

Cyber Charter Funding



Background

- Despite misleading advertisement, cyber charters are not free
- Every school across PA pays a tuition rate to the cyber school for each student attending from their district
 - Rates can span anywhere from around \$8,000 to \$42,000
 - Residents of home districts are paying tuition for students to attend cyber school
- Despite receiving public money, through schools, cyber charters have less stringent oversight



- PA Auditor General Tim DeFoor released audit of 2020 - 2023 of five cyber charters
 - Commonwealth Charter Academy
 - PA Leadership Charter
 - Insight PA Cyber Charter
 - PA Cyber Charter
 - Reach Cyber Charter



“I am now the third auditor general to look at this issue and the third to come to the same conclusion: the cyber charter funding formula needs to change to reflect what is actually being spent to educate students and set reasonable limits to the amount of money these schools can keep in reserve...”



Financial Findings

Five Cyber Charter Schools Revenues, Expenditures, Fund Balance, and Enrollment for Fiscal Years Ended June 30

	2020	2021	2022	2023
Revenues	\$472,832,530	\$783,862,936	\$865,152,827	\$898,047,706
Expenditures ^a	\$414,126,178	\$616,451,429	\$697,055,600	\$888,091,571
Fund Balance	\$254,047,118	\$425,538,381	\$597,814,430	\$618,917,992
Enrollment	27,450	44,456	43,093	44,056

In a 4 year period...

- An increase in revenue for the five of \$425 million
- Increase in reserves of 144%
- A \$3 billion dollar business being funded by tax payers

“Due in part to an outdated funding formula that does not use actual instruction costs to determine tuition...”

Total Revenue by Fiscal Year

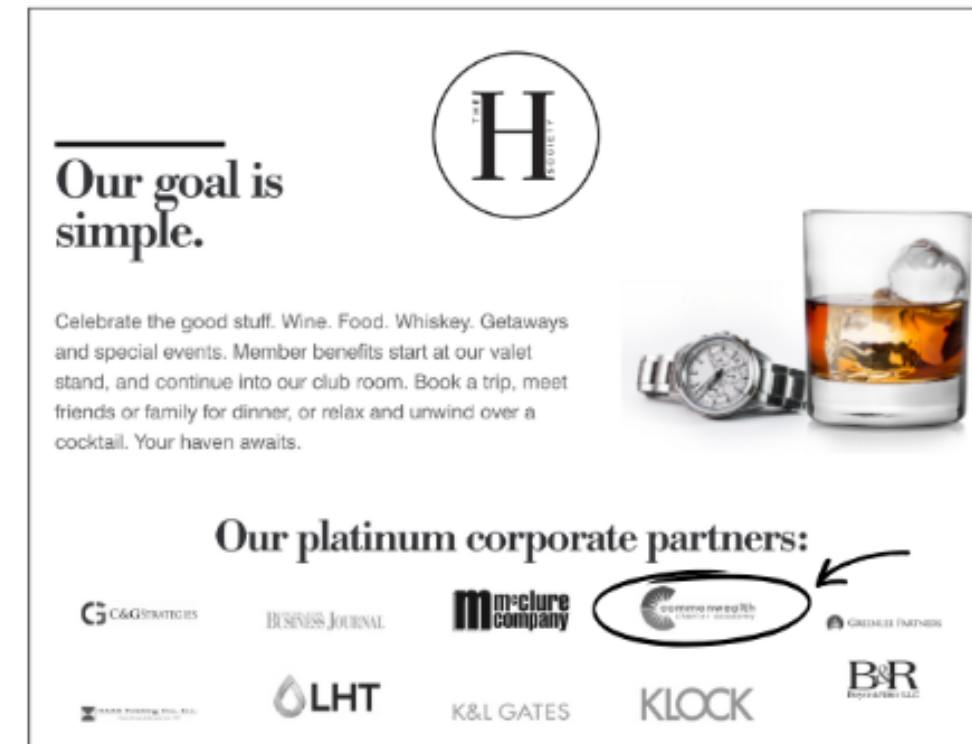
Cyber Charter School	2019-20	2020-21	2021-22	2022-23	Totals
CCA	\$164,476,445	\$315,715,590	\$397,471,987	\$421,097,245	\$1,298,761,267
PA Leadership	\$54,121,582	\$77,091,753	\$65,245,074	\$63,457,396	\$259,915,805
Insight	\$30,753,091	\$68,455,201	\$73,538,604	\$80,310,917	\$253,057,813
PA Cyber	\$168,228,276	\$189,865,558	\$196,272,198	\$197,646,562	\$752,012,594
Reach	\$55,253,136	\$132,734,834	\$132,624,964	\$135,535,586	\$456,148,520
Total	\$472,832,530	\$783,862,387	\$865,152,827	\$898,047,706	\$3,019,895,999

What you are paying for...

- 1078 payments → \$744,924
 - coded “family mentors”
- 1559 payments → \$330,830
 - coded “student/caretaker”
- Over \$116,000 for dining
 - \$2,739 → Doordash
 - \$5,504 → Mazza Vineyards
 - Additional payments to...
 - Duke’s Riverside Bar
 - Dockside Willies
 - O’Reilly’s Taproom
 - Lancaster Brewing Company
 - Cork and Fork

- 193 payments → \$404,717
 - Pittsburgh Ballet
 - Falling Water
 - Maid of the Mist
 - Hersheypark
 - SkyZone
 - Urban Air Trampoline
 - Green Ridge Club
 - Camelback Lodge

- \$4000 to Hill Society Platinum Corporate Partnership



- 51 payments → \$584,005
 - Vehicle Payments
 - \$115,387 → Fred Beans Ford
 - \$83,298 → LB Smith Ford
 - Car washes



What you are paying for...

- \$695,000 invoices
 - commercial shoots
 - TV advertising
 - Phillies / Pirates sponsorships
 - social media advertising
- \$500,000 annual payment
 - Nustream marketing to move businesses to top of Google search
- \$3.9 million on gift cards for students as “state testing incentives” and “attendance rewards”
 - Dominos
 - Target
 - Walmart
 - Dunkin’
 - Five Below



DUNKIN'



Academic Findings...



School	Four Year Cohort Graduation Rate	PA State Assessment Proficient / Advanced (English)	PA State Assessment Proficient / Advanced (Math)	PA State Assessment Proficient / Advanced (Science)	Percent of Students not Chronically Absent	CSI / TSI / ACSI
PA State Average	87.6%	53.9%	40.2%	59.2%	78.1%	
21st Century Cyber Charter School	68.1%	47.5%	25.5%	43.8%	90.8%	CSI
Achievement House Cyber Charter School	50.0%	28.0%	3.3%	10.9%	65.1%	CSI
Agora Cyber Charter School	50.6%	24.7%	7.2%	34.8%	63.4%	CSI
Aspira Bilingual Cyber Charter School	61.5%	9.0%	1.8%	6.7%	40.5%	CSI
Central PA Digital Learning	60.0%	19.8%	7.1%	17.5%	50.0%	CSI
Commonwealth Charter Academy	64.3%	11.0%	4.7%	13.2%	88.6%	CSI
Esperanza Academy Cyber Charter School	63.6%	13.3%	3.8%	15.1%	67.5%	CSI
Insight PA Cyber Charter School	68.1%	20.0%	4.4%	24.8%	58.9%	CSI
PA Cyber Charter School	61.0%	27.4%	12.5%	30.9%	83.3%	CSI
Pennsylvania Leadership Charter School	75.6%	46.9%	27.4%	53.4%	93.7%	ACSI
PA Distance Learning Center	59.6%	21.6%	8.2%	31.3%	76.0%	CSI
Pennsylvania Virtual Charter School	83.2%	34.5%	16.0%	42.3%	88.1%	TSI
Pennwood Cyber Charter School	N/a	60.9%	44.0%	61.4%	76.5%	TSI
Reach Cyber Charter School	80.0%	19.3%	6.3%	24.2%	87.9%	CSI

- **TSI**
 - Targeted School Improvement
- **CSI**
 - Comprehensive School Improvement
- **ACSI**
 - Additional Comprehensive School Improvement



Auditor's Recommendations

Governor

- Appoint a task force to review the funding formula and provide recommendations with representatives from:
 - PDE
 - cyber charters
 - school districts
 - parents
 - education associations
 - members of the General Assembly

General Assembly

- Pass joint resolution calling for Legislative Budget and Finance Committee to issue a report to study legislation needed to implement an equitable funding formula based on the task force recommendations

PDE

- Conduct reviews and renew cyber charter agreements on a timely basis that coincides with the end of the charter agreement
- Determine if CCA's acquisition of buildings is consistent with department guidance regarding building usage and consider revision for 2013 BEC pertaining to cyber facilities to clarify appropriate use of taxpayer money



Resources

[Auditor General's Report](#)

[Education Voters of Pennsylvania](#)

