

Proposals in Harrisburg to Reduce Cyber-Charter Funding and Growth

by Howard Richman

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Whenever school boards raise property taxes these days, it seems that they always blame the tax increase on the amount that they are paying to the cyber-charter schools.

Just three years ago, for example, the Penn Hills School District blamed their latest tax increase on the money that they were paying to educate Senator Santorum's children in the PA Cyber-Charter School. The anti-Santorum members of the press jumped on the story. Senator Santorum was made out to be a sort-of carpetbagger. It didn't matter that he still had a home and paid property taxes in the Penn Hills School District -- his kids were mostly living in Washington and yet were being educated with Penn Hills School District money. When the next election rolled around, the local Penn Hills Senator lost his seat and pundits pointed to the cyber-charter school "scandal" as being one of the main reasons.

Public school districts resent splitting the tax pie with their fellow public schools. They consider the money theirs. They, by rights, *should* have a monopoly on public education. They have not only been complaining to the press and public at school board meetings, they have also been complaining to their legislators, and the legislators have been listening.

This spring, three different proposals to cut cyber-charter school funding were proposed in Harrisburg, one sponsored in different bills by State Representative Karen Beyer and State Representative Anthony DeLuca, one sponsored by State Representative Greg Vitali, and a third proposal, not yet put into bill form, by Governor Rendell's Secretary of Education:

1. *Representative Karen Beyer's House Bill 446* and Rep. Anthony DeLuca's House Bill 738. These nearly identical House Bills are being recycled from a bill that Rep. Beyer introduced back in 2006. These bills would eliminate the local public school district share of cyber-charter funding and at the same time end the growth of the cyber-charter schools. The good news is that those already enrolled in the cyber-charter schools would be able to continue; the bad news is that those not yet enrolled in one of the better cyber-charter schools would have to win a lottery to get in.

The key aspect of the bill, as far as the school districts are concerned is that the school districts would no longer have to pay any of their money to the cyber-charters. All of the money would come from the state.

The amount provided would be much less than the approximately \$8300 per student that the cyber-charter schools are currently getting from a combination of the local school districts and the state. The formula within the bill is so clever that it fooled the editorial writers for the Allentown Morning Call who wrote in a July 31, 2006, editorial: "This bill suggests a sliding-scale formula based upon each school's enrollment in an

attempt to capture the school's true cost of educating a child. (The bigger the school the less the per-pupil funding.)" Sounds reasonable, doesn't it?

Those cyber-charter schools with 1,000 or less students would get \$5,000 per student. Those with 1,001 to 4,999 students would get \$4,000 per student and those with 5,000 or more would get just \$3,000 per student.

But let's suppose you paid taxes according to a similar formula. If you earned \$25,000 you'd pay maybe 10%. But if you earned \$25,001 you'd pay maybe 20%. That's not just 20% on the additional dollar, that's 20% of the first \$25,000 as well. So if you earned \$25,000 your tax bill would be \$2,500. But if you earned \$25,001, your tax would be \$5,000.20. That one extra dollar of income would cost you \$2,500.20 in extra taxes. You'd soon discover a way to make sure that your income would never get above \$25,000.

2. *Representative Greg Vitali's House Bill 1655.* This bill lets a school district cut off funding for cyber-charter schools if it establishes its own cyber-charter program in-house. The result would be that the local school districts would establish inferior cyber school programs, and then cut off access to the superior programs being offered by the more popular cyber-charter schools.

3. *Secretary of Education Gerald L. Zahorchak's proposal.* Zahorchak would reduce the funding of the cyber-charter schools from 3/4 of what the brick-and-mortar public schools spend to educate a student, to about 1/2. While the \$5,800 that they would get is much less than the approximately \$8,300 per student that they are currently getting, that amount could still be high enough to allow the cyber-charter schools to thrive. However, Zahorchak would also take away any money that cyber-charter schools had saved at the end of the year, perhaps to avoid the appearance that cyber-charter schools are taking in too much money. This aspect of his proposal would lead cyber-charter schools to spend money wastefully and would take away some of their incentive to compete.

It may be true that the cyber-charter schools are taking in more money than they need. The Pennsylvania Cyber-Charter School of Midland in Beaver County, for example, has generated so much extra money that it was able to sign a ten year \$10 million dollar prepaid lease that allowed the building of a performing arts center to house the Lincoln Park Performing Arts Charter School, also located in Midland. (The cyber-charter school was not the only public entity funding that performing arts center: \$7.5 million was chipped in by the state, \$3 million by Beaver County, and another \$3 million by the Midland School District.)

The Pennsylvania Cyber-Charter is one of the more innovative and faster growing of the cyber-charter schools. If it can thrive while at the same time generating millions of extra dollars to benefit its community, then other innovative cyber-charter schools could probably thrive with less money as well.

Whatever is done should not tamper with the basic principle of freedom of choice for public school parents. Competition for parental loyalty and taxpayer funds

between public schools causes those that are offering the best services to grow, while those that offer inferior services languish. That's how competition works!