

Testimony for Senate Education Committee

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Thank you very much for inviting me to testify today. I am Susan Spicka, the executive director of Education Voters of PA, a statewide, nonprofit nonpartisan public education advocacy organization. We were founded in 2007 and have supporters in every county.

I am here today to ask you to address the urgent need for cyber charter school funding reform that will match the tuition payments school districts make to state-authorized cyber charter schools with the actual cost of educating a student at home on a computer.

Education Voters recognizes that a cyber education can be what is best for some students and we believe these students should have access to a high-quality cyber program.

Unfortunately, that's not happening.

By any measure, Pennsylvania's cyber charter schools are under-performing. No cyber charter school ever achieved a passing score of 70 on the Pennsylvania's School Performance Profile. Half of Pennsylvania's cyber charter schools have a graduation rate of around 50% or below (See attached Table A and B). And in 2017-2018 school year, nearly every cyber charter school was identified by PDE as among the lowest-performing schools in the state based on school or student subgroup performance.¹

There needs to be academic intervention for these schools and a real examination of online learning.

I'm also urging lawmakers to consider a financial intervention on behalf of local taxpayers.

The current funding system mandates that school districts pay tuition bills that are far in excess of what it costs state-authorized cyber charter schools to educate children at home on a computer.

This wastes hard-earned property tax dollars and creates vast opportunities for the abuse of money that was intended to be spent educating Pennsylvania's children.

This is especially true for special education payments.

Under current law, cyber charter schools are reaping a profit off of special education tuition payments for students with disabilities.

We know that 97% of students with disabilities who attend cyber charter schools are Tier 1 students – that means they have a high-incidence/low-cost disability, such as a speech delay. Cyber charter schools report that the cost of educating these students is less than \$25,000/student per year.

However, in 2017-2018, 231 of Pennsylvania's school districts paid \$25,000 or more for each student with a disability who attended a cyber charter school.

When charter schools receive more special education funding than they spend on services for students with disabilities, state law allows them to spend it on whatever they want, including billboards, executive compensation, and contracts with for-profit management companies.

¹ <https://www.education.pa.gov/K-12/Assessment%20and%20Accountability/Pages/default.aspx>

Anything.

To put the \$25,000 to more than \$40,000 per student special education tuition in perspective— again, tuition for students to sit at home and take classes on a computer -- the cost of tuition, fees, books, miscellaneous expenses, and room and board at Shippensburg or Millersville or other state system schools is around \$25,000 per student. At Pitt, the cost of attendance runs about \$33,000 per student.

I wanted to learn more about how cyber charters spend the excess funding they receive from school districts, so I began looking at their tax returns. I'll share one example of what I found.

For the fiscal year ending June 2018, Commonwealth Charter Academy had revenues of \$130 million and expenditures of \$111 million. That left the school with an \$18 million surplus for the year or 14% of their budget.²

CCA also reported that it spent \$7.9 million on advertising through a contract with the Bravo Group and reported \$6.6 million for "advertising and promotion."

I was confused by these two advertising items and filed a Right to Know request with CCA to try to understand if the \$6.6 million spent on advertising and promotion was in addition to the \$7.9 million for a total advertising cost of \$14.5 million for that year; or if the \$6.6 million was included in the contract with the Bravo Group.

I did not receive an answer to my question, but instead received a letter from Commonwealth Charter Academy lawyers that states, "CCA must deny your request, insofar as it seeks records which would contain or reveal legally protected trade secrets and confidential proprietary information."

I think that most Pennsylvanians would be surprised to learn that their property taxes are used to fund "protected trade secrets" in cyber charter schools.

I think that they would also be surprised to know that cyber schools are so awash in excess funding that in the case of Commonwealth Charter Academy in 2017, a fifth to a quarter of the school's \$130 million budget was either a budget surplus or spent on advertising.³

In 2017-2018, Pennsylvanians spent \$519 million on cyber charter school tuition bills. They raised local property taxes to pay these bills. They cut programs and teachers to pay these bills. They delayed investments in their students to pay these bills. And what did Pennsylvanians get in return? Lousy academic outcomes in cyber charter schools; and millions spent on billboards and bus ads,— advertising "free" cyber education.

It's clearly not free for Pennsylvania taxpayers.

We do not need a commission to study cyber charter school funding to know that they are being paid too much and wasting millions of taxpayer dollars year. Please do not allow this waste of precious taxpayer money to continue for a year and half or two years when you can do what is right for Pennsylvania taxpayers and students take action this legislative session.

² <https://projects.propublica.org/nonprofits/organizations/743068519/201921339349301572/IRS990>

³ \$18.7 million revenue less expenditures + \$7.9 for Bravo Group + \$6.6 million for "advertising and promotion" = \$33.2 million. Total budget for the year \$130 million. \$33.2 million is 26% of \$130 million. If the \$6.6 million for "advertising and promotion" was included in the Bravo Group contract then \$25.9 million or 20% of the budget would have been spent on surplus or advertising.

Please enact a commonsense reform this that will match the tuition school districts pay to cyber charter schools with the actual cost of educating a student at home on a computer; and place a moratorium on any new cyber charter school applications, until the existing schools exhibit better outcomes.

Thank you.

Table A. School Performance Profile (SPP) Scores for PA-Licensed Cyber Charter Schools

Cyber Charter School	2013	2014	2015	2016	2017
21st Century ¹	66.5	66.0	69.2	62.2	61.1
Achievement House	39.7	37.5	44.8	54.5	52.7
ACT Academy Cyber	30.6	28.9	36.1	40.7	36.5
Agora Cyber	48.3	42.4	46.4	37.6	47.9
ASPIRA Bilingual	29.0	39.0	38.4	41.9	37.4
Central PA Digital Learning Foundation	31.7	48.8	39.3	46.7	46.4
Commonwealth Connections Academy ²	54.6	52.2	48.8	47.5	45.5
Education Plus Academy Cyber	59.0	50.0		67.9	
Esperanza Cyber	32.7	47.7	31.7	50.7	35.5
PA Cyber	59.4	55.5	65.3	51.0	49.9
PA Distance Learning	54.7	50.9	49.2	53.9	39.4
PA Leadership	64.7	59.3	54.7	57.5	57.0
PA Virtual	67.9	63.4	64.6	49.7	54.2
Susq-Cyber	46.4	42.4	45.5	49.3	46.0

Table B. Four-Year Cohort Graduation Rates for PA-Licensed Cyber Charter Schools

Cyber Charter School	2013	2014	2015	2016	2017
21st Century ¹	64.6%	69.1%	66.7%	67.7%	62.2%
Achievement House	48.8%	45.8%	36.3%	41.7%	48.9%
ACT Academy Cyber	2.8%	21.7%	24.6%	15.8%	31.3%
Agora Cyber	50.4%	54.6%	46.2%	41.2%	45.2%
ASPIRA Bilingual	20.0%	9.0%	68.0%	23.3%	48.3%
Central PA Digital Learning Foundation	42.4%	32.3%	26.9%	29.0%	53.6%
Commonwealth Connections Academy ²	74.8%	72.7%	73.2%	65.8%	68.2%
Education Plus Academy Cyber			No Data		
Esperanza Cyber	14.3%	0.0%	44.4%	46.2%	45.5%
PA Cyber	60.5%	60.6%	58.1%	54.6%	50.3%
PA Distance Learning	55.0%	67.4%	34.3%	53.3%	69.7%
PA Leadership	86.5%	79.0%	69.7%	71.4%	70.8%
PA Virtual	73.0%	77.2%	77.4%	81.0%	67.8%
Susq-Cyber	28.6%	32.9%	25.0%	29.8%	51.1%

Sources: http://www.education.state.pa.us/portal/server.pt/community/school_assessments/7442 (No longer available as of December 2018, having been replaced by <http://www.paschoolperformance.org/Downloads.html>.)

See <http://paayp.emetric.net/Home/About> for explanation of SPP ratings (e.g. 70 is considered passing) from PA Dept. of Education and <https://www.education.pa.gov/Data-and-Statistics/Pages/Cohort-Graduation-Rate-.aspx>, also from Pennsylvania Department of Education.

¹ 21st Century Cyber Charter School was created and is governed by the chief school administrators from the four suburban Philadelphia counties' intermediate units and public school districts.

² Commonwealth Connections Academy changed its name to Commonwealth Charter Academy in 2015.