House Education Committee
Informational Meeting
Cyber Charter School Costs to School Districts
May 2, 2025, at 10am, Johnstown School District

10:00am **Call to Order**
Committee Member Introductions
Opening Remarks- Chairman Schweyer
Chairman Burns

10:10am **Panel 1- School Officials Perspective**

Hannah Barrick, Executive Director
Pennsylvania Association of School Business Officials (PASBO)

10:45am **Panel 2- School Perspective**

Mr. Michael Dadey, Asst. to the Superintendent
Johnstown School District

Mr. Rob Gleason, School Board
Westmont School District

11:20am **Panel 3- Parent Perspective**

Ms. Stephanie Smith, Parent
Pennsylvania Leadership Charter School

11:55am Closing Remarks/Adjournment

All times are approximate and include time for questions.
Live streamed at www.pahouse.com/live

Pennsylvania Association of School Business Officials

PASBO Testimony to the House Education Committee
Cyber Charter School Funding

May 2, 2025

The Pennsylvania Association of School Business Officials (PASBO) includes school business officials who are responsible for building school district budgets and managing school district finances. Ensuring stability, predictability and sustainability of school district revenues and expenses is a priority for our members, and growing charter school expenditures—along with increasing special education and employee pension costs—consistently create fiscal stress for school districts across the commonwealth. As a result, charter school funding reform has been a priority for PASBO members for decades. There is a better way to fund charter schools—one that is fair and predictable for all stakeholders.

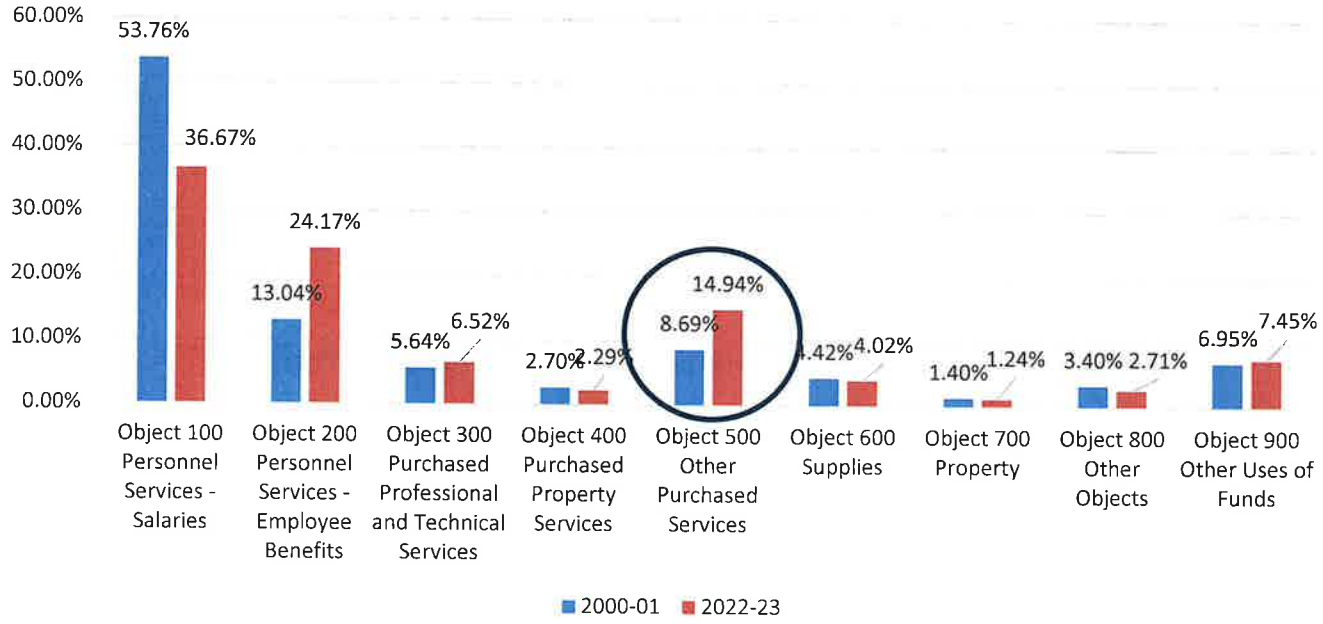
The issue of charter school funding reform is not a debate on school choice, on school quality, or educational programming. Charter schools have existed for more than two decades; they're a part of Pennsylvania's public education system. Finding a way to fund them that is fair to school districts, charter schools, students, and taxpayers alike, however, is the challenge.

Current policy has a detrimental financial impact on school districts and their taxpayers. Additional adjustments are needed to the current cyber charter school tuition calculation process to inject some financial stability and predictability into the process and, hopefully, to mitigate the adversarial relationship that often exists between school districts and cyber charter schools as a result of the funding policy.

Background

The impact of charter school policy on school district finances, particularly its growth as a mandated cost, is visible in financial data. Looking at changes in total school district object code expenditures over time highlights the growth in resources school districts are spending on charter school tuition. In 2000-01, school districts were spending 8.69% of their total expenditures on Object 500 expenditures—this includes purchased services and is where charter school tuition is coded. By 2022-23, the percentage of school district expenditures spent in this same area rose to nearly 15%, driven largely by charter and cyber charter school growth. In fact, in 2022-23, cyber charter tuition made up 20% of total Object 500 expenditures.

Figure 1: Change in Object Level Expenditures Over Time *(Source: PDE AFR data)*

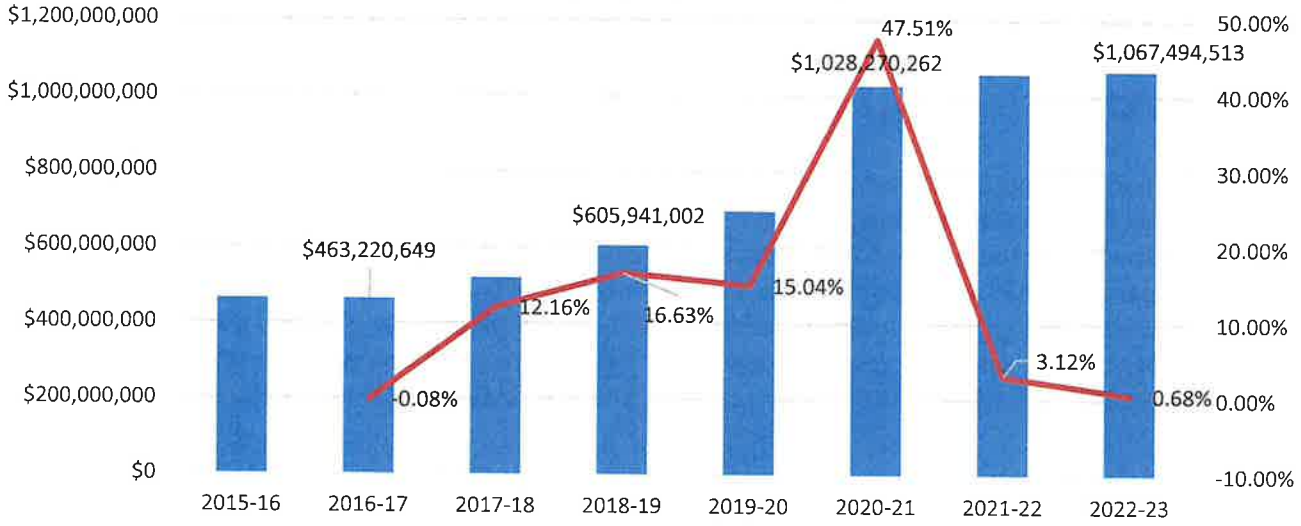


While the chart above includes all charter school tuition costs, for purposes of today's testimony, we're focused entirely on cyber charter schools and how cyber charter school funding impacts school districts. All 500 school districts pay tuition for resident students to attend cyber charter schools, and while the tuition rates will vary from district to district, the overall impact of cyber charter schools on school district budgets is significant.

Looking more specifically at cyber charter tuition, from 2015-16, the year in which the PA Department of Education (PDE) began posting cyber charter tuition separate from brick-and-mortar charter tuition, to 2022-23, the most recent available year of Annual Financial Report data, cyber charter school tuition grew by more than $600 million or 130%.

The chart below shows the total cyber charter tuition paid by school districts to cyber charter schools from 2015-16 through 2022-23. It includes a percentage increase in the total cyber charter tuition paid year-over-year. On average, the cyber charter tuition cost to school districts grew by nearly 14% annually.

Figure 2: Total Cyber Charter Tuition Over Time *(Source: PDE AFR data)*



While the rate of annual growth of cyber charter tuition has slowed in recent years, this is likely due mostly to the impact of federal ESSER funds and how they were used in the aggregate by school districts and how that impacted the cyber charter tuition calculation. Since the ESSER funds have washed through school districts, we anticipate that the rate of cyber charter tuition growth will increase.

Providing some additional context for the extent of the growth in cyber charter tuition costs, looking just at the proposed 2025-26 state budget for education, the proposed net increases for school districts in Basic Education Funding (BEF), Special Education Funding (SEF), and Ready to Learn (Adequacy Supplement) (after netting out the reduction in cyber charter reimbursement revenue) are zeroed out in more than 200 school districts if less than ten additional regular education or special education students move to a cyber charter school. The extent of this cost driver is such that the data is based solely on 2024-25 cyber charter tuition rates and does not even take into account the routine year-over-year growth in tuition rates that is discussed below.

The table below shows the number of school districts in which the proposed 2025-26 state revenue increases represent the total cost of less than 10 or less than 15 cyber charter school students. For these districts, growth in their cyber charter enrollment eliminates their ability to provide any additional dollars for the students being educated in their district. Please note that in many school districts, it requires just one or two students to zero out proposed state revenue increases.

Table 1: Value of Proposed 2025-26 Funding Increases Compared to Cyber Charter Tuition *(Source: PDE 2024-25 Charter School Tuition Rates; PDE Proposed 2025-26 Distributions)*

	Cyber Charter Regular Education	Cyber Charter Special Education (Post-January 1, 2025 Rate)
Less than 10 Students	206	265
Less than 15 Students	242	306

The table below includes some specific school district examples in Cambria County, where in some the entirety of the proposed 2025-26 state education funding increase is zeroed out with less than 15 new students electing to attend a cyber charter school.

Table 2: Number of Cyber Charter Students (2024-25 Tuition) Compared to 2025-26 Proposed Funding Increases *(Source: PDE Cyber Charter Tuition Data and 25-26 Proposed Funding)*

School District	County	Regular Education Cyber Charter Tuition	Special Education Cyber Charter Tuition	Number of NEW Regular Education Cyber Charter Students	Number of NEW Special Education Cyber Charter Students
Greater Johnstown SD	Cambria	$13,098.17	$31,507.30	229.44	95.38
Forest Hills SD	Cambria	$11,942.57	$23,062.11	26.04	13.49
Portage Area SD	Cambria	$13,147.83	$22,726.99	15.33	8.87
Richland SD	Cambria	$12,626.00	$21,573.95	12.49	7.31
Conemaugh Valley SD	Cambria	$15,736.37	$35,941.03	1.00	0.44

The Cyber Charter School Tuition Calculations

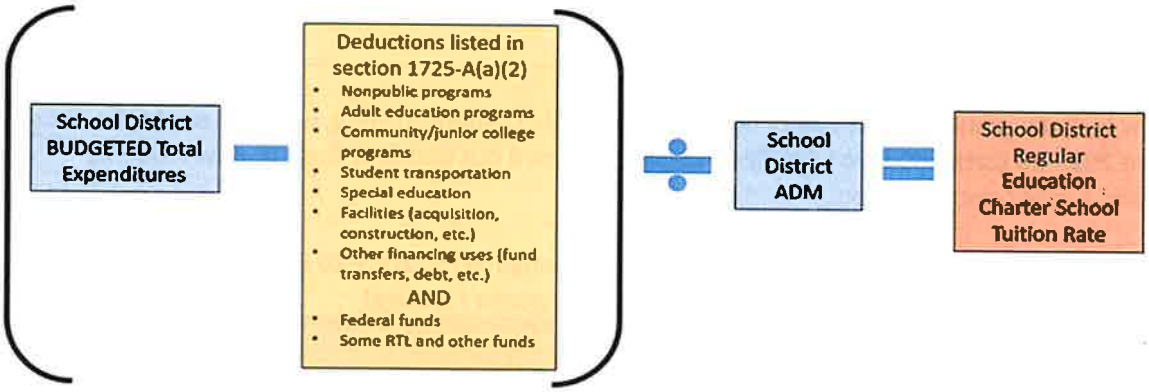
The overall expenditure and the annual growth in cyber charter school tuition is a result of the cyber charter school tuition calculation in section 1725-A of the Public School Code. The calculation defines the tuition amount each resident school district pays to a cyber charter school for a regular education student and for a special education student. The tuition calculation is accomplished each year through a PDE form—the PDE-363 form—which walks a school district through the calculation.

The tuition amount is based entirely upon each individual school district's budgeted costs not on the cyber charter school's costs—either budgeted or actual. As a result, there are individual cyber charter school tuition rates for each district. That means that a cyber charter school that educates students from multiple school districts receives an entirely different amount for those students.

For a regular education student (a student without an IEP) attending a cyber charter school, the school district starts with their budgeted total school district expenditures from the prior school year (for 2025-26 charter school tuition rates, the district will start with 2024-25 total budgeted expenditures). This budgeted expenditure number is the basis for the entirety of the tuition calculation, and it means that regardless of what a school district spends each year, their tuition rate is dependent on what they thought they might spend, which could include contingencies for growth in several budgetary areas that may or may not manifest during the fiscal year.

Starting with total budgeted expenditures, which includes cyber charter tuition expenses, the charter school law and the PDE-363 form allow for some deductions to that total amount for several expenditures—these expenditures largely reflect areas where charter schools have no corresponding cost (such as Adult Education programs), where school districts are required to provide services to charter schools (such as transportation) or where charter schools receive state or federal funding for the same purpose as school districts (IDEA, Title funds, a portion of Ready to Learn funds, Safety/Security grant funds, etc.). Special education expenditures are also deducted for purposes of the regular education tuition calculation.

The graphic below illustrates the calculation that a school district does on an annual basis to define their regular education charter school tuition rate.



The total school district budgeted expenditures minus the appropriate deductions is then divided by a school district's Average Daily Membership (ADMs) for the prior year. The ADM represents the total number of students a district is financially responsible for and includes students educated in the district, students in outside placements, and charter and cyber charter school students the district is paying tuition for. The result is the regular education cyber charter school tuition rate. For 2024-25, this rate ranged from $7,700 to more than $28,000 per student; the average regular education tuition rate is $14,778 for 2024-25.

If a student attending a charter school requires special education services and has an IEP, the school district pays a different—higher—tuition for that student in which a supplement is added to the district's regular education cyber charter school tuition rate discussed above.

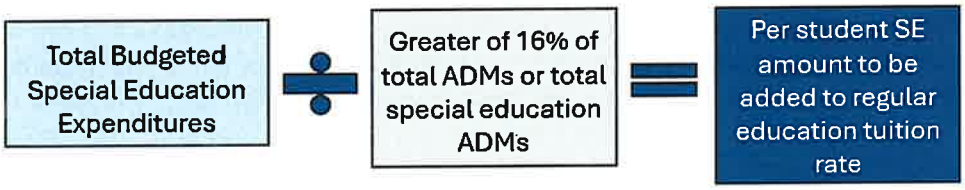
To calculate the cyber charter special education tuition rate, a school district starts with their total budgeted school district special education expenditures for the prior year (this is the same number deducted from the regular education tuition calculation above).

Prior to January 2025, the total budgeted school district special education expenditure was divided by 16% of the school district's total ADMs. Sixteen percent was used in this calculation because it was placed in the statute to represent the average percentage of special education students in a district. However, the actual average percentage of special education students across school districts is now greater than 16%, and it varies widely across school districts.

The calculation to determine the cyber charter special education tuition rate changed midway through the 2024-25 fiscal year to allow school districts to divide by the greater of 16% of the school district's ADMs or the actual number of special education ADMs in the district. This change was put into effect mid-2024-25 to use actual special education data to ensure school districts were not over-inflating their cyber charter special education tuition rate.

It's important to note that this change to use actual special education ADMS in the tuition calculation only applies to cyber charter schools and not to brick and mortar charters, leaving school districts paying brick and mortar charter schools special education tuition rates that are higher.

The resulting amount is then added to the regular education cyber charter school tuition rate. This sum becomes the cyber charter special education tuition rate. The graphic below illustrates the annual calculation to determine the special education cyber charter school tuition rate after January 1, 2025.



The special education tuition rate is generally about twice as high as the regular education tuition rate. For 2024-25, the average cyber charter special education rate prior to January 1, 2025, was more than $19,500 higher per student than the average regular education cyber charter tuition rate; the January 1, 2025, cyber charter special education tuition rate was $15,300 higher per student than the regular education tuition rate.

For 2024-25, the pre-January 1, 2025, cyber charter special education tuition rate ranged from $18,947 per student to $67,337 per student. Post-January 1, 2025, the range was $18,947 per student to $63,019 per student.

The change in the special education cyber charter tuition rate mid-year in 2024-25 eliminated the use of an outdated assumption about school district special education populations and allowed school districts to use their actual special education ADMs in the cyber charter tuition calculation. While not all school districts have a special education population greater than 16% of their ADMs, most districts do, and the reduction in cyber charter special education tuition rates ranged from $39 per student to more than $27,000 per student; the average reduction was $4,100 per student.

The table below demonstrates the difference between the pre- and post-January 1, 2025, cyber charter special education tuition rates for many districts.

Total ADMs	2,500
Total Budget Special Education Expenditures	$4.3 million
Total Special Education ADMs	475 (19%)
Regular Education Cyber Charter Special Education Rate	$10,000
Pre-January 1 Cyber Charter Special Education Rate	$20,750
Post-January 1 Cyber Charter Special Education Rate	$19,052

Beginning in 2024-25, school districts were required to send their PDE-363 forms to PDE for posting publicly on the PDE website. While the tuition rates are public, it's important to note that these posted rates are not the rates that cyber charters are required to use when sending invoices to school districts for payment. Under the charter school law, cyber charter schools invoice school districts monthly for resident students attending the district. If a school district does not pay, disputes the rate or the residency of a student, the cyber charter can seek payment from the school district's state subsidy directly from PDE.

PDE will deduct from the next state subsidy payment due to the district the amount requested by a cyber charter school. PDE does not have the legal authority to review the amount to determine if the rate is correct, to determine if the student was enrolled during the period billed, or to determine if the student was a district resident during the period billed. Disputes are handled through an administrative process after payment has been made by PDE.

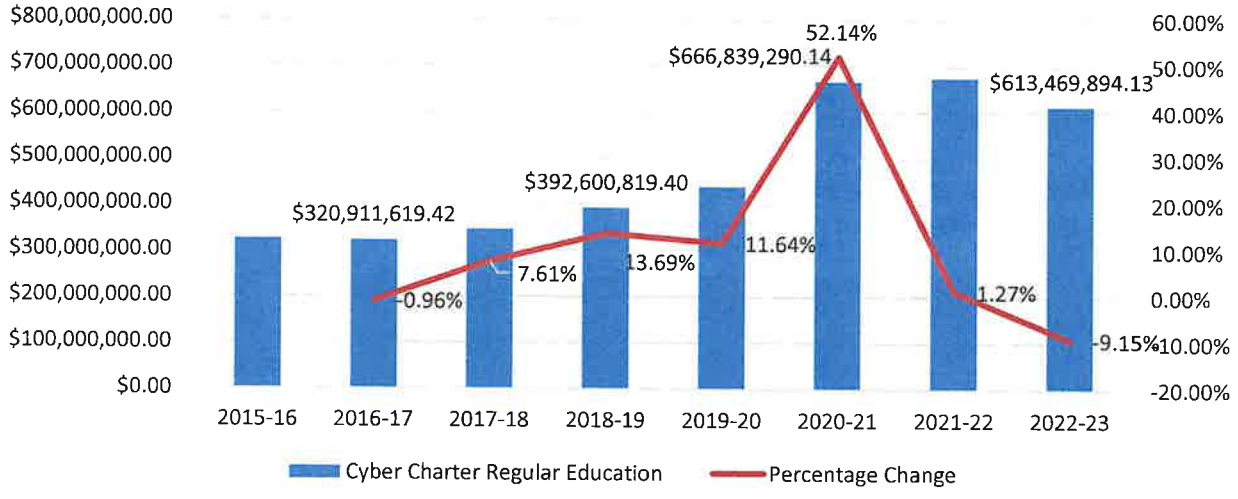
Based on the cyber charter school tuition calculations discussed above, the amount of charter school tuition a school district pays—and how quickly the tuition increases from year to year—is largely dependent on factors outside a school district's control, and annual cyber charter tuition rate increases are not uncommon at high single or even double-digit percentages for some school districts. Overall, total cyber charter tuition costs are driven by the tuition calculation, enrollment, and the ratio of regular education cyber charter students to special education cyber charter students.

However, rises in mandated costs for school districts—namely pensions, special education and charter school tuition, and narrow eligibility for use of Ready to Learn funds, including Adequacy Supplement funds, all of which will flow into the PDE-363 calculation, ensure that the charter school tuition rate continues to increase.

Since school district pension costs, school district special education costs, and charter school tuition costs are all factored into the charter school tuition calculation as part of a school district's budgeted total expenditures, when these costs go up, it increases the likelihood that the cyber charter school tuition rate increases. This creates a mandated cost loop in which rising mandated costs that increase school district total expenditures increase charter school tuition expenditures, which then increases school district expenditures and so on.

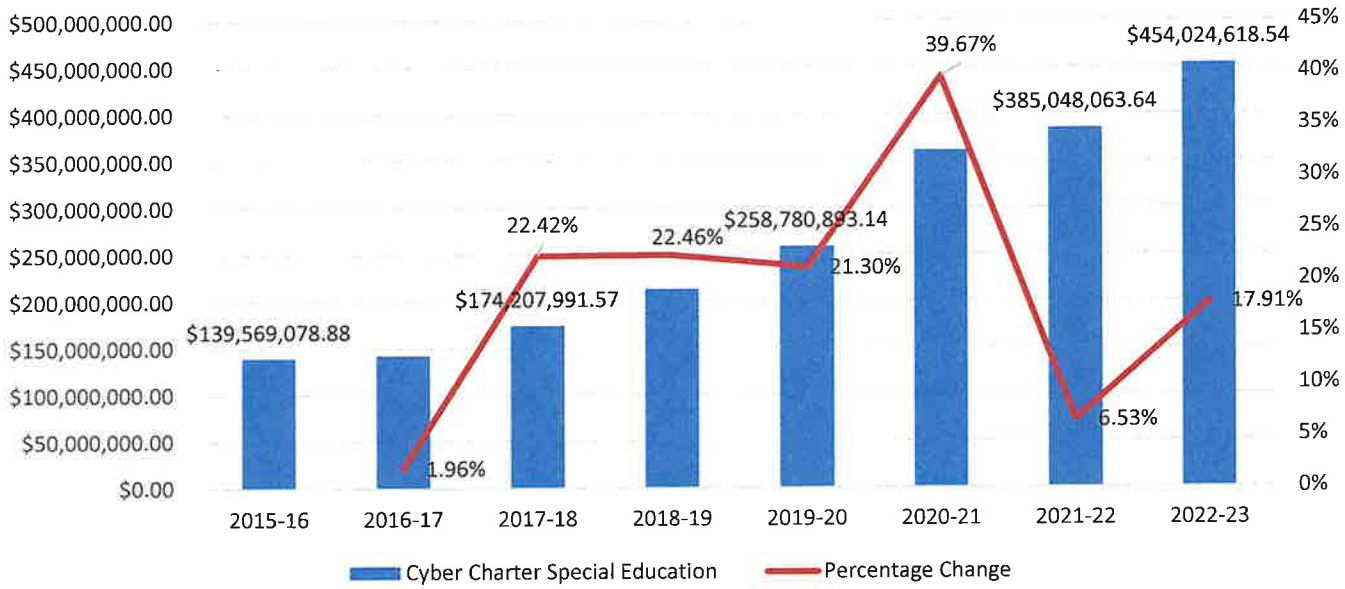
The figure below shows the growth over time in total cyber charter regular education tuition paid by school districts. Overall, since 2015-16 when cyber charter regular education was broken out of total charter school tuition costs, the total has increased by more than 89% or $289 million. While increasing significantly through the pandemic, the annual rate in growth in cyber charter regular education tuition is slowing; however, the average annual growth in this rate for the past seven years exceeds 10%.

Figure 3: Growth in Cyber Charter School Regular Education Tuition *(Source: PDE AFR data)*



Much like the growth in cyber charter regular education tuition, the special education cyber charter tuition has grown since 2015-16 as well. From 2015-16 to 2022-23, special education cyber charter tuition paid by school districts has grown by more than $314 million or 225%. Unlike the trend for total cyber charter regular education tuition, the rate of growth for special education cyber charter tuition continues to climb, with the total tuition growing by an average of nearly 19% annually.

Figure 4: Growth in Cyber Charter Special Education Tuition *(Source: PDE AFR data)*



As noted above, annual growth in mandated costs—particularly charter school tuition costs, special education costs, and employee retirement costs—have a direct impact on increasing cyber charter tuition rates from year to year, as increases are budgeted for by school districts to covering these increasing costs.

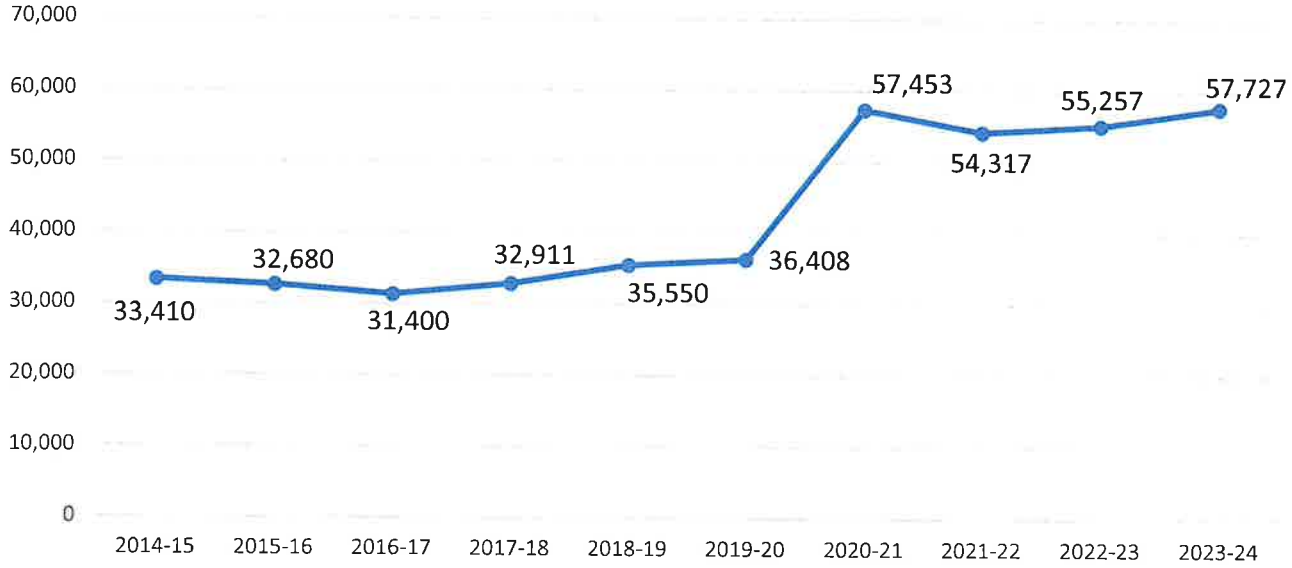
Additionally, there has been significant additional state investment in school districts beginning in 2022-23 with a $525 million increase in BEF, a $225 million investment in Level Up, and a $93.5 million increase in SEF; in 2023-24 there was a BEF increase of $567 million and an SEF increase of $46.7 million; and in 2024-25, there was a $225 million increase in BEF, a $93.5 million increase in SEF, and a $493 million investment in Adequacy funding under Ready to Learn. This $2.27 billion investment in school districts in just the past three years will have a significant impact on cyber charter tuition rates as these additional dollars are flowed into school district budgets. As a result, it's important to recognize that a portion of all of these new funds to school districts will immediately flow out of school districts and into cyber charter tuition each year.

In addition to the growth in total school district budgeted expenditures driven mainly from mandated cost increases, school districts facing declining enrollment often see an increasing cyber charter school tuition rate simply because the denominator of the calculations discussed above is getting smaller. With nearly 80% of all school districts facing declining enrollment over the past decade, mirroring the overall demographic changes across the commonwealth, the top ten smallest school districts in the state have a regular education cyber charter school tuition rate that is more than $3,400 per student greater than the state average regular education tuition rate for 2024-25.

To add to the challenges of mandated cost increases and/or enrollment declines in cyber charter tuition growth, overall cyber charter school tuition expenditures increase in many school districts because cyber charter school enrollment continues to grow. While the impact of cyber charter school enrollment growth differs for every school district, some school districts struggle with significant increases in enrollment from year to year in addition to tuition rate increases. With significant enrollment increase in cyber charter schools during the pandemic, while there was a minimal decline post-pandemic, the enrollment numbers have

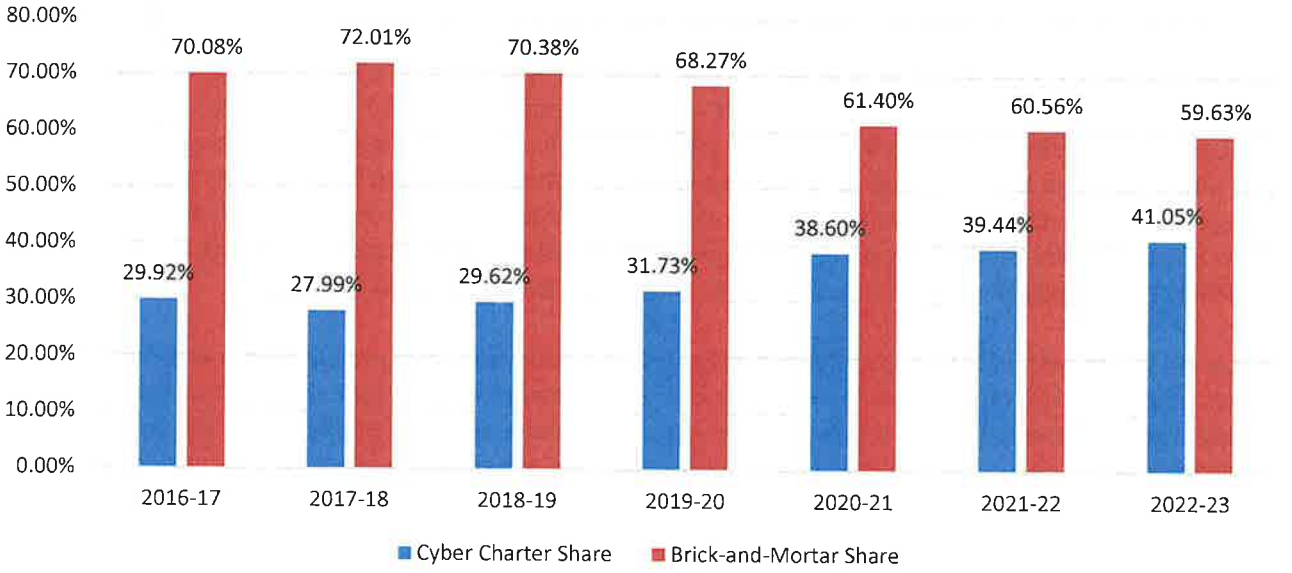
continued to climb to nearly 60,000 students statewide. While some of this growth represents students shifting from brick-and-mortar charter schools to cyber charter schools, for which there is no financial impact, much of this growth came from school district students or nonpublic/private school students beginning to attend cyber charter schools. The graph below illustrates the growth in charter school enrollment over time.

Figure 5: Change in Cyber Charter Enrollment Over Time *(Source: PDE Enrollment data)*



Additionally, it's clear that there is a shift over time between brick-and-mortar charter schools to cyber charter schools, as the overall share of total charter school expenditures for each sector continues to change, with cyber charter tuition growing its overall share of total charter school tuition.

Figure 6: Change in Share of Total Charter School Expenditures *(Source: PDE AFR data)*



Charter School Funding Reform Options

Recognizing the financial impact of the current cyber charter school tuition calculations on school district finances and the growing burden on local taxpayers, PASBO has consistently advocated for changes to the cyber charter school tuition calculation to provide both relief to school districts from these increasing mandated costs and to ensure that the calculation is fair for school districts, cyber charter schools, students, and taxpayers alike. We were pleased with the efforts made for 2024-25 to adjust the special education cyber charter tuition rate to use actual special education data and to reinstate the cyber charter reimbursement line item.

In terms of making additional improvements to the cyber charter school funding system, we believe there are many ways to tackle this problem, provide predictability, slow the growth in charter school tuition costs, and provide needed relief to school districts and taxpayers.

PASBO supports simply slowing and defining the rate of growth of the regular and special education cyber charter school tuition rates for each individual school district. The goal of school finance policy—and the desire of every school finance professional—is to have consistent and predictable expenses year-over-year. As discussed above, based on the cyber charter school tuition calculation and its inclusion of so many mandated costs, the charter school tuition rate often increases—by hundreds or thousands of dollars per student—from year to year even with the change in the cyber charter special education tuition rate that became effective this fiscal year.

While the Act 1 index limits the amount of revenue school districts can raise each year, individual cyber charter school tuition rates often increase annually by a percentage that is greater than the Act 1 index—particularly special education tuition rates. Aligning cyber charter school tuition rate growth to a school district's capacity to raise revenue under the Act 1 index would acknowledge the financial impact of cyber charter school tuition on school district budgets, provide some limited parity between cyber charter schools and school districts, provide school districts and cyber charter schools with greater predictability from year to year in budgeting for cyber charter school tuition costs and allow for growth in the cyber charter school tuition rate each year.

Mechanically, such a proposal would simply cap annual cyber charter school tuition rate growth at the base school district Act 1 index. While this would have no impact on cyber charter school tuition rates for some school districts, it would slow the increase in the rate from year to year in others and provide predictability in budgeting.

For example, if a school district's regular education cyber charter school tuition rate calculated pursuant to the charter school law grew from $10,000 to $10,500 per student from one year to the next, it would be a 5.0% increase in the charter school tuition rate. If the school district's Act 1 index was 3.2%, the proposal would limit the growth of the regular education charter school tuition rate to 3.2%, meaning that the rate would go from $10,000 one year to $10,320 the following year. That becomes the base rate for the following year and so on. The same limitation would apply to the special education cyber charter school tuition rate, allowing for growth in the rate from year to year, but ultimately capping it and providing predictability in budgeting for both LEAs.

It's important to recognize, however, that this Act 1 construct is much more generous to cyber charter schools than to school districts. Act 1 for a school district is applied only to the portion of their budget that is funded by property taxes, which is about 43% on average statewide, with many well below that. An Act 1 rate applied to charter tuition is their full rate, translating to 95% or more of their budget.

PASBO also supports efforts to create a flat rate for cyber charter tuition. This type of proposal would maximize predictability for both school districts and cyber charter schools, and it would greatly streamline the tuition challenges of cyber charter schools receiving 1,000 different tuition rates from 500 school districts.

The current $8,000 regular education flat rate proposed by Governor Shapiro represents an amount that is less than the current regular education cyber charter tuition rate being paid by 499 school districts, and it would provide significant cost avoidance for many school districts going forward; the impact on many cyber charter schools could be significant. Examining potential rates based on cyber charter school current expenditures or the creation of a PDE-363-like process for cyber charter schools could potentially provide cost avoidance for many school districts and reflect the needs of cyber charter schools.

As noted with data above, the largest area of growth in cyber charter tuition lies with the special education tuition, so ensuring long-term cost avoidance here for school districts—while still ensuring cyber charter schools can provide the special education services their students need—is important.

Policy efforts that depress only the regular education tuition rate would, at best, provide a temporary slowing or reset of the rate of growth in the cyber charter special education tuition rate; however, it would continue to grow as it currently does.

Additionally, there are some proposals that target the use of the three-tiered system that drives SEF subsidy to school districts. While this proposal is focused on trying to provide cyber charter schools with special education tuition that is targeted to student need, the reality is that this adjustment could be far more costly for school districts than our current system if not done appropriately.

In the table below, an example school district has a regular education cyber charter tuition rate of $10,000 and a cyber charter special education tuition rate of $19,500. Using the tiered system, for each special education student educated by a cyber charter school, the school district would pay the regular education rate multiplied by 1.64 (the corresponding weight in the SEF formula). Similarly, the district would pay $10,000 multiplied by 3.08 for a Category 2 student, and $10,000 multiplied by 6.34 for a Category 3 student.

	Regular Education	Special Education (Current)	Category 1	Category 2	Category 3
Tuition Rate	$10,000	$19,500	$16,400	$30,800	$60,340

The categories of each special education student are based on the cost of the special education instructional and support services required by the student and outlined in the student's IEP. The cost category reporting is mandated for school districts and charter schools by Act 16 of 2000, and cyber charter schools are already reporting this information to PDE annually; however, the data being reported is data for students from the previous school year and is based on the actual special education expenditures for each of those students.

School districts don't know what category each of their resident students attending cyber charter schools fall into, and the impact on the district could be significant. Additionally, it's important to note that the SEF formula does not use these student cost categories to provide per student funding to school districts—they are based on prior years of data and used as weights in a complex formula that does not drive out a per student amount to districts that is similar in any way to a full per student cost for cyber charter tuition. For example, the 2025-26 proposed SEF formula ($467.5 million) would drive out $683.89 per weighted special education ADM (which includes charter school students) or $1,280.42 per special education ADM (including charter school students).

The table on the next page contains some basic examples based on just ten students. Based on the cost category of each student, there is not necessarily any cost avoidance for the school district—in fact, this mechanism could result in increased cyber charter special education costs above the current amounts.

	Total Tuition	Change from Current
10 students at current rate ($19,500)	$195,000	
10 students; all Category 1	$164,000	-$31,000
10 students; 9 Category 1; 1 Category 2	$178,400	-$16,600
10 students; 9 Category 1; 1 Category 3	$207,940	+$12,940
10 students; 8 Category 1; 2 Category 2	$192,800	-$2,200
10 students; 8 Category 1; 1 Category 2; 1 Category 3	$222,340	+$27,340
10 students; 8 Category 1; 2 Category 3	$251,880	+$56,880

Another way to provide a flat and uniform rate across all school districts would be to examine a blended rate—creating a single rate for all cyber charter students, regardless of whether they are regular or special education students.

This could be accomplished by examining total cyber charter cost per student over a period of time, by looking at cyber charter school current expenditures per student, or through other mechanisms. This approach would ensure predictability for both school districts and cyber charter schools in that it would provide a single rate for all cyber charter enrollments, making it easy to plan expenditures for districts and revenues for cyber charter schools. The caveat here would be that certainly a blended rate would be higher than an $8,000 flat rate, and likely higher than many districts are currently paying for regular education tuition.

The challenge would lie in finding the threshold to ensure cost avoidance in overall tuition costs when combining regular and special education total cyber charter expenditures; this would be harder to accomplish for districts with currently lower tuition rates.

If a flat rate is targeted, ensuring that there is a predictable mechanism to adjust that tuition rate would also be essential for both school districts and cyber charter schools.

Another option would be to have the state reinstate partial funding for charter school tuition costs—or provide full reimbursement to districts based on cost or wealth levels. The state had been funding about 25% of these costs in the past, but the reimbursement stopped in 2011-12, sending about $225 million instantly to taxpayers in that single year. The cyber charter reimbursement was resurrected for 2024-25, providing $100 million to school districts and targeted about 9% of their cyber charter tuition costs; it was not included in the proposed 2025-26 budget.

A cyber charter reimbursement that is highly targeted to school district cost drivers makes sense, and while a reduction in the actual cyber charter tuition calculation is also needed, without meaningful changes to how the rates increase from year to year, a reset in the rate will eventually climb again and continue to fall back on the district and taxpayers. Revenue from the state in conjunction with a tuition calculation adjustment would provide beneficial long-term policy to better align to true costs as well as aid districts most impacted by cyber charter tuition costs in a targeted manner.

Targeting additional funds to school districts based on areas of mandated expenditure growth is positive school finance policy, as these funds would provide immediate relief and enhance the value of additional funds provided to districts in BEF, SEF and Ready to Learn. In fact, with the elimination of the 24-25 cyber charter reimbursement in the 2025-26 proposed budget, 84 school districts (including nine districts receiving Adequacy funds) are actually slated to receive less in BEF, SEF, and Ready to Learn combined in 2025-26 compared to 2024-25 when the cyber charter reimbursement is netted out, as it is a loss in revenue.

The table on the next page illustrates the impact of the loss in cyber charter reimbursement in the context of the 2025-26 state budget proposal. It does not consider the impact of additional cyber charter school student enrollment, which alone can offset 100% of a districts proposed funding, nor does it consider a district's 2025-26 cyber charter tuition rate increase.

	Number of School Districts	Percentage of School Districts
Less in 25-26 net of Cyber Reimbursement	84	16.8%
Less than $25k Increase in 25-26 net of Cyber Reimbursement	117	23.4%
Less than $50k Increase in 25-26 net of Cyber Reimbursement	140	28.0%
Less than $65k Increase in 25-26 net of Cyber Reimbursement	155	31.0%

A cyber charter reimbursement could be created to provide relief to all school districts, or it could be targeted to provide relief to those school districts with the largest cyber charter school cost increases, the greatest cyber charter school tuition increases, or even the greatest impact on taxpayers. Additionally, since school districts have no authority to authorize cyber charter schools, a reimbursement could target reimbursement to school districts based on cyber charter enrollment.

While the impact on school districts would be dependent upon the policy direction of a reimbursement and a corresponding state appropriation, this option would ensure that the state is at least partially financially responsible for the policy they've implemented and that cyber charter school costs are not borne by school districts and taxpayers alone.

A more effective but challenging option would be to move the cyber charter tuition cost entirely to the state, as they are the entity authorizing and overseeing cyber charter schools. While the cost is significant, as noted above, transitioning the expenditure to the state over a period of time would go a long way in providing permanent mandate relief to school districts and taxpayers and significantly increasing the value of every single dollar the state invests in school districts.

While these options are just some of many possibilities for addressing the underlying cyber charter school tuition calculation, we believe these options take at least an initial step in ensuring that the calculation is reasonable and fair for all involved and that most school districts and taxpayers receive relief in the process. Ideally, meaningful reform includes multiple of the options highlighted above and ensures that both school districts and cyber charter schools have predictability and consistency in both their cyber charter expenditures and revenues.

Again, as an association made up of school business officials, cyber charter school funding reform remains a priority. Ideally, we could address the state cyber charter funding policy to eliminate the adversarial relationship that often exists between school districts and cyber charter schools, which would create a needed opportunity for sharing and collaboration that would benefit students across the commonwealth. Getting to that place—where schools are sharing programs and opportunities for students regardless of the public school in which they're enrolled—would be extremely beneficial for public education.

There is certainly a better way to fund cyber charter schools—a way that will work for school districts, cyber charter schools, students, and taxpayers, and we are appreciative of your attention to and engagement in this important issue. PASBO is eager to continue to work with the Committee and all stakeholders towards a solution.

Thank you for your time and attention.

Chairperson, members of the committee, and distinguished guests,

Thank you for the opportunity to speak today on behalf of the Greater Johnstown School District, located in Johnstown, Pennsylvania. As the Assistant Superintendent and a lifelong member of this community, I am here to share the profound impact that the current state cyber charter tuition structure has on our schools, students, and taxpayers.

Greater Johnstown is a district with deep roots and an unwavering commitment to student success. Like many school districts across the Commonwealth, we work diligently to provide a well-rounded, high-quality education while balancing limited financial resources. Unfortunately, one of the most significant and unsustainable burdens we face is the ever-increasing cost of cyber charter school tuition.

Let me share the numbers that demonstrate just how unsustainable this has become for our district:

- In the **2001–2002 school year**, Greater Johnstown School District paid **$9,902.40** in cyber charter tuition.
- In the **2023–2024 school year**, that number skyrocketed to **$3,937,760.89**—an increase of more than **$3.9 million** over two decades.
- And for the upcoming **2024–2025 school year**, we are projected to pay **$6,931,917.85**—nearly **$7 million** in taxpayer dollars, leaving our district to fund cyber charter schools.

Trends do not match these staggering increases in student enrollment or demonstrable improvements in educational outcomes. They are the result of a broken funding formula that allows cyber charter schools to receive far more than it costs to educate a student in a virtual setting.

This alarming growth is compounded by the **high number of transient students** who enter and exit our district. As of April 24, 2025, there have been 741 new enrollments and 465 withdrawals. These students often enroll in a cyber charter for brief periods before returning to Greater Johnstown, leaving us to absorb the educational, social-emotional, and logistical challenges. In contrast, the tuition dollars for their time at the cyber charter have already been spent. This cycle places an additional financial burden on our district and disrupts educational continuity for the students we serve.

In contrast to the unchecked spending by cyber charters, Greater Johnstown has made a **strategic and fiscally responsible investment in our in-house cyber program**. Our program provides a flexible, personalized online learning experience at a **significantly lower cost** than sending students to cyber charter schools. Moreover, students enrolled in our program maintain access to all the district's resources, including participation in **our 13 Career and Technical Education (CTE) programs**, which offer real-world skills and pathways to success after graduation.

Importantly, we closely monitor student performance in our in-house cyber program. When students are **not meeting academic expectations**, we take action. Students who are failing or struggling are brought back into our **brick-and-mortar classrooms** where they can receive **increased academic support, structure, and direct instruction** to get them back on track. This reflects our district's commitment to putting students' educational outcomes first—something that is often missing from the cyber charter school model.

Meanwhile, these same schools are spending public funds in ways that raise serious concerns about financial responsibility:

- **PA Distance Learning Center** spent **$419,614.43 on advertising and promotion** during the 2023–2024 school year, including digital ads on Google and Facebook. That equates to **$359.57 per student**, all of which is spent on marketing rather than education.

- **Reach Cyber Charter School** spent **more than $4 million on gift cards**, including nearly **$3.9 million for grocery gift cards** and over **$150,000** for retailers like Domino's, Walmart, and Dunkin'. These were often used as "state testing incentives" and "attendance rewards." In addition, Reach spent over **$1.1 million on advertising** in the same year.
- **CCA used $2.4 million in taxpayer dollars during the audit period to provide $400/month fuel stipends to its employees who work in Family Service Centers.** That's right—your local property tax dollars, which are supposed to be invested in educating students, are being used to pay CCA employees to drive to work. ***And, according to the audit, this stipend is still in effect.***

Let's be clear: **every dollar spent on gift cards and advertising came from Pennsylvania taxpayers**, largely from local property taxes paid by families and businesses in districts like ours. These are resources that should be used to support academic programs, provide student services, and maintain safe learning environments.

Instead, we're watching millions of public education dollars flow to cyber charter schools with little transparency or oversight. At the same time, we're left to make painful budget decisions and could ask more of our taxpayers, but that is not an option. We are heavily reliant on State dollars.

Lawmakers must act now. The time to reform cyber charter school funding is long overdue. Tuition rates must reflect the actual cost of providing online education, and stricter accountability measures must be put in place to ensure taxpayer dollars are being used responsibly.

Without immediate action, cyber charter schools will continue to receive excessive funding, while public schools, the backbone of our communities, will struggle.

Thank you for your time and commitment to this critical issue.

TESTIMONY OF ROB GLEASON TO THE PENNSYLVANIA HOUSE DEMOCRATIC EDUCATION COMMITTEE

MAY 2, 2025
JOHNSTOWN HIGH SCHOOL, JOHNSTOWN, PA

I am Rob Gleason, President of the Westmont Hilltop School Board of education. I am also an active member of the Pennsylvania School Board Association (PSBA) interested in cyber charter reform.

A February 20, 2025 report from Auditor General Tom Defoor confirmed that Pennsylvania's cyber charter funding system is deeply flawed and in need of urgent reform.
The report showed that the cyber charter Fund Balances reached $619M by June 30,2023, a number that the average school board member can not even comprehend. Their General Fund surplus of $590M indicates that Revenue far exceeds Expenditures.

My own School District, Westmont Hilltop has 79 students attending third-party cyber schools at an annual cost to the district of $1.2M. Unfortunately, many cyber students repeat a grade level and/or never finish the cyber academy program because of poor education outcomes and lack of attendance. In the 2024-25 school year, eight Westmont Hilltop cyber students were enrolled in the same grade level as the previous school year. This practice of repeating students

cost the Westmont Hilltop school district $500,000. Westmont Hilltop has less than .05% of our students repeating grades annually compared to 11% at cyber schools. Statistics also show that Cyber Charter Schools struggle with graduation rates. Westmont Hilltop graduates 98.5% of its students. This is the most basic measure of a publics school district's ability to prepare students for the next phase of their lives.

Although we focus on the costs of cyber charter schools, the real victim can be the student . For example, If Westmont Hilltop students are experiencing academic difficulties, teams of teachers and support staff work with the student and families to improve education outcomes, including education supports and special education services. We offer a full continuum series to meet the needs of the most unique learning challenges.

Additionally Cyber schools do not have the access to behavioral and mental health services provided by the public school. The Westmont Hilltop School District employs school counselors with a less the 300 to 1 ratio, one social worker, two school psychologists, and a behavioral specialist. This is in addition to the RISE program counselor provided bye the Cambria County Drug and Alcohol Agency. Many Cyber Charter students are left to suffer in silence without services because their parents do not have the resources to access outside services.

Cyber Charter Student do not have access to free meals, doctor examinations, health screenings or mental and behavioral health services provided by the school district. Additionally, the school district assists local and county agencies with referrals for abuse or neglect based on relationships developed between teachers, administrations, staff, and students. We understand that cyber schools are held to the the same reporting requirements , but the virtual nature of instructions does rallow for strong relationships to develop.

Cambria County Schools paid $11,270,832 in cyber tuiton in 2022-23. With rising costs, especially in health care, the financial viability of some schools districts is being questioned. Although the state has a plan to help distressed school districts cyber charter payments running wild, health care cost skyrocketing and the Federal Government cutting back school funding, could a bankrupt , Chapter 9, School district be around the corner?

My name is Stephanie Smith. I am a parent of 2 cyber schooled children. My husband and I decided to transfer our children to cyber school in 2020 as a result of how our local district handled closure due to COVID. It was originally planned to be for a year or two. However, we will not be transferring back now.

The school district we live in is very small and averages approximately 40-60 kids in each grade. Fifty-three students are in the 2025 graduating class. There are a lot of areas in our district that internet is not easily accessible. During the COVID shutdown for the remainder of the 3rd 9 weeks, packs of busy work were distributed to students. The completion of these packets was only for extra credit. My children already had A's and B's that they had actually earned up to the March closures. The 4th 9 weeks, they were offered a variety of "project-type" assignments. One of the options was a time capsule, which is the option we chose. The daily average of the time it took to complete the time capsule information was about 20 min. We completed various worksheets of personal information, included pictures, news articles, personal effects, and tracked the COVID numbers for the country, state, and county. Simply put, there was absolutely no education for an entire 9 weeks and part of the previous one.

With COVID impact/ closures having an uncertain effect on the 2020-2021 school year, my husband and I decided we wanted a more consistent learning environment for our children. We enrolled in Pennsylvania Leadership Charter School in July of 2020. We made adjustments to our home layout to accommodate our children's learning environment. As a stay-at-home mom, I have been able to have a lot more of a hands-on approach with my kids in cyber school. My children and I have not encountered any difficulties in communicating with their teachers when they are encountering difficulties with an assignment. All teachers have office hours where students can get individual or small-group help if they are struggling with a particular lesson. My children have earned an honor roll status every nine weeks since enrolling in cyber school.

We originally intended for it to be a year or two in cyber school, then transfer back to our local district. During our first year of cyber school, we requested from our local district that my daughter would be able to continue her band lessons with her pers that she started in fifth grade. I went to multiple school board meetings to attempt for her to be accommodated for band. In our district, fifth and sixth grade band is not a graded or scheduled class. Students are taken from their other classes to complete their band lessons based on what instrument they play. My daughter started playing saxophone in fifth grade. She was able to continue her band lessons virtually through the closure in 2020. Cyber students are able to go to their local district for extracurricular activities. I was willing to transport my daughter to and from the school for the scheduled band

lesson. The school board deemed the band lessons as co-curricular because they occurred during the school day. The district's biggest concern was who was going to pay for my daughter to be there. I was not asking for her to have her own lesson. I was asking her to participate in a lesson already occurring. That was the turning point in my kids returning to our local district or staying in cyber. I knew part of my children's state funding was retained by the local school district. What they do with that money, I am not sure, but they don't use it on my children. The only extracurricular activity my kids do is my daughter participating in musical. I'm not interested in sending my children to a school that holds a higher value to funding rather than the best education.

My daughter was able to complete her 2 years of a language requirement by 9th grade. We enrolled our children in the standard-level classes. My daughter is now in honors-level classes for Science and History as well as college prep for ELA. Honors-level classes are not available at our local district. Our local district also does not offer any type of cyber schooling option. My son is in the standard-level classes as he is still in middle school. I am unsure if he will end up bumping up to a higher level when he gets to high school like she did or not. My son prefers to get up and start school by 7 a.m. each day. My daughter is expected to be up and starting on her school work by 9 a.m. at the latest. All school work must be complete before they are allowed any electronic devices or extracurricular activities. Some days my children take 8 hours to complete their school work. They are permitted to take breaks throughout the day. My husband and I monitor them to ensure they are not taking excessively long breaks.

My daughter is interested in pursuing a career in psychology. Through our cyber school, she is able to take a high school-level psychology class in eleventh grade to then take an AP-level class in twelfth grade. If she decides during her eleventh-grade psychology class that she is not as interested as she thinks she is, we have prevented her from having to figure that out in her first semester in college. Our cyber school offers a University Scholars program for gifted children, a Center for Performing and Fine Arts program, and professional studies programs. The professional studies program is similar to a Vo-Tech program at brick-and-mortar schools. I don't know what other cyber schools offer in comparison to local districts, but for us, our cyber offers opportunities our small local district would never be able to. Even if they were not paying a dime to cyber schools.

Our cyber school counts attendance by login to the school website. The nine-week grading periods are broken down into 3 progress checks. At the end of each progress check, the previous assignments are locked. Elementary and Middle School assignments are posted the Friday before the week starts. The assignments are to be completed by the Sunday night after that week of school. The workload is broken down into daily assignments. My children are expected to complete their work each day. I am

unaware of what steps the school takes if assignments are not completed because that is not something that is acceptable for my children from my husband and me. High school assignments are posted on a daily basis or a few days at a time. In my opinion, both ensure that students are working through the school year to complete assignments consistently . There is no way for a student to complete work weeks ahead of time and then not do anything for weeks. My children are required to attend 1 virtual class for each subject every week. These classes are offered at various times and days depending on the grade and class. If they are unable to attend the virtual lesson for a class, they can watch it recorded. My children are expected to attend classes live, so I am unaware of what happens if a child doesn't attend any of their classes live. Starting this year, students must log on to a live check-in by attending a live virtual lesson, attending lesson help, or attending an open classroom with the principal. During this time, they are required to have their camera on and speak to the adult in the virtual.

Our cyber school provided laptop computers for each student and a single printer/scanner for the household when enrolling in 2020. My daughter's laptop has been upgraded due to requirements for her CAD class. My son is still using his computer that he received when he was enrolled. Each year, students are provided with the school books and novels required for that year. These books are returned at the end of each year. Printer ink is available one black cartridge per student per school year for the school-issued printer. Elementary and middle school students are provided with a math and/ or science kit as necessary. These kits include items not typically found in a household needed to complete assignments. My daughter was provided a keyboard for her elective piano class that has to be returned to the school. Internet reimbursement checks are provided by the school unless the parent/ learning coach opts out of them. Failure to return materials at the end of the year results in the missing materials value being deducted from internet reimbursement checks. Upon unenrolling/graduation, computers are returned.

Cyber schooling is not for everyone. It requires a great deal of input from the parent/ learning coach and a willingness from the student. I am unaware of all of the technicalities that go into what money is paid from where by who. I just recently got more invested in this topic as a result of this hearing being held in a location close enough for me to attend. So often, cyber schools are made out to be a negative thing and a burden to the local districts when that is not always true. The poor outcomes and functions are what is highlighted and not the increased opportunity. Not every student in a district school will succeed, just like not every student in a cyber school will succeed. My children's education should not suffer because cyber schooling does not work for other families. I agree there needs to be more verification of performance and outcomes through public schools altogether, not just cyber schools. Education and funding for education is a very complex situation, and there is no one size fits all.

Thank you for allowing me to come share our cyber success with you.

Stephanie Smith