A Primer on Pennsylvania Cyber Schools

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Executive Summary

An increasing number of parents are choosing Pennsylvania's cyber charter schools for their children every year. Between 2001 and 2006, enrollment grew from 1,848 to almost 16,000 students. Although cyber schools receive less funding than traditional public schools, they perform well academically despite frequently serving students who are hard to educate. In the 2006-07 school year, Pennsylvania's cyber schools collectively met 64 out of 78 of the state's academic criteria for Adequate Yearly Progress (AYP).[1]

> **In the United States, there are currently 185 cyber charter schools in 18 states, enrolling an estimated 88,000 students in 2007-08.**

Despite their popularity among parents and demonstrated academic successes, cyber schools have come under attack from public school boards and some lawmakers. Several pieces of legislation have been introduced in the General Assembly that would limit cyber schools' independence and drastically reduce funding for students. These pieces of legislation are in response to claims that cyber schools are "unaccountable" and that they take too much money from traditional public school districts.

These charges overlook the fact that cyber schools face the same accountability measures as public schools—and more—including state testing, audits, and site visits. The claims also fail to highlight that cyber schools receive a fraction of what districts spend per pupil, spending only about 73%, on average, what traditional district schools spend per pupil. School districts complaining about funding transfers fail to mention that they receive up to 30% in per pupil reimbursements for cyber students. Thus, school districts keep nearly 50% of per pupil tax funding for children they no longer have to educate.[2]

In light of this debate, this Policy Brief seeks to help Pennsylvania residents understand more about cyber charter schools, who they serve, and how they operate.

What are Cyber Schools?

In the United States, there are currently 185 cyber charter schools in 18 states, enrolling an estimated 88,000 students in the 2007-08 school year.[3] This represents a 184% increase since the 2004-05 school year.[4]

Pennsylvania schools-of-choice have experienced remarkable growth as more and more parents choose to send their children to cyber schools. Cyber school enrollment in Pennsylvania increased from 1,852 in 2001-02 to 15,865 in 2006-07—an increase of nearly 760% over five years. The Pennsylvania Department of Education (PDE) estimates that 20,000 cyber students are enrolled for the 2007-08 school year.[5]

Cyber schools are public charter schools. The PDE authorizes cyber schools' charters and allows them to have open enrollment, meaning parents from any part of the state can enroll their children in the cyber school of their choice. In the 2005-06 school year, cyber students came from 497 of 501 of the state's districts. As the largest district in the state, and one of the lowest performing, Philadelphia accounts for the most cyber school students—with 1,551 in the 2005-06 school year. Yet as a percentage of total enrollment, cyber schools take no more than 2.5% of students from any district in the state.[6]

> Cyber school spending represents only a fraction of total public school spending. In 2005-06, cyber schools received about $107 million in total funding; this accounts for only 0.49% of all public school spending.

As public institutions, cyber schools cannot teach religion and must enroll any student who applies regardless of previous test scores, ethnicity, or gender. Cyber schools are also required to provide special education services to students who need them.

Cyber schools use internet resources and web-based curriculum to educate students. Some schools have curriculum providers, such as k12 Virtual Academies and Connections Academy that offer services and materials to public schools, cyber charter schools, and individual families.

Cyber schools provide an educational plan designed for each student. An individualized plan means that students can learn at their own pace, start at different grade-levels in different subjects, and advance several grades in one year. Curriculum typically includes textbook readings, supplemental online resources, regular testing, meetings and ongoing one-on-one discussions with teachers, and field trips. Cyber schools are responsible for providing each student with materials for courses, including computers, printers, internet services, textbooks, and other instructional resources.

How are Cyber Schools Funded?

Pennsylvania cyber schools receive state and local funding from students' resident school districts based on enrollment. For each student attending a cyber school, the district pays a per-pupil payment *minus* all per-pupil expenditures for adult education programs, community/junior college programs, student transportation, facilities acquisition, construction and improvement services, other financing uses (i.e. debt payments), and all federal funds received. The resulting amount averages about 73% of traditional students' per-pupil funding. School districts also receive reimbursements from the state of approximately 30% of the costs of cyber school students. Thus, districts retain about 50% of their per-pupil funding for children *they no longer educate.*[7]

School officials complain that cyber schools draw too much money away from districts, claiming that since they do not need classrooms for instruction, cyber schools should receive less funding than the current fractional formula. However, a study by the BellSouth Foundation notes, "the [projected] costs of operating a virtual school are

about the same as those of a regular brick and mortar school."[8] Although cyber schools do not require daily classroom space, they are required to pay for instructional materials, computers, internet access, and technological infrastructure—with substantially less funding than public school districts' budgets. Cyber schools are also frequently forced to rent buildings for state testing. One cyber school reports spending $50,000 to $60,000 a year on testing sites for its 1,177 students.[9]

Additionally, cyber school spending represents only a fraction of total public school spending. In 2005-06, cyber schools received about $107 million in total funding; this accounts for only 0.49% of all public school spending. By comparison, school districts spent *twenty-two times* that amount on construction and debt alone.[10]

CHART 1: Per-Pupil Expenditures, by Category (2005-06)

	Instruction	Support Services	Non-Instructional	Current Expenditures	Construction and Debt	Total Expenditures
District *(statewide)*	$6,591	$3,380	$202	$10,173	$1,312	$11,485
Cyber *(weighted average)*	$5,106	$2,926	$15	$8,047	$324	$8,371
Cyber *(As a Percentage of District Spending)*	77.5%	86.6%	7.5%	79.1%	24.7%	72.9%

Sources: Pennsylvania Department of Education, Financial Summaries of Annual Financial Report Data; http://www.pde.state.pa.us

Who are Cyber Schools Students?

Cyber schools serve students from a variety of backgrounds and experiences. Some students, such as gifted students and those with special needs, require the added flexibility that cyber schools can provide. Others enroll in cyber schools for health reasons. Many students come from low-income families.

In the 2005-06 school year, 43% of cyber students came from low-income families, contrasted with the state average of 34%. Cyber charter schools also tend to attract students who are struggling academically, such as dropouts or children with learning disabilities. In the 2005-06 school year, special education students accounted for about 11% of cyber school enrollment, which is less than the 14.9% statewide average. In the 2006-07 school year, 30% of cyber school students came from districts failing to meet Adequate Yearly Progress requirements. Cyber school students also come disproportionately from districts with low graduation rates, low

CHART 2: Enrollment by Student Type, Pennsylvania Cyber & District Schools

Type of Student	Number of Students	Percentage of Cyber Students	Percentage of District Students	School Year
Special Needs (Excluding Gifted)	1,315	10.8%	14.9%	2005-06
Low-Income	5,241	43.0%	34.0%	2005-06
From Districts Not Making AYP	4,828	30.5%	31.2%	2006-07

Sources: Pennsylvania Department of Education, K-12 Statistical Reports; PennData Special Education Reporting System

SAT verbal score averages, and low average PSSA reading and math scores.[11]   In other words, cyber schools are serving many students with parents who believe their children were not being adequately served by their assigned school district.

How do Cyber Schools Benefit Students?

Students attending cyber schools benefit in many ways. Classroom distractions and pressures are not a problem for cyber students as they study at home. Lynn Rodden, from the Pennsylvania Leadership Charter School says, "Some students who were truant are the ones that are most successful here. They get to escape the peer pressure or bullying that kept them out of school."[12] Because cyber schools are accessible from computers, students are safer and studies are not disrupted by a long commute, regulated class schedules, or other students. Students also learn to develop personal discipline and time management since they are required to document a specific amount of instructional time each day.

Cyber schooling facilitates more direct student-to-teacher interaction and communication. Each student typically has a personalized education plan; this is extremely helpful for students who are academically gifted or challenged, or severely ill and disabled. Since cyber schools encourage or even require parental supervision, student, teacher, and parents are all highly invested in the education process.

Cyber schools are capable of offering services to students that may not otherwise be available. For example, small, rural school districts do not usually have enough resources to fully serve students with special needs on either the gifted or disabled ends of the spectrum. An individualized plan helps all students, struggling or advanced, to achieve higher performance.

How do Cyber Schools Benefit Taxpayers?

Cyber schools save taxpayers money every year; and the savings only increase as more students move from the traditional public school districts to cyber schools. As traditional public school budgets continue to expand, cyber schools maintain expenditures far below their district counterparts. In the 2005-06 school year, the average cyber school expenditure per pupil was $8,371. The state average per pupil spending that year was $11,485—about $3,000 more than cyber schools.[13]

In 2007, Department of Education Secretary Gerald Zahorchak proposed a per-pupil funding limit of $5,800 for children attending cyber schools, claiming that

CHART 3: Taxpayer Savings from Cyber Schools, 2005-06

	Number of Cyber School Students	Cyber School Spending Per Student	School District Spending Per Student	Difference	Cyber School Savings
Special Needs (Excluding Gifted)	1,315	$11,878	$17,445	$5,567	$7,320,605
Non Special Needs	11,419	$7,967	$10,140	$2,173	$24,813,487
Total	12,734	$8,371	$11,485	$3,114	$32,134,092

Sources: Pennsylvania Department of Education, K-12 Statistical Reports; Financial Summaries of Annual Financial Report Data; PennData Special Education Reporting System

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this would save taxpayers a total of $25 million. However, in just the 2005-06 school year, cyber schools saved taxpayers more than $32 million when students left higher-spending districts[14]

How do Cyber Schools Benefit School Districts?

Contrary to opponents' claims, cyber schools benefit school districts. Cyber schools receive, on average, about 73% of the per-pupil costs of a traditional district school. The district keeps the remaining 20-30% for a student it no longer has to educate. In addition, school districts receive a state reimbursement of up to 30% of the total funding given to charter school students. Altogether, districts keep roughly 50% of per-pupil funding when a student transfers to a cyber school, while relieving district taxpayers of the costs of providing an education for those students.[15]

The additional funding for students no longer in the district schools provides the district the ability to increase per-pupil spending for students remaining in the district schools. Similarly, when students transfer to cyber schools, brick and mortar schools experience lower class sizes, which can help mitigate the need for new construction and/or reduce over-crowding.

Cyber schools must meet every accountability and reporting measure as traditional public schools do—and more.

How are Cyber Schools Held Accountable?

The Pennsylvania Department of Education continually monitors cyber schools' progress and performance. It annually evaluates each school's compliance with state laws and ensures fulfillment of their charter. The PDE has ongoing access to all student and staff information, instructional materials, and facilities. All cyber school students must be in attendance 180 days and 900 hours (990 hours for grades 7-12) during the school year. Pennsylvania requires teachers, with few exceptions, to be certified by the state. Approximately 96% of cyber schools' staff are certified.[16]

Cyber schools must meet every accountability and reporting measure as traditional public schools do—and more. All students are required to participate in Pennsylvania System of School Assessment (PSSA) and No Child Left Behind testing. All schools must comply with the following: Child Accounting System, Electronic Dropout and Graduate Report, Elementary Secondary Public School Enrollments, Financial Accounting Information, Limited English Proficiency-District Level, Limited English Proficiency-School Level, Secondary Course Enrollment, Social Security Reimbursement, Support Personnel, Financial Audit, State Audit, Federal Audit, Annual Financial reports, and General Fund Budget PDE 2028.[17]

Cyber schools have produced satisfactory academic achievement scores despite receiving less funding per pupil, and educating a high percentage of low-income students and students transferring from poor-performing school districts. In the 2006-07 school year, Pennsylvania's cyber schools collectively met 64 out of 78 academic Adequate Yearly Progress targets.

In addition, cyber charter schools face accountability measures above and beyond those of traditional brick and mortar district schools. Cyber schools are re-

quired to renew their charter periodically, and if they fail to demonstrate compliance with state laws and educational standards their charter will be denied or revoked—a risk that public schools do not face.

Cyber schools also face the highest accountability standard—*parental choice*. Ultimately, cyber schools receive funding only when parents choose to enroll their children in these public schools-of-choice. If a parent is dissatisfied with a cyber school, not only do they have the option of returning their child to their resident district school, but they can also enroll him or her in any of the other cyber schools in the state.

Suggestions for Reform and Improvement

Education officials and charter school opponents must recognize that cyber charter schools are a popular, viable, and quality educational option for Pennsylvania children. Instead of trying to suppress innovation and stifle competition, school officials should partner with cyber schools to help boost academic quality and school accountability. Pennsylvania schools would experience markedly improved test scores if the entities choose to work together instead of vying for political superiority.

Instead of trying to target cyber schools and reduce their funding, school reformers should apply the principles and accountability measures that guide cyber and other charter schools, including:

- Parents should be able to choose the public school to which they send their children, whether it is another school within a district, across district lines, a charter school, or a cyber charter school.

- All public schools should receive funding only when families choose them, and all public school funding should follow the child.

- All public schools should effectively become "charter schools" with a performance contract that must be regularly reviewed.

- All underperforming public schools—cyber or traditional district—should face sanctions when they fail to meet their performance contract measures.

Studies have demonstrated the important role of parents in the educational process of their children. Cyber schools have become a viable, cost-efficient, accountable, and quality educational option for tens of thousands of students and their families. Instead of seeking to hinder their progress and expansion, Pennsylvania public school officials and policymakers should embrace these innovative and effective public school alternatives.

Endnotes

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