

Proposed Cyber Charter School Legislation Changes

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Policy Issue:

Current legislation needs to be amended for cyber charter schools.

Note: The original charter school law passed in 1997 before cyber charter schools were conceived. Act 88 of 2002 added some regulations addressing cyber charter schools mainly assigning approval and oversight to the Pennsylvania Department of Education (PDE). The legislature should amend the act of March 10, 1949 (P. L. 30, No. 14), known as the Public School code of 1949, amended June 29, 2002 (P. L. 524, No. 88) to incorporate the suggestions listed below.

Overview:

1. The funding system for cyber charter schools should be different from brick and mortar charter schools.
2. The oversight for cyber charter schools should be different from brick and mortar charter schools and needs to be strengthened.
3. Cyber charter schools must improve academically.
4. Some regulations and procedures should be changed to save costs for cyber charters without hurting students or schools.

Problems and Solutions:

Problem 1: *The cost to local school districts for cyber charter students is extremely high with many concerns about the quality of the education and the use of that money. Local districts have to restrict services for students in their own buildings to pay the tuition for cyber charter schools.*

"In total, Pennsylvania public school districts paid \$404,429,084 in tuition payments to cyber charter schools in 2013-2014.

- Pennsylvania cyber charter schools enrolled 36,596 students in 2013-2014.
- Philadelphia City SD paid more than \$67.5 million in cyber charter school payments in 2013-2014.
- Pittsburgh SD paid more than \$11.3 million in cyber charter tuition payments in 2013-2014.
- 79 PA public school districts paid cyber charter tuition payments of greater than \$1 million.
- On average, districts spent \$813,051 on cyber charter school tuition in 2013-2014.
- Average non-special education tuition rate per student paid to cyber charter schools is \$9,218.91. Average special education tuition rate per student paid to cyber charter schools is \$19,079.72.
- Maximum per student tuition rate paid to cyber charter schools for non-special education students is \$17,182.17.
- Maximum per student tuition rate paid to cyber charter schools for special education students is \$43,046.95.
- More than 200 PA public school districts pay greater than \$20,000 per student for special education students attending cyber charter schools." (PSBA, 2015)

"Removing 15 students from our rolls does not decrease our instructional cost for the remaining 700 students, yet their cyber school tuition absorbs over \$185,000 from our budget. For the total cyber cost of these students, we could employ two full-time teachers that could educate 40 or more students. For less than one-third of the cyber cost, our district could provide these same students a full, online education with all the benefits of attending their local public school. When local dollars are spent with local control, the most efficient use of the dollars is found." (Matther Splain, Supt of Otto-Eldred School District quoted in the Pa Auditor General's Report, May, 2014)

"Pennsylvania paid a higher rate for cyber schools than any of 14 other states examined by the National Conference of State Legislatures in a report on the issue." (New Castle News, March 7, 2015)

"She (Temple Professor Susan DeJarnatt) found that cyber charters carry large surpluses and spend what she considered a disproportionate amount of Pennsylvania tax dollars on advertising, travel expenses and contracts with outside management and service providers." (Newsworks.org, January 6, 2014)

Solution 1:

1. Each cyber charter school is required to annually obtain an independent financial audit which must be submitted to PDE and posted on the school's website.
2. PDE is to use this financial audit information to calculate the actual cost of education for non-special education students enrolled in that school.
3. That cost per student will be the amount charged to districts for tuition for a non-special education student in the next fiscal year.
4. The cost for a special education student will be based on the same formula as the special education funding formula based on categories 1, 2, and 3. (ie a special education student of category 1 will cost 1.5 times the amount of a regular education student, category 2 – 2.0 times that and category 3 – 2.5 times that)
5. No district would be required to pay more per regular education student than the amount from the district tuition worksheet.
6. PDE will deduct the tuition amounts from the school district's subsidy.
7. PDE will keep 0.1% of the funds to staff the Cyber Charter Oversight positions at PDE.
8. The remaining tuition funds will be forwarded to the Cyber Charter School.

“Eliminate cyber school payments from school districts and replace funding with direct payment from the state. The direct payments from the state should be based on a fixed amount per cyber school student, regardless of the originating school district....At the same time, cyber charter schools will reduce their administrative costs because instead of dealing with various payments from potentially hundreds of school districts, they would accept payment from one entity.” (Pa Auditor General's Report, May, 2014)

“The cyber charter school community supports a uniform cost per student regardless of the district from which the student comes to the school” (Robert Fayfich, executive director of the Pennsylvania Coalition of Public Charter Schools, Penn Live, March 26, 2015)

“Pennsylvania's special education funding formula provides incentives for charters and cyber charters to over-identify special education students.” (Policy Brief, Research for Action, November, 2014)

Problem 2: *Cyber charter schools lack oversight. Districts pay the cost but have no right to oversee the schools or know if the students are attending or succeeding. Although PDE (Pa Department of Education) has the right to oversee, they do not have the resources.*

Solution 2:

1. PDE will keep 0.1% of the funds to staff the Cyber Charter Oversight positions at PDE.
2. PDE will thoroughly review at least annually each cyber charter school looking at finances, curriculum, attendance policies, staffing, student achievement, etc.
3. PDE will establish a Cyber Charter Advisory Commission:
 - a. The purpose of the Advisory Commission would be to provide oversight, review cyber charter school regulations and suggest changes to regulations.
 - b. With the approval of the Cyber Charter Advisory Commission, PDE will have the right to make changes to regulations that should not apply to cyber charter schools such as having a nurse on staff or supplying textbooks when they are not required for the curriculum.
 - c. The Cyber Charter Advisory Commission will consist of:
 - i. Four legislators- one from each party of the senate and house education committee
 - ii. Two representatives of cyber charter schools
 - iii. Two parents of cyber charter school students
 - iv. One representative of PSBA
 - v. One representative from PASA
 - vi. One representative from PASBO
 - vii. Two school board members from Pa schools
4. PDE will work with the cyber charters and the local IU's to provide cost saving measures such as providing space at low rent for testing; having cyber charters participate in group purchasing; and allowing cyber charter schools to participate in services such as joint insurance.

"Cyber schools are ...more vulnerable to exploitation by self-interested individuals because the parent community is geographically dispersed...; the local school boards have no oversight authority; and the Pennsylvania Department of Education has not exhibited much concern about potential abuses" (Susan DeJarnatt, Temple professor quoted in Newsworks.org, Jan. 6, 2014)

"Proponents on both sides of the charter school issue agreed that the lack of direction and oversight at the state level is an enormous problem." (Pa Auditor General's Report, May, 2014)

“But when it comes to cyber charter school, school districts have no sway at all - even as, according to the auditor general’s report, the districts are “forced to pay a rising number of cyber tuition payments.” (Lancasteronline editorial, November 30, 2014)

“In addition, cyber schools must pay to arrange for students to take, and staff to oversee, the required Keystone Exams. Flurie (Maurice Flurie, CEO of Commonwealth Connections Academy) said Commonwealth Connections set up 60 testing sites and spent \$1 million just to administer the state tests.” (New Castle News, March 7, 2015)

Problem 3: *Cyber charter schools are failing academically. SPP (School Performance Profile) scores for cyber charter schools are all below the 70 set by the state for satisfactory performance. (PDE, 2015)*

Name	Grades	Enrollment	13-14 SPP	Graduation rate	Economically Disadvantaged
21st Century	6-12	846	66.0	64.0	16
Achievement House	7-12	930	37.5	49.0	67
ACT Academy	9-12	157	28.9	2.9	100
Agora	K-12	9490	42.4	50.4	70
ASPIRA Bilingual	K-12	150	39.0	20.0	97
Central PA Digital Learning	K-12	147	48.8	42.4	32
Commonwealth Connections	K-12	8037	52.2	74.8	53
Education Plus Academy	K-8	487	50.0	NA	45
Esperanza	6-12	152	47.7	NA	78
PA Cyber	K-12	10389	55.5	60.5	24
PA Distance Learning	K-12	509	50.9	55.0	0
Pa Leadership	K-12	2428	59.3	86.5	51
Pa Virtual Academy	K-12	2721	63.4	73.0	55
SusqCyber	9-12	153	42.4	29.0	63
Pa Public School Average	K-12		76.9		
Reading High School	10-12	3141	60.2	66.6	91

“Each year, cyberschools have consistently underperformed their brick and mortar public school counterparts. Students who return to our schools after a year in a failing cyberschool are often far behind and require intensive remediation which is an added cost to us.” (Beverly Martin, superintendent of Exeter School District, quoted in Reading Eagle, December 1, 2014)

“Cyber charter schools come up short even in comparison to the highest poverty traditional public and charter schools” (Policy Brief, Research for Action, November, 2014)

Solution 3:

1. PDE review:
 - a. PDE will thoroughly review at least annually each cyber charter school looking at finances, curriculum, attendance policies, staffing, student achievement, etc.
 - b. PDE will have the right to place a cyber charter school on an improvement plan or terminate the approval if the cyber charter is not achieving based on SPP (School Performance Profile) scores and PVAAS (Pennsylvania Value Added Assessment System) data.
2. Student success criteria:
 - a. At the request of the local district, the cyber charter must provide each semester a report card for each student from that district listing courses, grades and attendance.
 - b. A cyber charter school will be required to withdraw any student who is failing 75% or more of their courses after six months.
 - i. If the student is 16 or under, the student must return to their normal public school. If the student is 17 or over, the student will be listed as a dropout from the cyber charter school.
 - ii. The cyber charter school may allow the student to continue, but the local district would no longer be required to pay until the student is passing 75% or more of the classes.

“Two-thirds of students who switch to cyber schools, he estimates, do so because they don’t want to work and believe that online classes will be easier.” (John Kurelja, Superintendent of Warrior Run Area School District quoted in New Castle News, March 7, 2015)

Other:

1. Cyber charter schools will file their own truancy citations based on where the student lives and will follow other recommended steps to ensure attendance such as completing an AIP (Attendance Improvement Plan) and having teachers and counselors work with students to improve attendance.

Impact:

1. Funding:

- a. Costs to districts for cyber charter schools should decrease dramatically.
- b. Costs will be based on the actual cost of educating students.
- c. Costs for special education students would vary based on disability.
- d. Cyber charter schools would receive the same amount per student no matter where the student lives.
- e. Keeping a specified amount for PDE oversight will guarantee staff who are committed to that responsibility.

2. Oversight

- a. Cyber charter schools will now have PDE staff who are reviewing their programs and verifying that funds are being used appropriately for education of students.
- b. Cyber charter schools can save costs by having inappropriate regulations eliminated. Some costs for cyber charter schools will be reduced or eliminated saving taxpayer money without hurting education.

3. Academic Success

- a. Cyber charter schools will be held accountable for student achievement and failing schools must improve or lose their PDE approval.
- b. Students who are inappropriate for cyber charter schools will not be allowed to continue at district's cost.
- c. Local districts may save remediation costs when students return from unsuccessful tries at cyber charters.

4. Other:

- a. Students who are truant will be held accountable by the school they are attending regardless of where they live.