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HOUSE OF REPRESENTATIVES
COMMONWEALTH of PENNSYLVANIA

House Democratic Policy Committee Hearing
COVID + CHARTER SCHOOLS

Tuesday, March 2, 2021 | 11 a.m.

Representative Mary Isaacson, Vice Chair

11 a.m. – 11:30 a.m.

Panel 1: Philadelphia Impact

Uri Monson, CFO
Philadelphia School District

11:30 a.m. – 12 p.m.

Panel 2: Statewide impact and the efforts to address

Dr. Shane Hotchkiss, Superintendent
Bermudian Springs School District
Chair, Pennsylvania Association of School Administrators Legislative Committee

12 p.m. – 12:30 p.m.

Panel 3: Impact in the west

Ken Berlin, Superintendent
Wattsburg School District, Erie County

Richard Scaletta, Superintendent of Schools
General McLane School District, Erie County

12:30 p.m. – 1 p.m.

Panel 4: Impact in central

Dr. Brian Bliss, Superintendent
Solanco School District, Lancaster County

David Burkett, Superintendent
Fannett Metal School District, Franklin County

Jim Estep, Superintendent
Mifflin County School District



**Testimony before the Pennsylvania House Democratic Policy Committee Hearing on
the COVID/Charter Crisis and Public School Funding During the Pandemic**

Uri Monson, Chief Financial Officer - School District of Philadelphia

March 2, 2021

Good morning Council members of the committee. I am Uri Monson, Chief Financial Officer for the School District of Philadelphia. Thank you for the opportunity to testify before the House Democratic Policy Committee on some of the funding challenges resulting from the impact the Pandemic has had student enrollments at the School District of Philadelphia

Let me begin by briefly providing some background on the magnitude of the School District of Philadelphia (SDP) in order to provide context for my testimony. The SDP is by far the largest District in the Commonwealth, serving well over 204,000 students. Over 127,000 are enrolled in District operated schools and programs, and over 77,000 students are served by a variety of Charter school options. If our Charter sector was its own District, it would be the second largest District in the Commonwealth. Last year, school year 19-20, total SDP operating expenses were approximately \$3.3 billion, with just over \$1.1 billion of that total expended on Charter School payments.

In the current year, we have been subjected to a dramatic increase in the number of students attending Cyber Charter programs. Our Cyber population growth rates had stabilized between 2011 and 2020, with recent annual growth at about 8 percent. From FY20 to FY21, SDP is currently projecting a 32 percent growth rate in Cyber Charter enrollment.

While our budget had anticipated some growth, the current projections will result in payments to Cyber programs that are more than \$29 million beyond what had been budgeted. A majority of these costs are new to the District. Because of stranded cost issues and the difficulties of making staffing adjustments during the pandemic, for the 65 percent students who switched from District operated schools to Cyber programs, these new costs are not offset by “dollar for dollar” savings at the District. Additionally, nearly one quarter of the new Cyber students come from non-public schools – these associated costs present an entirely new cost burden for the SDP.

These increasing costs only serve to exacerbate Charter funding inequities which are impacting funding for students in the District. Charter costs are steadily increasing at rates disproportionate to the increase in the percentage of students enrolled in Charter schools. The main driver of this increase, is the increase in Special Education payments to Charter schools, which are growing at a 5.6 percent annual average, as opposed to District spending which is growing at 1.9 percent annually.

This problem exists because Special Education payments to Charters are calculated by a formula which acts independently from actual SDP Special Education expenditures. This situation is unlike General Education Charter payments, which closely mirror District spending changes. While there are several contributing factors to the inequity, including the use of a state-wide population assumption, and unusual growth in SPED identification rates at Charter schools, the primary issue centers on the funding formula's failure to take into account the different levels of spending on different tiers of Special Education needs.

In FY18, the most recent year for which we have available data, approximately 80 percent of Special Education students served by the SDP have Tier 1 needs, that is those for whom actual expenditures are below \$25,000. 93 percent of the Special Education students served by Charters fall into this category. For these students, the District spends on average about \$20,000 but sent nearly \$26,500 to Charters for serving the same students. Charters are being overcompensated, on average, by over \$6,000 for each of these 13,000 students. At the same time, Charters are being undercompensated for the Tier 2 and Tier 3 students they serve, by nearly \$14,000 for each Tier 2 student, and by nearly \$53,000 for each Tier 3 student.

However, these expenditures do not offset, as the Charter schools serve fewer than 900 students in Tiers 2 and 3. Based on population and average tier spend, the District estimates that it sent Charter payments of more than \$51 million in excess of actual Charter costs for Special Education students in FY18. We are still reviewing the Governor's proposals regarding the calculation of Special Education funding for Charters, but the SDP believes it would address these funding inequities. The proposed changes would redirect existing funds so that Special Education funds are spent equitably on students in accordance with their needs, regardless of the type of school they happen to attend.

This concludes my testimony and I would be pleased to answer any questions that you may have.



THE SCHOOL DISTRICT OF
PHILADELPHIA

**COVID/Charter Crisis and Public School Funding During the Pandemic:
Presentation to the PA House Democratic Policy Committee**

**Uri Monson, CFO
March 2₁ 2021**

School District of Philadelphia: Background

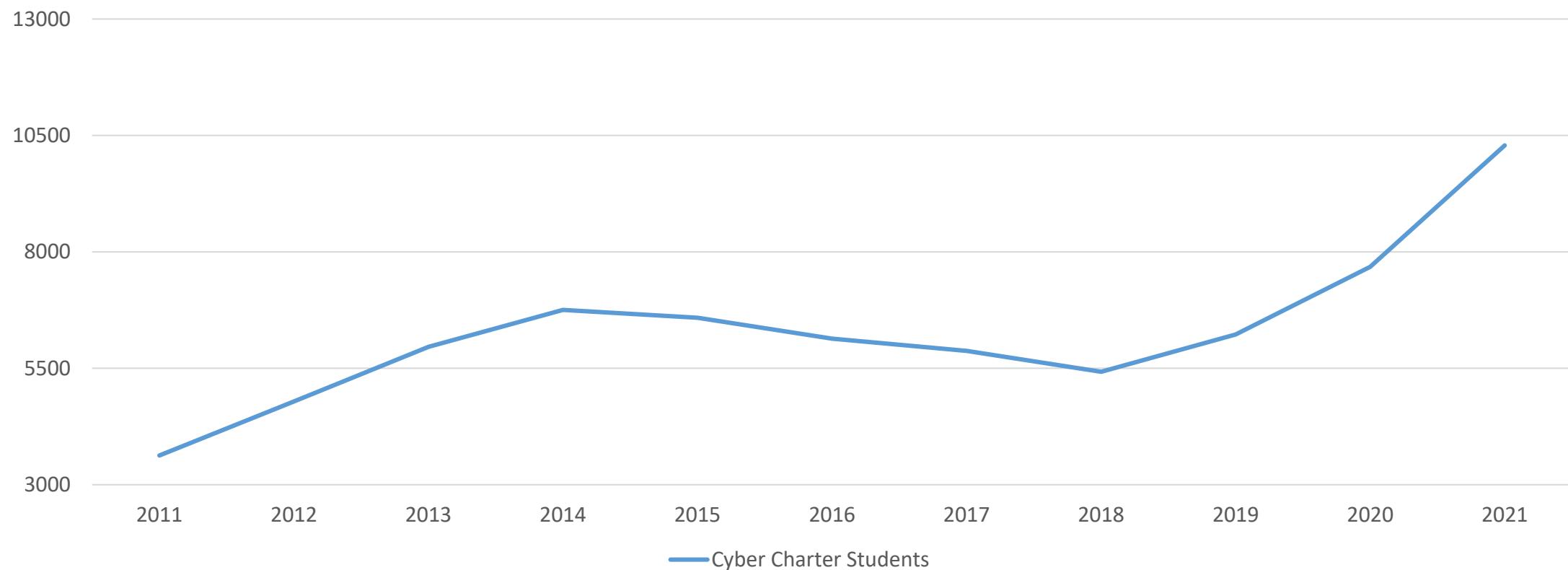
Largest School District in the Commonwealth of Pennsylvania

In School Year 2019-2020:

- The District served 204,634 students
 - 127,391 in District public schools and alternative programs
 - 67,699 in Philadelphia Brick and Mortar Charter schools
 - 7,677 in Cyber charter schools
 - 1,867 students in Brick and Mortar Charter schools outside Philadelphia
- Total District Operating expenses in 2019-2020 were \$3.3 billion, of which over \$1.1 billion was expended on Charter School payments

Philadelphia Cyber Charter Growth

The Pandemic greatly accelerated the rate of growth in the number of Philadelphia students attending Cyber Charter programs, growing by over 32 percent in one year

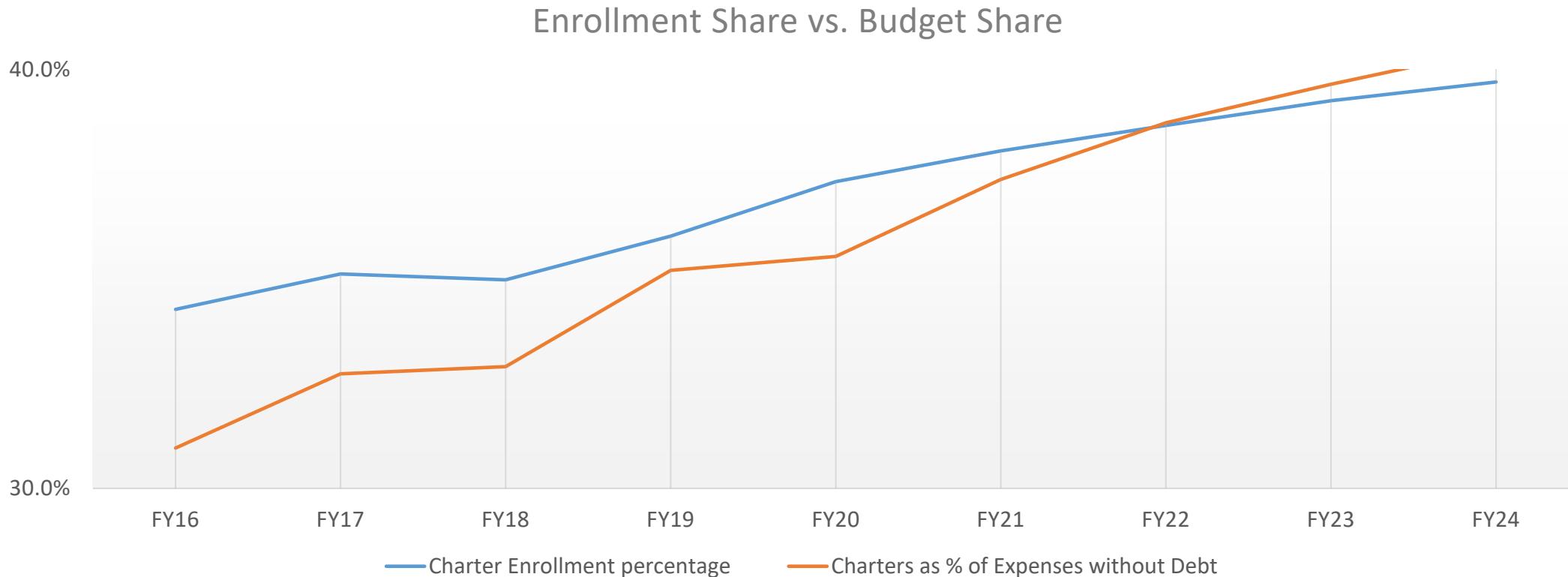


Philadelphia Cyber Charter Costs

- The District had anticipated, and budgeted for, recent growth rates for Cyber program seats.
- The growth beyond budget projection will increase District payments to Cyber programs by more than \$29 million in FY21.
- While some of that growth is offset by a reduction in brick and mortar charter costs as some of those students have switched to Cyber programs, the majority of new Cyber students come from two sources:
 - 65 percent come from District run schools; these costs are partially offset by reductions in District costs, but not at a “dollar for dollar” level.
 - 21 percent come from non-public schools; these costs are completely new to the District.

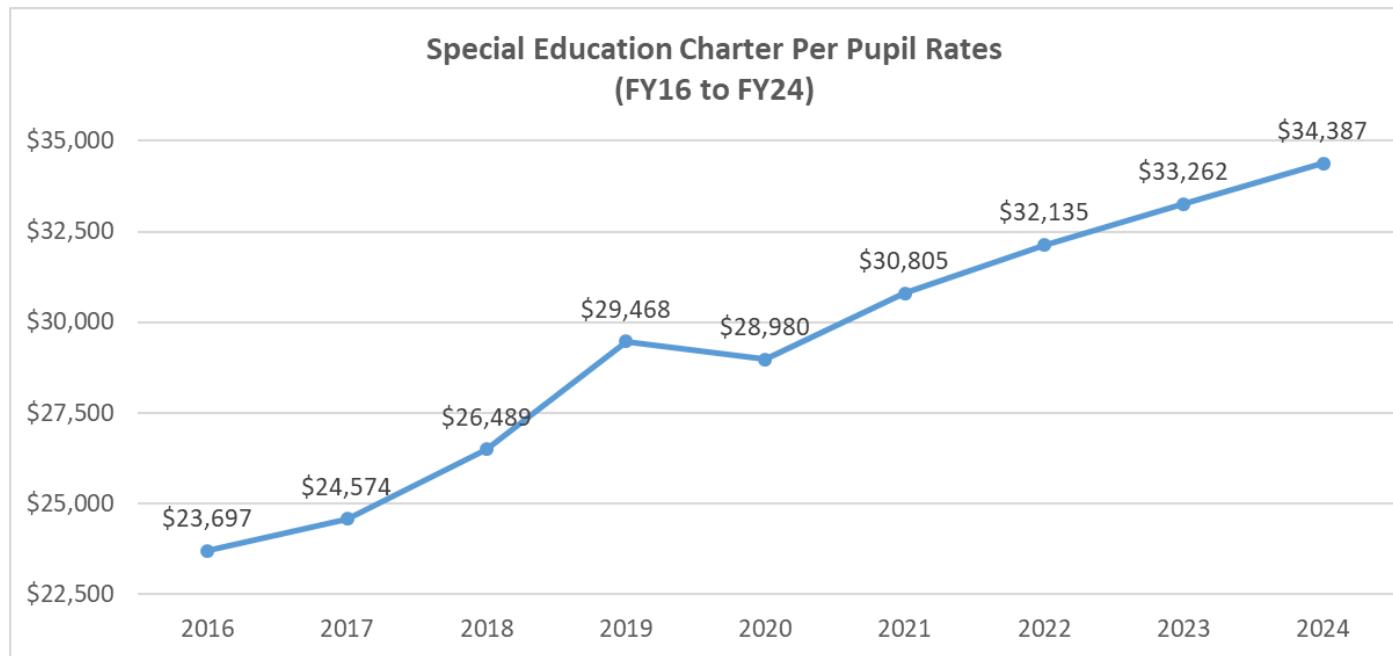
Increasing Cyber Costs Exacerbating Existing Charter Funding Inequities

The District has been struggling with Charter costs that are increasing at rates disproportionate to the increase in percentage of students enrolled in Charter schools



Increasing Special Education Costs Exacerbating Existing Charter Funding Inequities

Charter School SPED Payments are Driving the Dramatic Cost Growth:
SPED Charter Payment Rates are Growing at a 5.6% Annual Average



Charter SPED rates are increasing at a rate of 5.6 percent annually, while non-Charter District spending is increasing at 1.9 percent annually
(Estimates as of 1/2020 and do not account for Pandemic impacts)

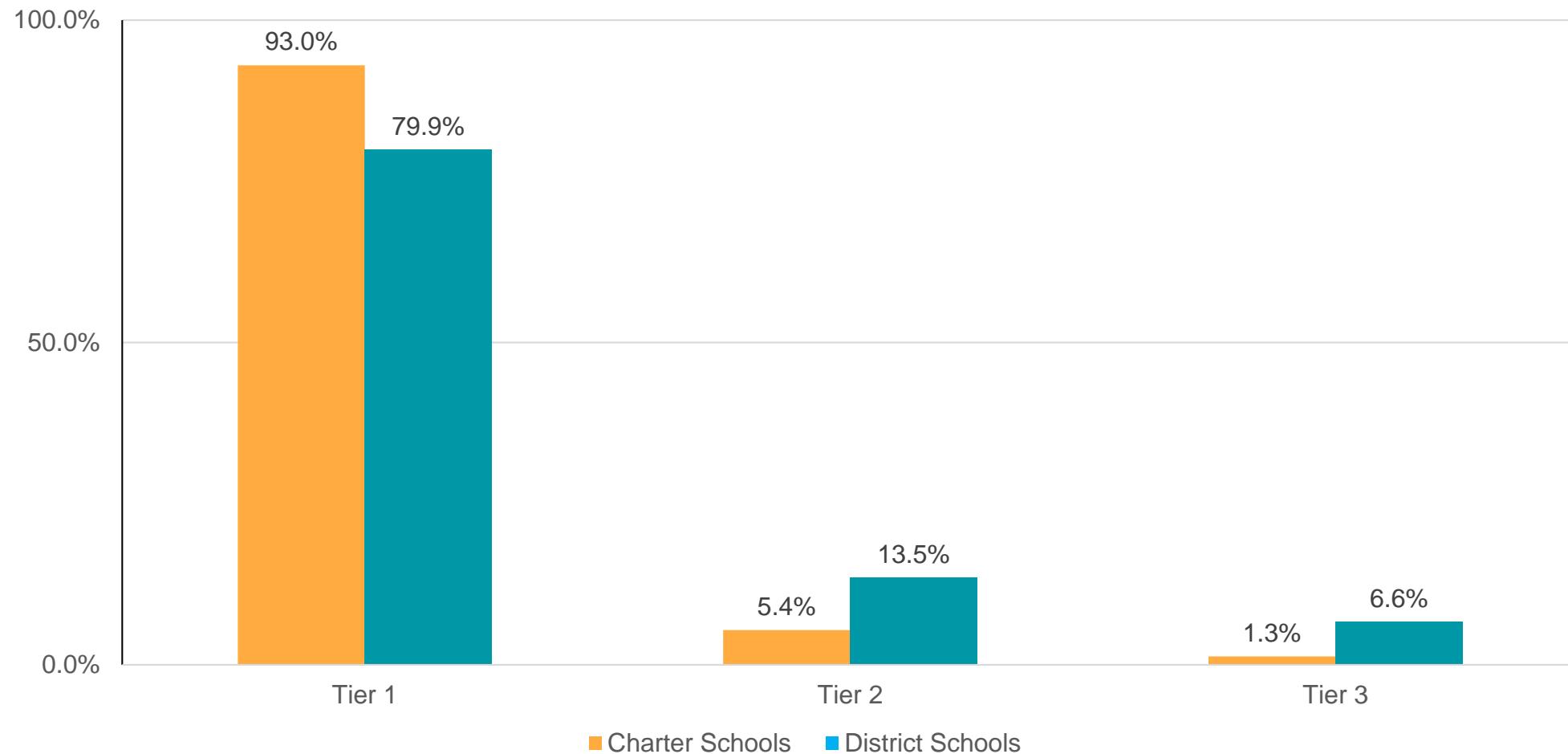
Increasing Special Education Costs Exacerbating Existing Charter Funding Inequities

SPED Related Payments to Charters are Independent of Actual SPED Expenditures

- Among SPED students, ~80 percent of SDP students, and ~93 percent of Charter students fall within the Tier 1 category – those for whom actual expenditures were below \$25,000
 - For Tier 1 students, the SDP spends on average of \$20,000
 - For each of the Charter Tier 1 students, Charters received \$26,289
- For Tier 2 students, the District spends on average of \$40,000
 - Approximately 5.4 percent of Charter SPED students are Tier 2
- For Tier 3 students, the District spends on average of \$79,000
 - Approximately 1.2 percent of Charter SPED students are Tier 3
- Based on population and average tier spend, the District estimated it sent Charters payments of more than \$51 million in excess of actual Charter costs for SPED students in FY18.

SDP Serves a Higher Percentage of SPED Students who Require More Significant Supports

Percentage of SPED Students by Severity of Need





Thank You For Being Part of the Progress



Pennsylvania House Democratic Policy Committee Testimony on Charter School Tuition Payments

presented by

**Dr. Shane Hotchkiss
Pennsylvania Association of School Administrators
March 2, 2021**

Good morning, Chairman Bizzarro and distinguished members of the House Democratic Policy Committee. My name is Dr. Shane Hotchkiss, Superintendent of the Bermudian Springs School District, Chair of the Pennsylvania Association of School Administrators (PASA) Legislative Committee, and Executive Board Member of the American Association of School Administrators (AASA). I am here today representing PASA, whose members include school district superintendents, assistant superintendents, intermediate unit executive directors and other public-school system leaders from across Pennsylvania. I appreciate the opportunity to provide comments regarding increases to charter school tuition during the COVID-19 pandemic and its impact on school districts.

PASA believes that the Pennsylvania Charter School Law can be improved for both charter schools and traditional public schools based on more than two decades of data and observation of charter school operations in the commonwealth.

The charter school law is based on the deeply flawed assumption that the same amount of money can appropriately fund two separate and distinct systems of education. The underlying issues of charter school legislation are cause for serious concern and require serious action. PASA offers the following information and recommendations for consideration of charter school reform.

The funding formula for charter schools must be updated to reflect the actual cost needed to educate students in these alternative environments. Charter school tuition increased by more than \$200 million across the commonwealth in 2018-2019 and 2019-2020.

The pandemic has resulted in a significant spike of cyber charter school enrollment, resulting in an increase of approximately 24,000 students at the beginning of the 2020-2021 school year. This has resulted in tuition payments to cyber charter schools increasing by an estimated \$350 million in this current year and approximately \$440 million more in tuition for charter schools and cyber charter schools combined, according to the PASBO-PASA-PARSS Budget Report released in January 2021. In the Bermudian Springs School District, we have nearly 140 students enrolled in an outside cyber charter school. This is an increase of almost 100 students from the 2019-2020 school year. Just the additional students that enrolled in the cyber charter schools will cost our district more than \$1 million over than last year's cost. This will bring our total cyber charter tuition costs to a little more than \$1.9 million

Much of this increase in student enrollment is due to the excessive advertising campaigns by cyber charter schools throughout the summer of 2020. While cyber charter schools were spending millions of dollars on advertising to attract families to their online programs, traditional public school districts were working diligently throughout the summer to re-tool their on-line capability and to offer quality cyber learning to students if the districts were not able to hold full in-person or hybrid learning. Traditional public schools focused their resources this past summer on professional development for their teachers and the acquisition of technology to improve online learning options. This is another frustrating example and clear indicator that cyber charter school tuition rates are exceedingly higher than needed to operate their programs. Public school districts do not have millions of dollars in their budget to allocate to advertising campaigns and would be severely criticized by their stakeholders if they expended funds in this manner.

The current charter school funding formula results in significant percentage increases in charter school tuition each year. As school district budgets increase, charter school tuition increases at a much higher rate than inflation or the consumer price index based on the current charter school funding formula. Just as school districts are limited to increasing property tax revenue by the

annual Act 1 Index, charter school tuition should not exceed the Act 1 Index either. This limitation could save school district taxpayers approximately \$100 million per year.

Many traditional public school districts have been operating full-time, on-line learning programs for their students for years at substantially lower cost than what they are paying for a student to attend a cyber charter school. In most cases, school districts operate full-time online learning programs for their students using the same on-line curriculum and learning management system that cyber charter schools use at **half** the cost of cyber charter school tuition. The tuition formula needs to reflect a realistic operating cost for cyber charter schools based on actual expenditures.

The Governor has recommended a flat rate for cyber charter school tuition set at \$9,500, which would save districts approximately \$130 million per year. This change along would save the Bermudian Springs School District nearly \$500,000. PASA believes this flat rate figure is higher than what is needed to operate cyber charter schools, and we refer the committee to PASA's 2018 White Paper comparing the significant cost differential of cyber charter schools and district-operated cyber learning programs at the following link: <https://www.pasa-net.org//Files/SurveysAndReports/2018/CyberCharterRPT06-19-18.pdf>

The cost of special education students attending charter schools needs to be changed to accurately reflect the costs of educating special needs children. The current formula assumes that 16% of the district's population is classified as special education. Therefore, the total cost of a district's special education expenditures is divided by 16%, which is added on the tuition bill for cyber student if they have an IEP. PASA recommends that the four-tiered Special Education Funding formula be used to calculate the special education tuition for all charters schools which will better reflect actual costs of providing services to special education students based on their individualized educational program. This was a recommendation from the bipartisan Special Education Funding Commission and will save school districts an estimated \$99 million annually. The Governor has recommended this change in his charter school law reform initiative as part of his budget proposal, and PASA supports this effort.

PASA understands that cyber charter schools are part of the educational landscape and provide an option to parents wanting a home-based, full-time online learning option from a provider

other than their local school district. However, PASA implores the General Assembly to level the playing field and cease providing cyber charter schools with excessive amounts of funding at the expense of students in local school districts that represent the overwhelming majority of school-aged children in Pennsylvania.

We appreciate the opportunity to provide comments on this critical issue and look forward to working with the General Assembly and the Governor to find a resolution to the cyber charter school funding issue.

House Democratic Policy Committee
Hearing on COVID/Charter School Crisis
Testimony of
Kenneth A. Berlin
Superintendent, Wattsburg Area School District

Good morning Chairman Bizzarro and members of the House Democratic Policy Committee. Thank you for the opportunity to appear before the committee today to discuss the challenges presented by the COVID Pandemic as well as the Charter School Crisis. Let me first start by saying we are grateful for all the state and federal financial assistance allocated to schools to assist with pandemic related issues. This funding enabled districts across the Commonwealth to invest in protective equipment and technology that was instrumental in allowing us to educate our students safely during this unprecedeted time.

COVID Challenges

Internet Service Access. One of the first challenges that faced us is related to the rural nature of our District. The Wattsburg Area School District is 144 square miles and consists almost solely of farmland and personal residences. Internet saturation throughout the District is sparse with only about 50% of our families having access to internet service. To conduct remote instruction during the pandemic, we used CARES financial aid to supply all students that needed internet service a cellular hotspot with an unlimited data plan. The cost breakdown is as follows:

- \$40,116 from March 1 to June 30, 2020
- \$73,403 since July 1, 2020
- \$113,519 total COVID hotspot and data plan to date.
- \$75,000 estimated charges through the end of the 2020-2021 school year.

Although the total expenditure on hotspots may seem small in comparison to the large numbers in the state budget, it does represent the salary and benefits of one teacher, counselor, or school nurse. Also, hotspot internet access is delivered via cellphone towers, therefore it is not very fast or dependable. For example, a download speed of 100 megabits per second or Mbps for short is considered good for normal use and typical for a standard home intent connection. In

contrast, the hotspots we supplied to our students only deliver 3-5 Mbps at best, which has made certain remote learning activities impossible such as a Zoom meeting or streaming video.

Nevertheless, our teachers have done their best to deliver education remotely when necessary and were able to reach all students.

Expanding High Speed Internet Access. The point I want to make here is that the pandemic has revealed how much of a digital divide exists in Pennsylvania, especially in rural areas. The “Broadband Availability and Access in Rural Pennsylvania” study conducted in 2019 by the Pennsylvania State University found there is not a single county where at least 50% of the population receive broadband connectivity, defined by the Federal Communications Commission as 25 megabits per second for downloads. To ensure that our students can be successful in an increasingly internet dependent economy, expanding high speed internet access to reach all Pennsylvanians must be a top priority.

Charter School Crisis

Escalating Tuition. Next, I would like to share with you the impact charter schools, and more specifically cyber charters, are having on our District and districts across the commonwealth. In the 2005-2006 school year, the Wattsburg Area School District paid \$152,883 in charter tuition. Fast forward to last year when the residents of our District paid \$838,037 in charter school tuition. This year, we are projected to pay \$910,000 in charter school tuition to educate just 61 students, 57 of which are cyber charter students. To put that outrageous cost in perspective, we pay approximately \$350,000 to send 60 of our high school students to our local vocational education center. This includes high quality face-to-face instruction and student access to state-of-the-art technology and materials. Figure 1 shows our charter costs and student enrollment over the past seven years.

Online Option. When it became apparent that the COVID pandemic was going to create a need for a totally online education choice for parents, we quickly created our own District operated online cyber academy. This option was designed for parents that wanted their students to learn from home during the pandemic regardless of whether our schools were open for in person learning. This was also a matter of survival because we knew that if we did not offer a fulltime cyber option, students would likely leave the District and enroll in a cyber charter,

decimating the District's \$25 million budget. To illustrate this point, if all 233 students that initially enrolled in our cyber academy choose to go to a cyber charter, it would have cost the Wattsburg Area School District taxpayers at least \$3.4 million under the current charter funding method.

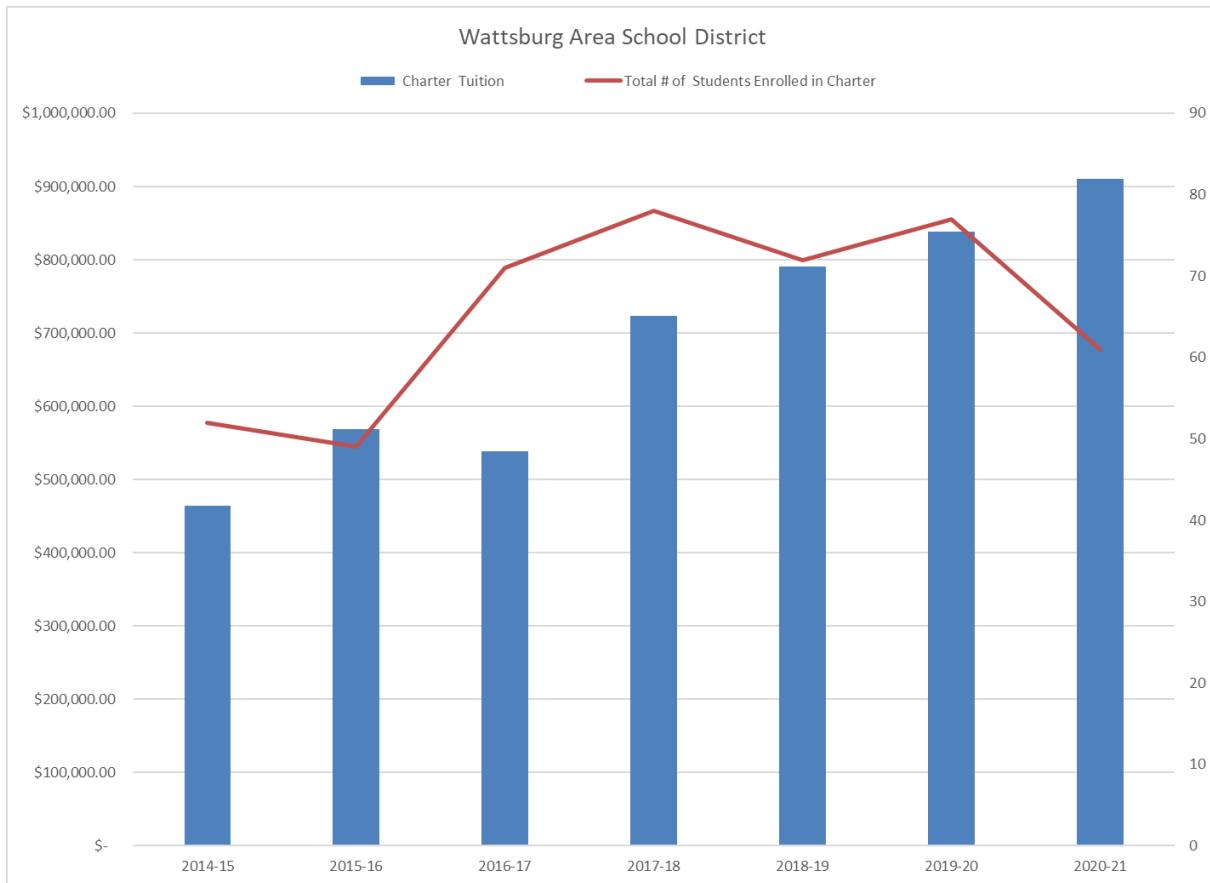


Figure 1. Charter Tuition and Student Enrollment.

Unjustifiable Cost. To offer our students a totally online option facilitated by our teachers, we contracted with an online learning platform designed by [*K12 Learning Solutions*](#). Because we used the teachers we already employ, the average additional cost per student to the District is approximately \$1,365. I want to note that the *K12 Learning Solutions* platform we purchased is the exact same platform used by [*Insight PA Cyber Charter School*](#). I also want to point out that if a regular education student enrolls in *Insight PA Cyber Charter School*, the taxpayers of the District are billed a mandated \$13,072 per student. For special education students the cost balloons to \$21,734 per student. Given that we can provide the exact same cyber learning experience as the *Insight PA Cyber Charter School* for just \$1,365 per student, a

savings of \$11,707, I believe that the current cyber school funding method is an unjustified waste of taxpayer's hard-earned money. Figure 2 shows how the charter law mandated cyber school tuition cost per student has risen over past seven years.

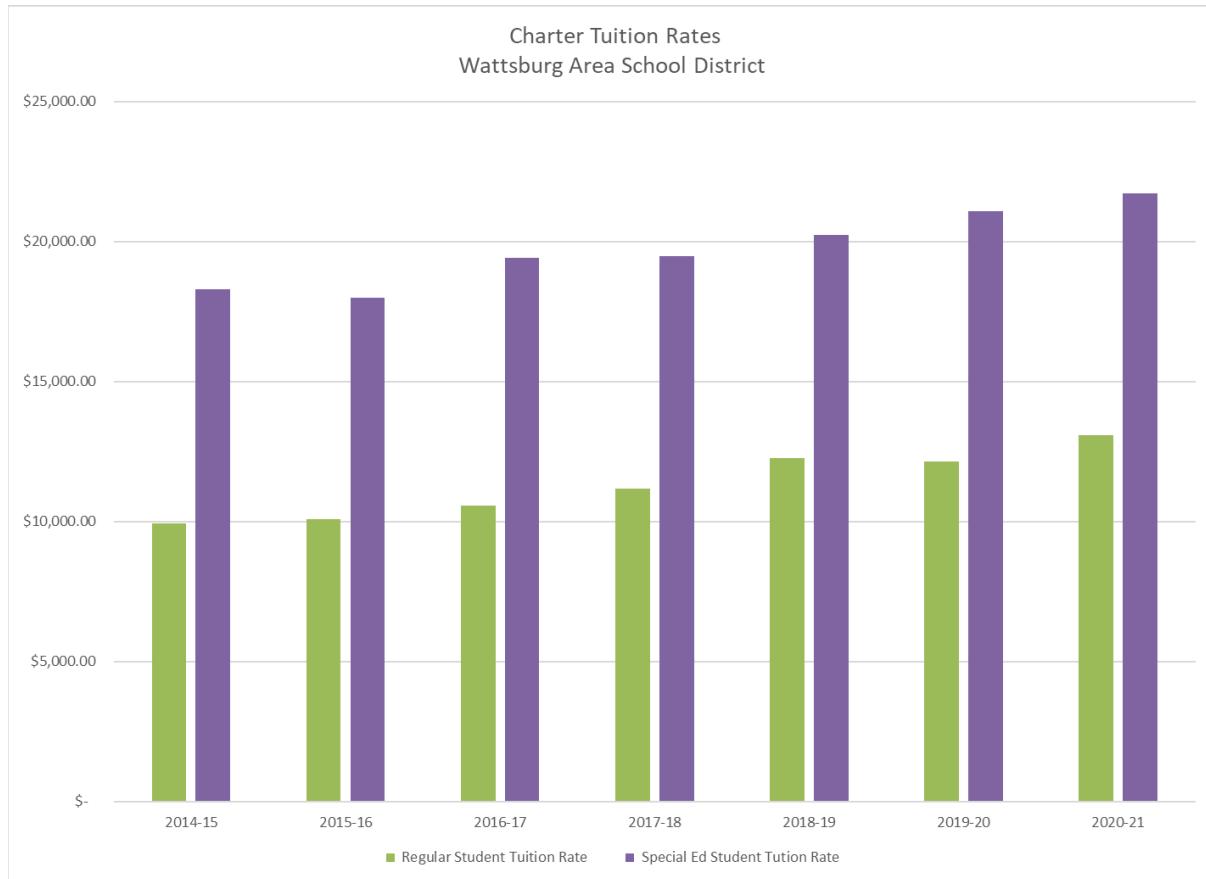


Figure 2. Charter Law Mandated Tuition for the Wattsburg Area School District.

Academic Performance. What do our District taxpayers get for spending nearly \$1 million in charter school tuition? If you measure it in terms of academic performance, not much. Table 1 depicts Wattsburg Area School District charter school enrollment, cost, and performance on the [Future Ready PA Index](#) academic goals. Seneca High School enrollment and performance measures are also displayed.

Not a single cyber charter school met all the *Future Ready PA Index* academic goals. But this trend is not just limited to the cyber-charter schools our resident students attend. In 2016, the 50CAN report looked at more than 100 full time cyber charter schools in 17 states and found that cyber charter school students in Pennsylvania on average progressed as if they had received

the equivalent of 101 fewer days of instruction in reading and 167 fewer days in math compared to students in traditional schools in a 180-day school year.¹ In other words, students enrolled in cyber charter schools are essentially learning next to nothing and our District taxpayers are footing the bill.

Table 1

Academic Performance Comparison of Charter Schools

SCHOOL 2020-2021	COST				FUTURE READY INDEX - PROFICIENT OR ADVANCED		
	TOTAL	REG ED	SP ED	COST \$	Met English Goal	Met Math Goal	Met Science Goal
Seneca HS (Wattsburg Area School District)	1300	1025	275		YES	YES	YES
Pennsylvania Cyber Charter School	22	18	4	\$322,234.70	NO	NO	NO
Agora Cyber Charter School	19	14	5	\$291,681.12	NO	NO	NO
Reach Cyber Charter School	5	4	1	\$74,022.66	NO	NO	NO
Commonwealth Charter Academy Cyber School	4	2	2	\$69,613.14	NO	NO	NO
Montessori Regional Charter School	3	3	0	\$39,216.09	NO	NO	YES
Pennsylvania Leadership Charter School	3	3	0	\$39,216.09	YES	NO	NO
Insight PA Cyber CS	2	2	0	\$26,144.06	NO	NO	NO
PA Distance Learning Charter School	1	1	0	\$13,072.03	NO	NO	NO
Pennsylvania Virtual Charter School	1	1	0	\$13,072.03	NO	NO	NO
Perseus House Charter School of Excellence	1	0	1	\$21,734.54	NO	NO	NO
TOTAL:	61	48	13	\$910,006.46			

¹ Study: Cyber charter students don't keep pace with counterparts in regular classrooms | TribLIVE.com. (n.d.). Retrieved February 23, 2021, from <https://archive.triblive.com/local/pittsburgh-allegheny/study-cyber-charter-students-dont-keep-pace-with-counterparts-in-regular-classrooms/>

School Choice and Taxes. The proponents of the charter system insist that it is all about choice: parents should have a choice as to what school their child attends. What about our District's taxpayers? Shouldn't they have a choice? Shouldn't they have a say as to whether they want to support low performing charter schools while they already provide high performing schools?

The bottom line is that Pennsylvania's outdated charter school law diverts public education dollars away from high performing school districts into low performing cyber charter schools with little oversight. This creates a situation where profit can be earned. That "profit" is created by providing a substandard education to charter school students at the lowest cost possible. Private corporations pocket the difference between actual costs and mandated tuition payments from school districts, which is substantial. So much so, that cyber-schools spend extravagantly on advertisements to recruit students. They publish slick ads promising a free computer, free Internet service, flexible hours, and a free customized education. The irony here of course is that cyber charter schools are not free.

I downloaded the [Agora Cyber Charter School Annual Report](#)² for the 2017-2018 school year from the Pennsylvania Department of Education website. The Statement of Functional Expenses from this report shows a line item for Advertising in the amount of \$3,523,249. I believe this demonstrates just how aggressive these organizations are at harvesting public education tax dollars by recruiting students to increase profit.

If our District had an extra \$3.5 million dollars, I could tell you that we would spend it on students, not advertising. In fact, the District could lessen the local property tax burden while still investing more in our students. In my opinion, the current structure and operation of cyber charter schools is unethical. In our District, we direct all our resources towards the best possible education for students. I do not know of any other way to prioritize educational spending.

Call to Action. We budget every year estimating what cyber-charter schools will cost us. It is an expense that we have no control over. This translates directly into a difficult choice: raise property taxes, eliminate teachers and programs, or both. This year, the Wattsburg Area School

² *Charter School Annual Reports.* (n.d.). Department of Education. Retrieved February 23, 2021, from <https://www.education.pa.gov:443/K-12/Charter%20Schools/Pages/Charter-School-Annual-Reports.aspx>

District will lose nearly \$1 million to cyber charter schools. Reforming the cyber charter school funding method is long overdue and cannot wait. Until it is reformed, schools across the Commonwealth will continue to hemorrhage taxpayer funds to underperforming cyber-charter schools that are harming students by delivering a substandard education in exchange for private corporation profit. I would urge the Honorable House Democratic Policy Committee members to put students and taxpayers first and consider revising cyber charter school funding in the Commonwealth.

Again, I want to thank Chairman Bizzarro and Honorable members of the House Democratic Policy Committee for allowing me the opportunity to speak with you today regarding some of the many challenges facing our public schools.

House Democratic Policy Committee Hearing on COVID/Charter School Crisis Testimony of Richard Scaletta, Superintendent, General McLane School District

Good morning Chairman Bizzarro and members of the House Democratic Policy Committee. Thank you for the opportunity to appear before the committee today to discuss the challenges presented by the COVID Pandemic as well as the Charter School Crisis.

Let me first explain that I had intended to retire one June 30 of 2020 but was asked by my board to stay on to manage the district through the CoVid crisis. I do plan to retire this spring or early summer when my successor is named, so you may find my comments today to be “unrestrained” as I would like to explain why cyber charter school in Pennsylvania are bad public policy.

Spring 2020

When the pandemic hit last spring, our district was in a relatively good position to pivot into cyber education. All students in grades three through 12, already had an iPad. We used our federal dollars to then purchase them for grades K-2.

When we originally asked how many homes did not have access to Internet, that number was only 5% of our families. We used a packet distribution system to deal with the 5% but as time went on the number of packets we distributed more than doubled. The lesson of this experience is to ask the question, “ how many families have **adequate** Internet.” Some homes relied on satellite while others quickly found that what they paid for cellular data wasn’t enough data to meet the need. If the state embarks on projects to expand Internet, I would advise you ask the question of adequacy in regard to internet access.

School Year 2020-2021

As we approached the current school year, we knew that the uncertainty of the virus would drive many families to keep their children at home so we offered a 100% online options to our families that was taught totally by our teachers. Initially, 531 students out of a total of 2100 students opted for our online option. That number has now dropped to 411 online students as many students and parents found difficulty with the online learning.

Despite offering our own program, the number of our students in cyber charter increased significantly. We went from 8 special needs students in cyber charter last year to 20 this year and

from 36 regular education students last year to 57 this year. We are on course for the end of this year to have paid an additional half a million dollars to cyber charters, seeing our bill last year at \$574,242 soar to \$1,085,342.00 for this year. Similar to the other district represented in this hearing today, and most other districts, our payments to charter schools have increased every year while the numbers of students succeeding in cyber charters, have not.

The Clamor

It has been interesting to watch what has occurred in this pandemic regarding online learning. Parents are clamoring for kids to go back to school because the inadequacy of this online learning model is clearly evident. Yet, Pennsylvania continues to ignore what has been called “the worst charter school law in the country.”

We have learned from this experience, and the research has shown, that not all students can be successful with online learning. Yet, any parent who wants to enroll their child in an online charter may do so without even consulting the school or teachers who know the child’s learning styles the best.

Since this is a policy committee, I would now like to share why Pennsylvania’s cyber charter system is bad public policy.

Bad Public Policy

1. Financially Flawed

In December of 2011, Auditor General Jack Wagner showed how taxpayers were being over-charged \$365 million dollars a year for charter schools. In 2016, Auditor General DePasquale audited the PA Cyber Charter School and two other schools. In the three audits, DePasquale noted, “It is clear that the charter school management company was operating without boundaries or accountability to the officials from either charter school or to the taxpayers, who were footing the bill.”

Legislators should be well aware of the failings of the charter school formula when applied to cyber charters but, whatever formula is used to calculate per pupil expenditures, it is important to understand that deducting that amount from a school district does not mean the district won’t still have to spend that money. What people forget is that there is an economy of scale when doing broad-based public education. In microeconomics, economies of scale are the cost advantages that enterprises obtain due to their scale of operation (typically measured by amount of output

produced), with cost per unit of output decreasing with increasing scale. Here is how this translates to education.

If I have 100 students in grade 3 in an elementary school and 4 teachers to teach them, I have 25 children in each class. If 5 third graders go to charter school, I now have 95 third graders. If I drop a teacher, going from four, third grade teachers to three, there would be 31 or 32 kids per class, a number that would be unacceptable to parents and teachers. So my biggest cost, teaching salary, is unchanged. I still need four teachers. Similarly, I still have a principal with the same office staff and we still have the same classroom space to clean and maintain. The only cost savings realized when a child leaves for charter school is relatively small: technology costs, books, minimal supplies, likely not more than \$600- \$800. This year it will cost us \$11,466.00 per regular education student and \$21,589 for special needs students.

If you look at our charter school enrollments over the previous 10 years (not this year) you would see we've gone from 20-25 students in cyber charter per year to around 45-50 students going to charter schools. They are from every grade level and there have never been more than 5 at one grade level. So, the amount per student we paid to charters previous years would have been offset by virtually nothing.

Of course, General McLane is not alone in this problem. The Research For Action groups examined the fiscal impact of charter schools by looking at the difference between new costs (charter tuition payments) and new savings a district can realize as students depart. They looked closely at six school districts across the state with varied demographics. They found that **"as charter enrollment expands, the fiscal impact is consistently negative in both the short-and long-term, indicating that even as students depart for charter schools, school districts experience significant long-term fiscal impacts."**

2. Resources are being diverted

Every time I hear the topic of "consolidation of school districts" come up from a politician, I laugh because it is usually the same politicians who claim to be "fiscally responsible" while advocating for charter schools and private vouchers.

They do not understand they have allowed PA to grow to 637 school districts, 500 traditional and 137 charters. One senator once referred to the past increases the state has made to education asking, "When did \$100 million and \$400 become trivial?" I offer an answer: "When pension costs and charter school costs went out of control! You either have to increase the size of the pie or decrease the number of slices if you want those increases to be helpful." If we weren't making these large pension contributions and charter school payments, we wouldn't need a significant annual increase in the education subsidy!

3. Misinterpreting our “freedoms”

As citizens of the United States, we enjoy many liberties. More than liberty, we have entitlements which we call “rights.” In schools we teach about the Bill of Rights, the original amendments to the Constitution that firmly established those rights into our society.

What I have found interesting over the years is how popular thought, usually based in avarice, has come to add rights by inference; that is, extending the Bill of Rights to include items not in the Bill of Rights or Constitution. At the top of the list for me is “freedom of choice.”

American popular culture has a strong element of “I, me, mine.” We vote for the candidate that will advance causes that will personally benefit us. We seldom consider who will advance the “general welfare.” The lobby system of government certainly isn’t designed to protect what is best for the majority. A “what have you done for me lately?” mentality causes the general public to bounce back and forth from popular ideas and political candidates.

One of the best examples of the erroneous assumption of freedom of choice is the idea of school choice. Some parents assert that they have “the right to choose their child’s school.” Certainly, a parent can choose to send their child to a school other than the local public school. But should *individuals* have the right to make choices as individuals to spend money of the collective, that is, our tax dollars, to make that choice? That is essentially what is happening with charter schools and the state’s EITC program for private school scholarships.

Peter Greene of the Huffington Post wrote an interesting article entitled, “‘School Choice’ and Disenfranchising the Public.” Greene points out that, “Our public school system is set up to serve the public. **All the public.** It is not set up to serve just parents or just students. Everybody benefits from a system of roadways in this country — even people who don't drive cars — because it allows a hundred other systems of service and commerce to function well. School choice treats parents as if they are the only stakeholders in education. They are not. We all depend on a society in which people are reasonably well-educated. We all depend on a society in which people have a reasonably good understanding of how things work.”

4. Efficacy

The evidence is clear. Taken as a whole, cyber charter schools **DO NOT WORK!**

In a 2015 report, Mathematica Policy Research described the context of online charter schools in the nation. There are 200 online charters (all publicly funded) serving 200,000 students in grades K-12. Seventy-seven percent of schools state they offer some entirely self-paced courses. Thirty-three percent of these schools offer only self-paced instructions meaning a child is left to his/her own devices without strong guidance. Typically, the study notes, online students receive less live teacher interaction time in an entire week than students in conventional schools have in just one day! A phrase from training we had years ago comes to mind: “They are not do-it-yourself kids.”

Mathematica also reported that the number one issue reported by educators of online charter schools is maintaining student engagement and accountability. In other words, kids won't sit at a computer all day long and stay focused. As senior Mathematica fellow Brian Gill states, "Challenges in maintaining student engagement are inherent in online instruction, and they are exacerbated by high student-teacher ratios and minimal student-teacher contact time, which the data reveal are typical of online charter schools nationwide. These findings suggest reason for concern about whether the sector is likely to be effective in promoting student achievement."

[Note: High student teacher ratios are important to maximize profit as online charters use for-profit providers of online services.]

"Reason for concern about whether the sector is likely to be effective in promoting student achievement" translate to my previous statements about online charters: they are bad public policy.

The Center on Reinventing Public Education examined how state policy affects the online charter landscape. They found several drawbacks including:

- **While online charter schools may be a good fit for some students, the open admission requirements of charter schools allow the schools to accept students who are not likely to be successful in an online environment. (*The Pandemic has reinforced this!*)**
- The authorization and accountability provisions for all charters do not work well with online charters.
- Funding mechanisms preclude outcome-based funding, allowing schools to get money (in Pennsylvania more than they need) no matter what the outcome.

The final part of the report comes from CREDO at Stanford University. The report contains the most comprehensive findings to date regarding academic progress of online charter students. They found that the majority of online charter students had far weaker academic growth in both math and reading compared to their *traditional public school* peers. It would equate to a student losing 72 days of learning in reading and 180 days of learning in math, based on a 180-day school year. Just ask our teachers about the *majority* of students returning from cyber charters and they will tell you they are significantly behind.

5. A cyber educated workforce?

For the last two decades, educators have been encouraged to engage learners. The idea of a "talking head" in front of a room was proven to be ineffective and undesirable. Teachers who were talking heads were vilified. We have been training teachers that students will learn better when engaged in *hands-on activities* that help them discover and reinforce concepts. Yet, when somebody from outside education called a talking head on a computer screen "innovative," the masses of uninformed cheered and ignorantly cooed and giggled with glee. Passive learning, as it is called, is bad for a classroom but great for a child at home?

Employers have been begging schools to send them employees who will show up every day, on time, willing to work. It is a struggle for us to fight the strong societal trends that pull our students into the abyss of laziness and entitlement, yet our tax dollars are paying for commercials that extol a cyber education that doesn't interfere with a student's hockey or other extra curricular pursuits. Really? (People don't understand this but cyber charters spend millions of tax dollars on advertising.) We're going to spend public money to further convince kids that they

shouldn't have to do anything they don't want to do when they don't want to do it? With so much emphasis on creating students who are college and career ready, do we really think that telling students they don't have to let school (their work) interfere with their fun will create the employees we need?

Why are not the politicians who are pushing charters asking if it is emotionally, behaviorally and socially a good idea for children in kindergarten and other early grades to sit home all day learning from a computer? It is not good for them.

Furthermore, early indications of what type of student has been successful with online learning in this pandemic show that students with some level of anxiety, introversion and social issues are doing well. While it may be easier for them not to be in a school building, will they learn to be functional in the adult world? Will we have enough jobs for people to work online and not leave the house so as to avoid interacting with other humans and avoid social issues?

Moving Forward

Many school districts have proven they can offer an online education for a fraction of what we are forced to pay to cyber charters in Pennsylvania. Before the pandemic, we were using a provider which we paid \$4500 per student for a year online, not the \$11,466 we are forced to pay cyber charters. We've also learned ways to offer various online options to students. Most school districts will now be offering alternatives to cyber charters but we still face the fact that parents can send their children to a cyber charter without even talking to us.

I do want to be clear: our district will probably design an online option for students moving forward. We are not doing this because we feel it is a good thing to do educationally, but only because we can't survive the financial bleed of cyber charter schools.

Online classes should be considered as just one tool in our toolbox. Just as we advise students that a certain course in science or math may be well-suited for them, an online option should be considered just one option.

More research will be coming in regard to what kind of student was successful with online learning during the pandemic. This should guide future decisions regarding which students should pursue an online education and it should not be an "all call" as it is now.

Publicly financed cyber charters are bad public policy. They are protected by the profits earned by the for-profit entities behind them. It's time to face the truth.

**TESTIMONY OF DR. BRIAN A. BLISS
SUPERINTENDENT
SOLANCO SCHOOL DISTRICT**

**PENNSYLVANIA HOUSE POLICY COMMITTEE
HEARING ON CHARTER SCHOOLS AND COVID-19
MARCH 2, 2021**

Good afternoon—my name is Brian Bliss. I am the superintendent of the Solanco School District, which is the largest geographic district Lancaster County; of the 16 school districts in Lancaster County, Solanco encompasses 20% of all the land but only 5% of the population.

Solanco has the lowest tax rate in Lancaster County. We rely more on an earned income tax resultant from voter referendum—we believe that is a fairer way to tax. However, that means we are more subject to the variability of income and the economy. COVID-19 certainly affected, and will continue to affect, community earned income and Solanco's budget.

Solanco innovates in cyber learning; we were the first district years ago to create its own virtual academy—other districts asked us to train them how to set up online learning for them. We knew, and they knew, we could provide virtual education at a much cheaper cost to the taxpayer, which retains more funds for investment in our local school district. This was not cost-savings; this was cost-avoidance.

With that said, our mission is essential: many of our students, just like many across the state, live in poverty. Some live in the circumstances of generational poverty. We aim to disrupt the cycle of generational poverty for those students, to imbue them with hope, possibility, and the education to realize their potential.

Our goal is to inspire, to engage. We want our students to develop into thoughtful citizens.

How do we do this? We hire empathetic teachers who care for students. We hire teachers who feel responsible for both the success and failure of their students. We hire teachers who believe they can impact their students' lives. In our schools, students succeed. They struggle. They overcome. They grow.

Let us juxtapose our expressed mission with what we were tasked to do during COVID-19:

We were tasked to create physical classroom settings that were safe in a pandemic. This required social distancing, classroom restructuring, mask-wearing, alternative scheduling, and employing technology in expanded ways.

We did this with looming quarantines and closures.

We were tasked to provide a comprehensive online option for all students, despite being a rural school, despite intermittent internet, despite areas of our district that do not even have reliable cell service.

Five years prior, 67 Solanco students attended external cyber-charters, and our bill was \$745,000.

Last year, 69 students attended external cyber-charter schools, and our bill was 1.068 million dollars.

Notice the stability of enrollment combined with the greatly increased cost. Our cyber numbers have not changed appreciably in a decade despite comparable increases in many other districts. We attribute that to quality learning environments and flexibility of our own online environments. But it is still a million-dollar annual cost.

This year, that number increased to 88 students, largely because of COVID. The cost: 1.33 million dollars. Nineteen more students went to an external cyber-charter resulting in \$270,000 in increased costs. Remarkably, that is not a huge jump compared to many others. Astoundingly, I state that a quarter million-dollar taxpayer cost is a “success.”

How did we achieve this dubiously titled “success” during COVID-19? All of our work, our innovation, and our communication “kept it” to a quarter of a million dollars.

In our long-standing asynchronous virtual school, our enrollment doubled from 32 to 64 because of COVID. It costs less for us to do this, about \$8,000 dollars per child, which is significantly lower than our average \$21,000 per child for tuition to an external cyber-charter. Our asynchronous learning program costs \$8,000 per child, not \$21,000.

Notably, if all 88 external cyber-charter students from this year enrolled in our own cyber program instead, it would cost taxpayers \$600,000 less.

Further, to bring all 88 external cyber students back to our brick-and-mortar programs, it would effectively cost us nothing. We would not have to hire more teachers, purchase more materials, or add more busses for those 88 students to return. What would return with them? 1.33 million dollars in taxpayer money.

Billions of taxpayer dollars have been invested in Pennsylvania cyber-charters—have brick-and-mortar public schools benefitted from these taxpayer investments in technology, online instruction, online curriculum development? Were local districts able to invest those dollars in their online programming? Could they maintain and improve brick-and-mortars while doing so?

COVID-19 resulted in our creation of a program called Solanco Flex this year. Flex is essentially allowing students to stay home and participate live via remote instruction with their in-person,

brick-and-mortar counterparts. This plan anticipated closures, disruptions, and lengthy quarantines.

How many picked Solanco Flex this year? 629 students. Roughly 1/5 of all our students picked our entirely virtual, synchronous instruction.

We developed this modality in mere weeks. That is unreasonable. Are there successes with it? Absolutely. Struggles? Absolutely. It is the best we could develop given the timeframe and the great uncertainty we were all facing this summer.

This simultaneous in-person and remote instruction is brutal for teachers. Further, technology in rural areas is difficult; internet is slow, sporadic, or unavailable. Was our decision to create this program pedagogically sound? Partially.

Was our decision financially sound? I know this—if we did not offer it, we faced financial devastation.

If we did not offer Flex to our students and they all decided to choose a cyber, the cost would have been almost 14 million dollars. We would have come closer to a dubious metric: our cyber bill would be close to equaling our local property tax income. While unthinkable, this is currently happening right now in Pennsylvania. There are districts where their entire local tax contribution to education is going to cyber-charter schools.

I would also like to talk about the purity of choice during COVID-19. Competition is good; competition results in innovation. In many ways we embrace it. There are things we can offer that cybers cannot. But is it competition?

We are asked to develop robust online environments that could compete with existing cyber-charters in which Pennsylvania taxpayers have invested billions of dollars. Billions of dollars with the sole focus of refining online instruction without the duality of creating excellent brick-and-mortar schools.

And if schools did not provide comparable programming in online environments, the subsequent exodus to cyber charters can be financially devastating to districts. It already is for some, and COVID has greatly amplified this. Many students are not going to return.

But again, we are competing with schools that have been able to invest billions in online only education. That is the competition that has been created. Cyber-charters are online only. School districts are brick-and-mortar with online-only options.

So, this year why did parents choose our synchronous model, our asynchronous model, or external cyber-charters this year? This is what we heard:

- Some said they did not want their children to wear a mask.

- Some said our masking protocols were not enough.
- Some thought our social distancing measures were too aggressive.
- Some thought our social distancing measures were not aggressive enough.
- Some did not support the potential (albeit state mandated) closures.
- Some thought the state-mandated quarantines were too disruptive.
- Some said the laptop the cyber provides is nicer than what we provided.
- Some said our own virtual offerings track attendance too strictly.

I do not cite these to criticize parent rationales; instead, I offer them to show the divergent opinions about protocols and procedures brought by COVID-19. Districts were tasked with responding to this divergent set of opinions. These divergent opinions result in costs to the district. I do not criticize parents for availing themselves of choice options—they want the best for their children however they judge that.

Coherence matters, but I have difficulty seeing it.

For example: we frequently hear talk of consolidating school districts while at the same time we have added hundreds of charter schools. We want schools to compete with cyber schools while also maintaining and enhancing brick-and-mortar instruction.

COVID-19 required districts to jump into large-scale cyber instruction with two feet

Everyone here knows the finances, knows the performance metrics. There is no one statistic that is going to cause us to say, “that changes things.” What I am testifying to is not new or surprising.

But have we created structures where taxes are thoughtfully and efficiently used for maximum impact?

Where I am critical focuses on the table that has been set by legislative action—from a policy perspective and financial standpoint. This has been a growing problem that has been greatly amplified by COVID-19. Increased enrollment in cyber charters, increased budgetary stress on local districts, and an incoherent justification for faulty financial policy.

I became an educator for all too stereotypical reasons—I had a great English teacher. This teacher’s impact on me was so profound that I decided to become an English teacher. What for? To replicate that experience I had for as many students as possible. To enable as many students as possible to be as inspired as I was. That has been my driving ideology. As I became an administrator, I traded intensity of impact for breadth of impact—I could impact more students, perhaps less intensely. That is the trade-off all leaders make—all of you have made in your leadership position.

Is what we are doing here allowing this kind of inspiration to happen on a systemic level? Have we created structures of inspiration in our school system? Is it more likely to happen for more students consequent of our legislative decisions?

I thank you for your time.

Biography:

Hello, my name is David A. Burkett and I am currently the Superintendent at Fannett-Metal School District. I graduated from Penn State University with a bachelor's degree in Secondary Education Social Studies. I began my career as a Social Studies teacher at Northern Bedford County School District. While at Northern Bedford County School District, I obtained my master's degree in Curriculum and Instruction and my administrative degrees from Gannon University. I served as the Assistant High School Principal and High School Principal for ten years at Northern Bedford County School District. In 2015, I became the Superintendent at Fannett-Metal School District and have served in this capacity for the past six (6) years. Fannett-Metal School District is in the northwestern portion of Franklin County, PA and includes the Fannett and Metal Townships. The District provides an education for roughly 410 students enrolled in K through 12th grades. The school district covers approximately 210 square miles and is located along Route 75 about two miles north of the Willow Hill Interchange (Exit 189) of the Pennsylvania Turnpike.

Testimony:

First, I would like to thank Chairman Ryan Bizzarro and the members of the House Democratic Policy Committee for this opportunity to offer my input on Cyber Charter in Pennsylvania. As a former student at Claysburg-Kimmel School District, through my teaching and administrative experiences at Northern Bedford County School District, and now as the Superintendent at Fannett-Metal School District, I have always been connected to and involved in Pennsylvania's rural and small school districts. I would like to think that being immersed in Pennsylvania Rural and Small School (PARSS) Districts my whole life gives me a unique perspective on public education. Small rural school districts tend to not have all the amenities to offer (i.e., orchestra, numerous advanced placement courses, varying clubs, and activities, etc.). At first site, one may think that based on Zip Code, an element lacking in a rural school districts like Fannett-Metal would be equal opportunity. As a rural school district, I would like to think that we provide a solid educational experience for our students to cultivate them into becoming productive citizens in our country, state, and community.

Unfortunately, this notion of equal opportunity is often sold as a bag of goods known as Cyber Charter enticing parents and students, they are the better choice. There is nothing equal about the choice of cyber charter schools within public education. I would like to first draw the focus to the disparity with the financial cost and money home districts must send to cyber charter schools. With looking at the cost for the 2019 school year, the district's educational cost per regular education student was \$12,757.43. By law, in 2019 we as the home district were required to send \$13,045.87 in tuition to the Cyber Charter school that was educating any student living within our boundaries. Granted at first sight, one might say, "well \$243.44 overage really is not that significant of a difference". The fact is that Fannett-Metal School District had

twenty (20) regular education students in Cyber Charter in 2019 so that overage is \$4,868.80. Unfortunately, as a brick and mortar public schools, the fact of the matter is that the average cost for Cyber Charter schools to educate a regular education student in 2019 was \$11,643 and this total overage is now a difference of \$20,057.40 for these twenty (20) students to be educated.

Now let us take the financial cost a step further and look at the cost to educate students identified as special education. The Fannett-Metal School District's educational cost per special education student was \$11,329.65 in 2019. By law, we as the home district was required to send \$23,983.10 in tuition to the cyber school that was educating any special needs student living within our boundaries. The difference from what it cost the home school district to educate an identified student with special needs to what the Cyber Charter School District received in 2019 was \$12,653.45 per student. In 2019, Fannett-Metal School District had five (5) special education students from within our boundaries attending Cyber Charter Schools to a total of \$63,267.25. More significantly would be the difference between what we send to Cyber Charter Schools in 2019 as tuition and the average cost across the state for Cyber Charter Schools to educate a student with special needs. In 2019, the average cost across the state for Cyber Charter Schools to educate an identified student with specials needs was actually \$9,289.38.

We as a brick-and-mortar public school district have the obvious overhead cost of transportation, additional employees (such as aides, cafeteria workers, and custodial staff), building upkeep with fuel, electricity, and maintenance, and other items. The Cyber Charter Schools do not have this overhead cost, but yet still receive more tuition from the home brick and mortar school district than what we spend to educate our own students on campus.

My second focal point, and more important than financial, is the ability to get our children across the state to becoming graduates, and ultimately a productive citizen in our society. For the past five years, Fannett-Metal School District's graduation rate has been 93%, 91.4%, 92.3%, 92.55, and during the pandemic this past year FMSD had a graduation rate of 97.44%. Whereas, Cyber Charter School Districts have had a dismal record in this category. During the time-period when the PDE maintained the School Performance Profile website from 2013-2017, only twice did the fourteen (14) Pennsylvania Cyber Charter Schools ever have a graduation rate above 80%, and that was PA Leadership in 2013 with 86.5% and PA Virtual with 81% in 2016. Unfortunately, eleven (11) of these Cyber Charter Schools never had a graduation rate above 70% and six of these were never above 50% during the time the School Performance Profile website was in use (*please see attachment*).

I would like to share an example of my concern with the graduation rate on a more personal level and focus on an individual student from the Fannett-Metal community. From Kindergarten through 8th Grade, Miss Jane Doe attended FMSD. As a non-exceptional regular education student, Miss Doe maintained her grades and kept a high C grade point average (77%). Due to her noncompliance with some school rules, Miss Doe chose to withdraw from FMSD on August 14, 2017. Miss Doe enrolled at a state Cyber Charter School on September 9, 2017 as a non-exceptional 9th grade student. In October of 2019, two years later, we received the tuition reimbursement form from this Cyber Charter School stating that Miss Doe was still a 9th grader. Additionally, Miss Doe was now deemed by this Cyber Charter School as a student identified needing services for special needs (Other Health Impairments (OHI)). Concerned about this, I contacted the Cyber Charter School and wanted to know how this happened, to which I was never given a clear response. When I pressed the issue, the Cyber Charter School CEO sent me a scathing letter in response stating that we as the home brick-and-mortar school district was at fault for not identifying Miss Doe as needing services when she was here at FMSD. Basically, that became the answer as to why we paid tuition for two years and Miss Doe still did not have enough credits to advance out of 9th grade, when Miss Doe would have been an 11th grader if she stayed at FMSD. Unfortunately, at the beginning of this school year, Miss Doe contacted the Cyber Charter School and made a request to withdraw from the Cyber Charter School with the desire to drop out. The Cyber Charter School told her it was not permissible because Miss Doe was not yet 18 years old. According to the revised compensatory education law, students are required to be educated until they are 18 years old. To verify what the Cyber Charter School told her, Miss Doe contacted Fannett-Metal School District and requested to know the process of withdrawing and dropping out of school. We informed Miss Doe that she would do this through the Cyber Charter School that she is enrolled with and dropping out would not be permissible until she was 18 years old. Miss Doe will turn 18 years old in March, later this month. Miss Doe has no desire to now be educated, we as the home district have been paying \$1,998.59 each month this school year with knowing she will be dropping out. I would like to say this is an isolated incident, but it is more common than any Cyber Charter School would want lawmakers to know. As state lawmakers, you can stop this type of harm that students in my community have experienced with being enrolled in Cyber Charter Schools. Regrettably, it is too late for Miss Doe, but do not let this deter action.

So, what can this action be? I have presented concerns and problems with the antiquated twenty-four (24) year old law that governs Cyber Charter Schools. My father always told me, never present a problem without at least presenting a solution! To which, I would like to present my recommendation. I recommend that each one of the 500 brick-and-mortar public school districts be required to operate at least their own cyber program as an option. Up until the pandemic, Fannett-Metal School District did not have our own

program. As of the beginning of the 2020-21 school year, we began to offer a Cyber Charter alternative to our students and currently have twenty-two (22) students enrolled in our cyber program. The cost for us to run our own cyber program for the whole year is \$2,500 per student. In addition, I recommend the home school district should be required to select and oversee two other full-time virtual educational programs operated by one of the fourteen (14) state Cyber Charter Schools. I already know for a fact which two Cyber Charter Schools FMSD would select to work with in the future. This decision would be based on previous School Performance Profile Data of the Cyber Charter Schools as well as how they have worked with FMSD in the past. Finally, a flat rate should be charged for tuition sent to either of the two Cyber Charter Schools selected by the home district. This flat rate may be the cost of running the home school district's own cyber program for tuition at either of the other two cyber schools. If not, it should at least be set at a manageable rate, possibly the \$9,500 rate that Governor Wolf offered in his budget.

Finally, we all know that the Pennsylvania's charter school law is broken and inflates tuition for cyber charter schools and for special education funding for students with disabilities. A law that was formulated to be part of Pennsylvania's school choice system, has done nothing but exacerbated the problem. The enrollment in Pennsylvania Cyber Charter Schools mainly come from the state's least-educated communities and worst-performing schools. Over the past seven (7) years, the enrollment in Pennsylvania's Cyber Charter Schools have increased 117% from 128,716 to 146,566. Sadly, the dollar footprint for Cyber Charter Schools have grown even more over the same twelve (12) years as well, from \$623.5 million to \$2.2 billion. This is a 347% increase from, 2007 through 2019. During the current school term, the Fannett-Metal School District originally budgeted \$388,000 for tuition cost at Cyber Charter schools. Because of the pandemic and the exodus of students leaving the district, we are now projecting to have an overage of \$220,000 for the tuition to Cyber Charter Schools. This is 8% of the District's overall operating cost. As with Fannett-Metal School District, this drain of the student population and associated finances often leaves some of state's neediest students with just another bad option that their peers from better-off school districts largely avoid. The inflated Cyber Charter School payments are causing significant financial harm to our school districts, our students, and is a waste of taxpayer money. You as state lawmakers are able to fix this antiquated system. In years past, State Representatives have proposed legislation that would require all Pennsylvania school districts to offer a full-time cyber education program and work in conjunction with two or three Cyber Charter Schools. If similar legislation were proposed again, I would wholeheartedly support it. I would hope that any proposed legislation would stop the wasteful spending, by setting a single, statewide tuition rate for cyber charter schools and matching special education tuition rates with the actual cost of services for students with disabilities in charter schools. I would like to thank you for your time, and I appreciate any consideration given to rectify this issue.

Table 2A. 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 2B. 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.

March 2, 2021

To the Esteemed Members of this Committee,

Thank you for the opportunity to testify before you today. My name is James Estep, and on behalf of the Pennsylvania Association of Rural and Small Schools (PARSS) and the Mifflin County School District, I am testifying about our shared experience contending with continuously rising tuition rates for cyber and charter school tuition. Whether borne of good intentions, or from pressure brought to bear by aggressive and powerful lobbyists, I have watched the seismic growth of this legislated phenomenon during my seventeen years as a superintendent of schools, and I've seen firsthand the devastating effect it has had at the local level. We are still living the adverse impact now, as our 20-21 fiscal year budget for charter tuition, a line item I had already increased by \$700K in anticipation of higher enrollments during the pandemic, is currently on track to run into the red by at least \$1.7M to \$2M because cyber/charter enrollment has jumped from 181 students in June of 2020 to 331 students as of February 25, 2021. This has happened in spite of the fact that our district has a long established and very successful online/blended learning program K-12 available. In a normal year, approximately 500 of our students take at least one of our online offerings, but with the pandemic, we now have 1082 students enrolled in our district program.

Unfortunately, even before the pandemic, when cyber and charter enrollment was fairly steady from year to year, the fundamentally flawed funding formula was still inflicting harm. Despite essentially flat overall enrollment, cyber/charter tuition rates continuously climbed significantly each year. Like many other rural communities, Mifflin County simply doesn't have the kind of tax base to sustain the type of sustained expenditure increases that this flawed legislation has inflicted upon us. In spite of our district's good faith effort to develop a quality cyber/blended learning program with student access to qualified professional staff, hardware and curriculum software equal to or better than that offered by cyber schools at roughly half the cost per student, the inherent flaws in the way cyber charter tuition is calculated guarantees significant and unsustainable expenditure increases.

In the eleven years that I've served the students and taxpayers of Mifflin County School District, we have had to make a lot of very difficult choices to be fiscally responsible, and to salvage or maintain programs that we believe are important for children. We have closed six school buildings, consolidated two high schools into one, three middle schools into one junior high and one middle school, reduced staff from top to bottom, restructured administration multiple times and reduced administrative salaries by shortening lengths of contracts, frozen wages, moved to a high deductible health care plan to reduce premium costs, outsourced food service management, refinanced long-term debt, used energy savings contracts to reduce costs to renovate buildings, and we are currently engaged in developing one of the area's largest solar arrays to power our buildings and reduce future energy costs. We did these things because we are responsible with taxpayer dollars, and we knew if we made these changes, more of our money could go directly to supporting the educational programs our children need. We did it because it was the right thing to do, in spite of the discomfort it caused.

I could very easily have declined to participate in this event today, as I'm retiring in six months. I could have said, "Let my successor be the one who deals with this, as I will soon be riding off into the sunset." I couldn't do that, though, as this problem is the equivalent in sports terms to an unforced error. Why do I know that, you might ask? I know that because as far back as 2006, I stood on the floor of the Rotunda alongside former Republican Representative Mike Fleck, in support of a bill he was introducing in an attempt to undo what he and other legislators from both sides of the aisle had come to recognize as a fundamentally flawed piece of legislation that was becoming an increasingly serious problem for local school district budgets. Mike's bill proposal wasn't the first, as other legislators had made proposals the year before, and as all of you know, in the fifteen years since then, numerous legislators have made proposals of a similar nature, only to see them die in committee and never reach the full floor for a vote. It's certainly been no secret that the funding formula for determining tuition is flawed, and that's what makes it so profoundly clear to me, my colleagues and board members all around this Commonwealth that it is indeed, an unforced error. Personally, I can only conclude that the lack of legislative and political will to correct an obvious problem is a result of sustained lobbying efforts by the cyber charter industry bringing pressure to bear on lawmakers to allow it

to persist in its current form. Because I know that all of you know very well this is a fixable problem, I just can't walk away from addressing it, and neither should you. If we do, we are knowingly culpable in aiding and abetting an ongoing legislative assault on the very people we pledged to serve by failing to act in their interests.

You can still support school choice and fix this problem, and you know it. If someone from the cyber lobby tells you that you're harming students by fixing this, you can show them the anemic data on the academic success rate of our cyber schools since their inception. You can prove to them through further data the lack of accountability that our cyber schools enjoy, evidenced by the exceedingly scant number of state audits over the years. Commonwealth Connections, as an example, hasn't been audited since 2012. Six of the fourteen cyber schools have never been audited by the Auditor General. Billions of taxpayer dollars have been siphoned away from local districts and taxpayers, and they have no way of knowing how those dollars have been used.

Making something right when you know it's wrong isn't going to hurt children. Allowing something that is clearly wrong to continue to occur unabated for nearly twenty years has clearly hurt countless children and taxpayers who live in and attend the 500 regular public-school systems in our state—systems that are regularly audited, and the vast majority of which outperform cyber schools annually. This law is forcing local districts to cut or curtail good programs for kids just so they can pay the tuition for kids who no longer attend their schools. This is wrong, and we all know it's wrong.

In regular public schools, we can't spend hundreds of millions of dollars on radio, television, and digital ad campaigns like cyber schools can. We can't pay parents stipends for enrolling their children in our schools like cyber schools apparently can. We can't and won't tell parents their kids attend 'free' like cyber schools do, because a public-school education, whether regular or cyber/charter, isn't free—we are all paying taxes for it. To call it free is disingenuous at best, and outright lying at worst. We also can't turn away students with extreme special learning needs—we educate every child who comes to our door, and if the needs are so profound that we cannot provide the service in-house, we pay to provide for their

needs at specialized institutions, no matter how high the cost—we do that because it's the right thing to do.

I've been in school leadership for twenty-seven years now, and I've personally witnessed the goodness in the parents, local businesses, board members, teachers and support staff of our many rural communities time and time again. I'm a true believer in the goodness and long-standing success of the vast majority of our public schools, and in the success of public schools overall as an institution. So many great leaders and innovators throughout our history and our nation have been products of the public school system that it's hard to quantify the enormous positive impact the institution has had on the development of our nation. I am forever grateful to have been able to work as a servant-leader in rural public schools in particular.

I'm also a true believer in representative democracy, so I'd like to end my testimony with a question for all of you to consider as we move forward. **If we are truly living in a representative democracy in Pennsylvania, and nearly ninety percent of the Commonwealth's children attend regular public schools, why should a widely-acknowledged-as-flawed piece of legislation targeting the less-than ten percent of those who choose cyber charter schools as their learning option be allowed to adversely impact the ninety percent who make up the vast majority of your representative constituency?**

Thank you for your time today, and please, do the right thing and fix this very broken law.

Respectfully,

James A. Estep

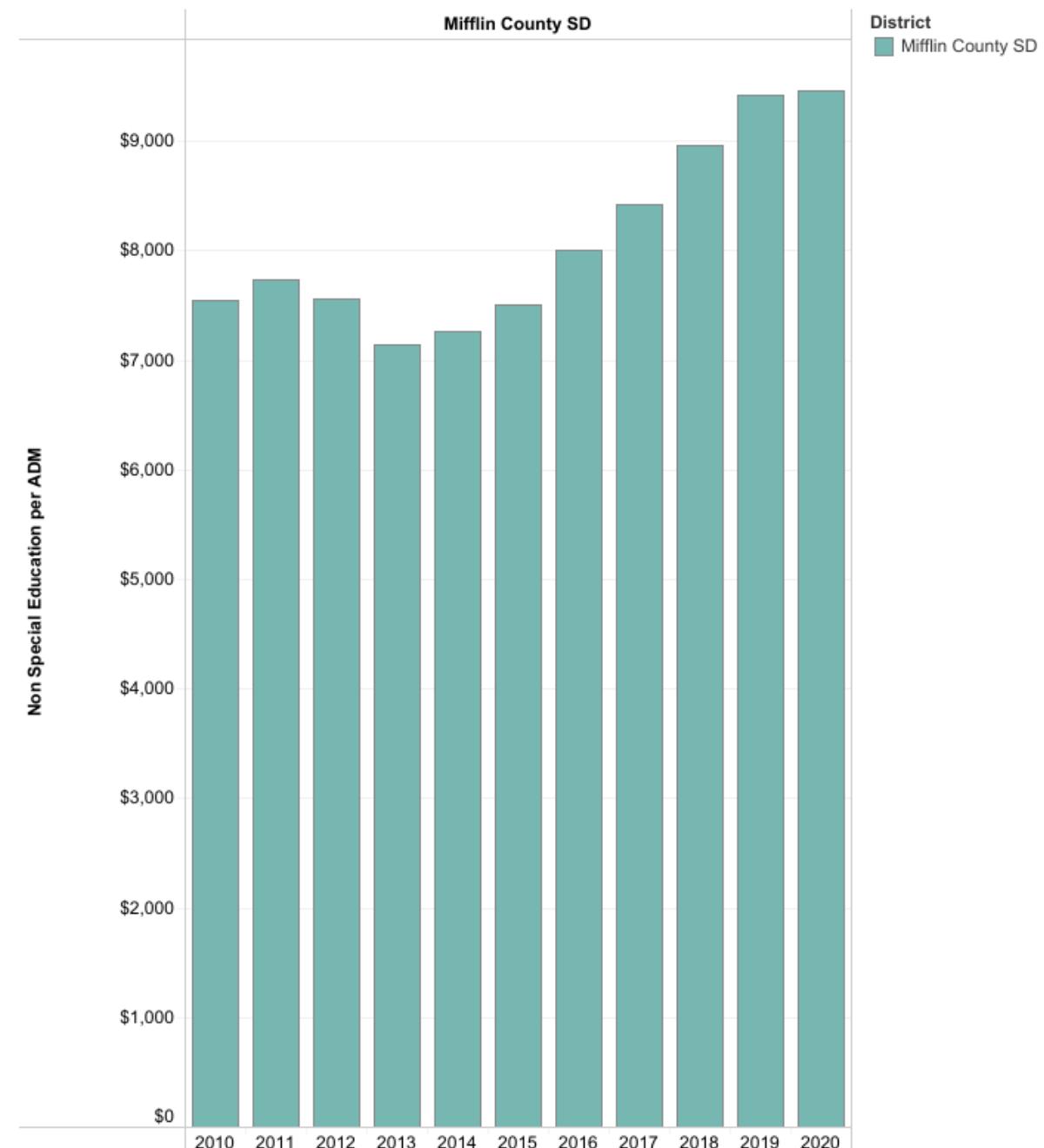
Superintendent

Mifflin County School District

Charter School Tuition Comparison

Non Special Education per ADM

Source: PDE 363 Reports



Charter School Tuition Comparison

Special Education per ADM

Source: PDE 363 Reports

