



June 28, 2024

Dear esteemed lawmakers,

As you enter the final stage of budget negotiations, we write today about cyber charter sector reforms because so many members of the Senate asked us questions about the reforms included in House Bill 2370 that already have the support of the Governor and a bi-partisan majority of the House.

By way of background, more than 22 years ago, the legislature determined that there is a role for cyber charter schools in Pennsylvania, with supporters arguing that students who faced specific challenges attending school in-person needed the option to attend school virtually. This expansion of what constitutes a public school represented the third step in the continuum of school choice that began with the establishment of public schools centuries ago and was expanded in 2001 with the creation of traditional charter schools.

Increasing Transparency of Expenditures

Recently, we were asked by a Senator if cyber charters are required to advertise. The Senator indicated that they were told by a cyber charter representative that the schools were mandated to advertise. The simple answer is that cyber schools are required to inform parents of their existence. However, they are not required by statute to conduct paid advertising to reach parents. Unlike public schools where there is a statute prohibition on paid advertising, state law is silent about advertising requirements for cyber charter schools.

Recent press accounts identified more than \$20 million in cyber charter advertising and promotion expenditures. While these expenditures are ostensibly legal, the fact that charters are routinely failing to disclose all public expenditures is not. The data used to back up the reported \$20 million in advertising costs can be found here: [2024 Cyber Charter RTK Spreadsheet - Google Sheets](#). All of this data had to be obtained by Right to Know Requests because the cyber schools flouted state law. House Bill 2370 improves the rigor of the transparency requirements for cyber schools.

Making Sure You are Efficiently Using Taxes

As you know, every year the state appropriates funding for education with the expectation that the lion's share is used to educate students. The legislature has placed a 12% cap on how much funding school districts are permitted to carry as a reserve for emergencies and unexpected expenses. This cap ensures Districts spend nearly all the funds received by taxpayers each year to educate students. The latest available data from the Pennsylvania Department of Education indicates that cyber charters are carrying over \$232 million in unassigned fund balance. On a per-student level, [cyber surpluses](#) are more than 2.5x those of school districts, and they are uncapped.

Requiring cyber schools to spend the funds they are paid by school districts to educate students is a fiscally responsible policy. Think about it this way, cyber charters are currently receiving far more

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funding than they are spending, leading to an inefficient system where cybers sit on tens of millions of dollars in reserves while the school districts that fund those reserves are forced to raise property taxes year after year. For instance, Mount Union school district in Huntingdon County authorized a 7.8% tax increase this year. This district paid \$1.7 million to cyber schools last year, and yet the district's schools are underfunded by over \$4 million. School districts across the state are levying tax increases on their residents in no small part due to the inefficient cyber sector.

Extracting Waste from the System

Cyber charter spokespersons have asserted that the proposed tuition reforms are a “cut,” but given the level of fund balance, there is no cut. Because the cyber charter schools are not spending the funds they have now, framing this funding reform as a funding cut flies in the face of basic math. The students who are enrolled in cybers will still be able to attend those schools, but they will do so without their school sitting on a mountain of reserve funds.

We urge you to consider the recent statement by Rob Gleason, a school board member and former Chairman of the Pennsylvania GOP points out, “Each of the 500 school districts in the state pay a different rate – up to \$26,500 for a non-special education student. Yet, the cyber charter school provides the same education no matter where in the state a student comes from and receives the same funding as brick-and-mortar charter schools despite having only a fraction of the same costs.” By establishing a standard tuition payment, you will be reducing waste within our school funding system.

We know that it's very hard to find agreement across the aisle. That's the case in Harrisburg, and on school boards. The fact that more than 90% of the school boards have passed resolutions urging the legislature to enact the reforms included in House Bill 2370 is a terrific indication that you will have plenty of support from your constituents in backing critically needed reforms in this sector that preserve the choice to attend a cyber school and protect the interests of taxpayers.

Also noteworthy is the risk of not enacting these reforms. Reporters, researchers, locally elected school board members and taxpayers are increasingly frustrated by the inaction to improve the compliance and accountability requirements in the cyber sector. There is a risk that continued inaction will cause the public to question whether cyber schools should be permitted to operate in the Commonwealth. As the reputation of these schools is increasingly tarnished, largely due to weak state laws promoting lax oversight and flagrant expenditures, students who may need this setting to learn may face increased stigma when what they really need is oversight and support.

We thank you for your dedication in building a 2024-25 budget that will advance educational access and boost academic outcomes for Pennsylvania's youth. The education investments that you enact this year, when coupled with measures for efficiency and transparency, could lead the Commonwealth to unprecedented economic prosperity.

Sincerely,
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