing so few students, especially given the millions they pay to outside contractors annually.

The bottom line is that we know local school districts spent close to a billion dollars on cyber charter tuition last year, but we do not know how well cyber charters performed. This puts parents who are struggling to keep up with local property taxes in a very difficult position.

Fortunately, there are ways that Pennsylvania can reduce the cost burden on local taxpayers. The PA Charter Performance Center, a project of Children First, recently compared funding and oversight policies in the 27 other states that allow cyber charter schools.

This research revealed that no other state funds their cyber charters like Pennsylvania.

More specifically, 20 states set tuition rates at the state, not school district level using a statewide formula or standardized rate. This differs from Pennsylvania's approach of calculating cyber tuition based on school district costs. One of the downsides of Pennsylvania's approach is that it generates unequal tuition rates that last year ranged from \$8,900 to almost \$24,000 per student.

The national scan also showed that 11 states set tuition for cyber charter schools below the rate for brick-and-mortar charters. In Pennsylvania, both types of charter schools receive the same per student tuition even though independent studies show that cyber charters cost are 25% to 30% less.

I would like to suggest three recommendations based on this national landscape.

First, Pennsylvania should replace its wasteful cyber payment formula with a statewide tuition rate. Pennsylvania should adopt a statewide cyber tuition rate as proposed in Representative Ciresi's House Bill 272. With 75 co-sponsors including 14 Republicans, HB272 shows that there is support on both sides of the aisle. Governor Wolf proposed a similar approach in his latest budget, calculating that a statewide rate would reduce the cyber tuition bill by \$199 million.

Second, the Auditor General should conduct regular audits to reduce the risk of cyber charter enrollment and performance fraud. Nearly half of the state's 14 cyber charter schools have never been reviewed by the state auditor and the largest cyber charter in the state was last audited a decade ago. In contrast, state audits in Ohio and Indiana found that virtual schools padded enrollment by 25,000 students, bilking the states for nearly \$150 million. Regular audits by the PA Auditor General would protect Pennsylvania taxpayers from this kind of wasteful and fraudulent spending.

Auditor General DeFoor recently took a step in the wrong direction by declaring that his office will no longer conduct public school audits, including audits of charter schools and cyber charter schools. This unilateral decision is shocking, and the legislature may have to take action to require regularly scheduled audits for public schools including cyber charters.

Third, stop paying twice. Even before the pandemic, over 90% of school districts offered online educational programs staffed by state-certified teachers and nearly all districts gained new capacity in the last two years. Taxpayers should not be required to pay for redundant programs, especially in the current financial climate. Public funding for online charter schools should be prohibited if a student's home district already offers an online education program whose educational track record is as good or better than the charter school.

Adopting any of these recommendations will require bipartisan support in both chambers which is easier said than done. The House has previously advanced charter school reform legislation only to see it stall in the Senate.

One option to break the legislative stalemate is to create a bipartisan Cyber Charter School Funding Advisory Commission made up of legislators and the Governor's Office. This might be modelled after the Basic Education Funding Commission hammered out the school funding formula in 2016. The Cyber Commission would be charged with studying and drafting changes, and even looking into whether we need cybers at all. Given the increasing concern about the impact of cyber charters on taxpayers and students, it might even decide to follow the example of 22 other states that have all made a deliberate decision to prohibit cyber charter schools from operating in their state.

Thank you for allowing me to testify.