

PENNSYLVANIA'S CYBER CHARTER SCHOOL FUNDING SYSTEM CREATES SIGNIFICANT INEFFICIENCIES AND FINANCIAL STRAIN

Pennsylvania's cyber charter school funding system requires urgent reform to align payments with the actual costs of virtual education. The current system, which mirrors traditional public school funding despite vastly different operational models, creates significant inefficiencies and financial strain.

A February 2025 audit from Pennsylvania Auditor General Tim DeFoor's office of five Pennsylvania cyber charter schools has confirmed what we've long known—Pennsylvania's cyber charter school funding system is deeply flawed and in need of urgent reform.

KEY FINDINGS FROM PA AUDITOR GENERAL'S REPORT

- **Dramatic Revenue Growth:** Cyber charter revenues increased by \$425 million (90%) from 2019-20 to 2022-23
- **Excessive Fund Balances:** Fund balances grew by 144% to reach \$619 million
- **Questionable Spending:** Despite operating virtually, schools made substantial investments in physical infrastructure, including one school spending \$196 million on 21 buildings
- **Inconsistent Funding:** Tuition rates vary widely between districts (\$6,975 to \$25,150 for regular education; \$18,329 to \$60,166 for special education) based on district spending rather than actual costs

This inequitable structure has created a significant financial burden. Districts currently pay over \$1 billion annually to cyber charter schools while public schools remain underfunded by \$4 billion. This financial pressure often forces districts to raise property taxes to cover rising cyber charter payments. Districts must often raise property taxes to cover rising cyber charter payments.

Pennsylvania's neighbors have implemented more fiscally responsible approaches. Delaware and Maryland prohibit cyber charter schools entirely. Ohio uses a more cost-effective funding formula.

Pennsylvania must implement a funding system that bases cyber charter tuition payments on the actual costs of providing online education. This reform would protect taxpayer investments while ensuring education funds directly benefit students rather than accumulating as private profits.

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