Research Update:

Growing Per Pupil Fund Balances in Pennsylvania Cyber Charter Schools

BY DAVID LAPP

Introduction

In January 2025, Governor Shapiro proposed reforms to cyber charter school funding that are estimated to save Pennsylvania school districts $378 million. In February, the Pennsylvania Auditor General released a 200-page Performance Audit Report on five Pennsylvania cyber charter schools, and in April and May the House Education Committee held three hearings on Pennsylvania cyber charter oversight and accountability. The topic of growing cyber charter fund balances—or reserves of financial assets over liabilities—was a central topic of the audit and hearings and relevant to the Governor's proposed reforms.

The Performance Audit Report (PAR) explained, while adequate fund balances are "essential" to protect against revenue shortfalls or unexpected expenses, the "amounts should be reasonable for a public school entity that relies on taxpayer funds" (PAR at 3). The report went on to find "what could be considered excessive fund balances that more than doubled over the audit period due to surpluses of revenues over expenditures" in the five audited cyber charters (PAR at 16).

In the hearings, testimony from the Education Law Center cited a study from Research for Action (RFA) that found in the wake of COVID-19, cyber charter schools in Pennsylvania had stockpiled hundreds of millions of unspent dollars into their general fund balances, which nearly doubled in one year. As we explained at the time, "[o]ver half of the $335 million in additional tuition received from the COVID-19 enrollment spike went to increasing cyber charter school fund balances." By 2020-21, fund balances in cyber charter schools were $2,250 per pupil greater on average than fund balances in school districts.[1]

Testimony from Dr. Maurice Flurie, a former cyber charter operator, argued policymakers were ignoring the "other side of the story" of excessive school district fund balances.[2]

In this research update we revisit our previous analysis using the most recent data to compare fund balances *at the per pupil level* between Pennsylvania's school district and charter school sectors. **We find that fund balance discrepancies between districts and cyber charter schools are substantially larger than three years ago.** We also find that even as fund balances grow, Pennsylvania's cyber charter schools provide proportionately fewer teachers for their students and pay lower average teacher salaries compared to school districts.

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[1] RFA's study on The Negative Fiscal Impact of Cyber Charter School Expansion in Pennsylvania Due to COVID-19 also found that when cyber charter school enrollment grew by nearly 23,000 students after COVID-19 it created stranded costs to school districts in the range of $290 to $308 million dollars in 2020-21 alone.

[2] Dr. Flurie testified that school districts are "sitting on a collective $12.1 billion in total fund balances...." This number was provided without citation and appears inconsistent with public data. According to PDE data school district fund balances in 2023-24 totaled $7.37 billion, while cyber charter fund balances totaled $654 million.

Growing Disparities in Per Pupil Fund Balances Between District and Charter School Sectors

School districts enroll approximately 90% of the students in Pennsylvania's public school system compared to less than 4% of total students enrolled in cyber charter schools. Thus, it would be expected that school districts would maintain larger *total* fund balances.[3] In order to make a more apples-to-apples comparison, below we provide each sector's fund balances at a *per pupil rate*.

Figure 1 provides the average per pupil fund balances for Pennsylvania's school district, brick & mortar charter, and cyber charter school sectors—updated from RFA's prior report to include 2023-24 data.

Figure 1: Per Pupil General Fund Balance by School Sector in Pennsylvania, 2021-20 vs 2023-24
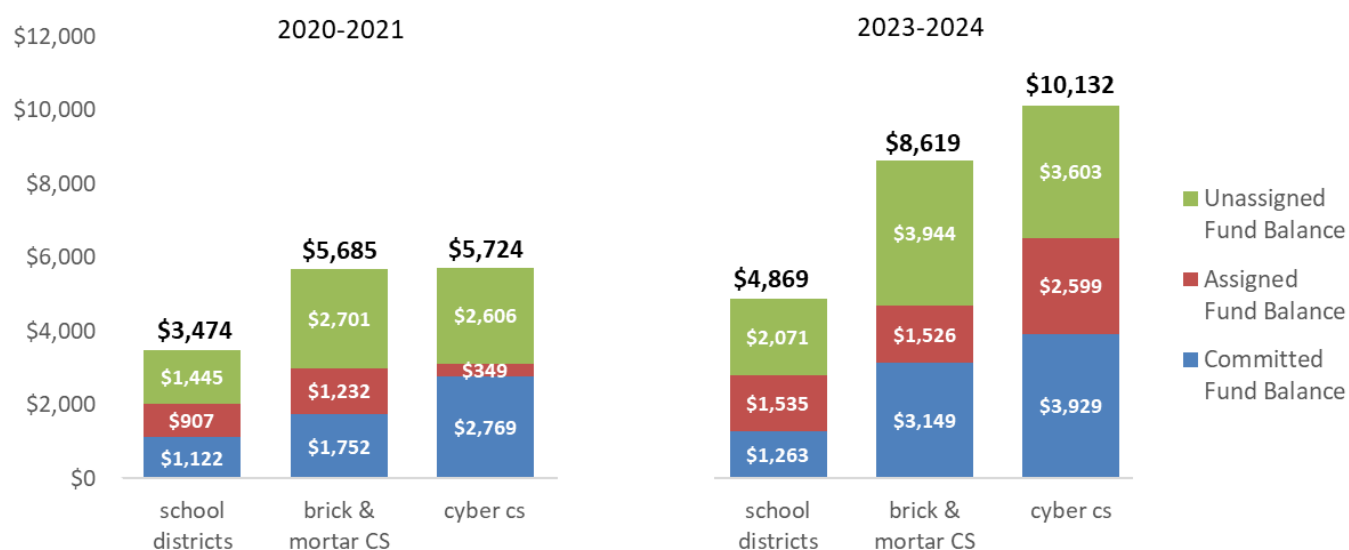
Data and methods: Data from PDE's 2023-24 reports on [general fund balance](#) and [average daily membership (ADM)](#). To calculate per pupil rates, RFA totaled each sector's fund balance and ADM and then divided total fund balances by total ADMs. In PDE's reports, school district ADMs include resident students in charter schools, so for this comparison charter school ADM (cyber and brick & mortar) was subtracted from district ADM.

As shown, from 2020-21 to 2023-24 each sector's average per-pupil general fund balance increased and the increases occurred across each category of committed, assigned, and unassigned fund balances.[4] However, per pupil fund balances in both the brick & mortar and cyber charter school sectors increased substantially more than in school districts, with the largest growth occurring in the cyber charter school sector. After [nearly doubling](#) the first year after the COVID-19 pandemic, cyber charter fund balances nearly doubled again over the next three years. By 2023-24 cyber charter school per pupil fund balances were more than twice that of school districts.

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[3] Cyber charter schools enroll 3.8% of students in Pennsylvania public schools, but account for 7.3% of all reserves in public school fund balances.

[4] Unassigned fund balances are reserves that can be used for any purpose. Assigned fund balances are reserves intended for a specific purpose, but not yet formally committed. A committed fund balance is constrained for a specific purpose by an LEA's governing body, typically through a board resolution. See [PDE Chart of Accounts](#).

Table 1 below provides each individual cyber charter school's ADM and per pupil committed, assigned, and unassigned fund balance for 2023-24, which are combined for the total per pupil fund balance.

Table 1: Per Pupil Fund Balance by District and Charter School Sector in Pennsylvania, 2023-24

	Average Daily Membership (ADM)	Per Pupil Fund Balance (Fund Balance / ADM)			
		Committed	Assigned	Unassigned	Total
School Districts Average (N=500)	1,513,289	$1,263	$1,535	$2,071	$4,869
Brick & Mortar CS Average (N=162)	103,153	$3,149	$1,526	$3,944	$8,619
Cyber CS Average (N=13)	64,506	$3,929	$2,599	$3,603	$10,132
21st Century Cyber CS	1,198	$9,333	$312	$10,758	$20,402
Achievement House CS	1,144	$1,748	$27,097	$2,572	$31,418
Agora Cyber CS	4,567	$0	$5,383	$538	$5,921
ASPIRA Bilingual Cyber CS	1,061	$0	$0	$7,676	$7,676
Central PA Dig. Learning Found. CS	202	$8,878	$0	$3,465	$12,343
Commonwealth Charter Academy CS	26,529	$0	$175	$25	$200
Esperanza Cyber CS	1,197	$0	$14,073	$3,450	$17,523
Insight PA Cyber CS	3,805	$10,512	$0	$1,205	$11,717
Pennsylvania Distance Learning CS	1,257	$10,544	$0	$2,457	$13,000
Pennsylvania Cyber CS	10,965	$8,455	$2,561	$14,001	$25,017
Pennsylvania Leadership CS	3,269	$28,297	$0	-$3,047	$25,250
Pennsylvania Virtual CS	3,067	$0	$0	$12,481	$12,481
Reach Cyber CS	6,244	$0	$9,951	$1,764	$11,715

Data and methods: Data from PDE's 2023-24 reports on general fund balance and average daily membership (ADM). To calculate per pupil rates, RFA totaled each sector's fund balance and ADM and then divided total fund balances by total ADMs. In PDE's reports, school district ADMs include resident students in charter schools, so for this comparison charter school ADM (cyber and brick & mortar) was subtracted from district ADM.

As shown in Table 1, all but one cyber charter school's total per pupil fund balance exceeded the statewide school district average. The exception was the small fund balance for Commonwealth Charter Academy (CCA), Pennsylvania's largest cyber charter school. In 2023-24, with over 26,000 students, CCA's total fund balance was $5.3 million, equaling only $200 per student. This low fund balance was noted in the auditor general's report, which explained that "Commonwealth Charter Academy (CCA) transferred $354.3 million from its General Fund to its Capital Projects Fund during the audit period, of which $196 million was spent to purchase and/or renovate 21 buildings which *could be considered uncommon for a public cyber charter school*" (PAR at 6, emphasis added).

If CCA is removed from the above analysis, the average per pupil general fund balance for the rest of the cyber charter sector would exceed $17,000 per student.

For some additional perspective, out of 674 total district and charter school local education agencies (LEAs) in Pennsylvania, 121 held fund balances that exceeded $10,000 per student; 10 of those cyber charter schools representing 77% of the cyber charter sector; 63 are brick & mortar charter schools representing 39% of the brick & mortar charter sector; and 48 are school districts representing less than 10% of the district sector.

"Uncommon" Spending and Spending on Teachers

The auditor general's report is also described as "replete with references" to spending on advertising, gift cards, bonuses, real estate transactions, and other spending repeatedly described as "unique" or "uncommon" (PAR at 182). While careful to note that none of this necessarily indicates anything illegal by the five audited cyber charter schools, the report cautions that "When there is an increase in revenues and fund balances, there is the potential for wasteful and/or discretionary spending of taxpayer dollars that could go beyond the intent of the CSL" (PAR at 3, 7, 38, 44, 91, 116, 142, 162, and 166).

In contrast to this uncommon spending, public data indicates that cyber charters spend less on teachers. As shown in Table 2, cyber charter schools provide six fewer teachers per 1,000 students compared to school districts and pay salaries that are $10,000 lower on average.

Table 2: Teachers Per Student and Salaries in Pennsylvania, 2024-25

	Teachers / 1,000 Students	Average Teacher Salaries
PA School Districts (N=499)	72	$80,502
PA Cyber Charter Schools (N=13)	66	$70,207

Data and methods: Teacher counts and average salaries are from PDE's 2024-25 Professional Staff Summary Report and data on student counts are from 2024-25 Public School Enrollment Reports. To calculate rates, RFA totaled each sector's classroom teachers and student enrollment, divided total teachers by total students, and then multiplied by 1,000. Bryn Athyn SD was excluded as its four students were enrolled in other LEAs.

This contrast between lower spending on teachers—which are widely considered the most important in-school factor on educational achievement—while concurrently building large fund balances and spending in other "uncommon" areas warrants further attention. It is particularly notable considering the multitude of studies finding worse academic outcomes for students in cyber charter schools.

Conclusion: Ongoing Calls for Reform

This updated analysis confirms that, more than school districts or brick & mortar charter schools, Pennsylvania's cyber charter schools have been collectively directing excess revenues into reserves rather than spending them on students.

Ultimately the auditor general concluded that "the fund issue is the outcome of the CSL's funding formula" (PAR at 3) which bases tuition on resident school district budgeted expenditures, "not the actual cost to educate a student" in a cyber charter school (PAR at 44, 70, 98, 116, 142, 146, and 166). The auditor general indicated that this "raises important questions about the need for a more reasonable and logical approach to funding" (PAR at 3).[5]

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[5] Some excess reserves may be attributed to the injection of federal funding targeted for Covid recovery. Commentators have argued that where these revenues made sense for districts that lost state or local revenues and experienced new costs to address the pandemic, they did not makes sense for cyber charter schools which already operated remotely and experienced sharp increases in tuition revenues. However, federal funds comprise less than 6% of cyber revenues compared to 93% from district tuition payments.

For many years there have been calls to reform cyber charter school policy in Pennsylvania, including from over 90% of elected school boards—the majority of which govern inadequately and inequitably funded school district that are struggling to maintain opportunities for their students in a system already found to be unconstitutionally funded. Legislative proposals include placing limits on the size of fund balances, replacing the current tuition formula with a flat cyber charter school tuition rate that is the same for all school districts and more closely aligned to the actual cost of operation, placing a moratorium on new expansion of cyber charter schools, and enacting additional reforms to remove "perverse incentives" in the special education tuition formula.

The additional evidence of questionable spending discussed in this research update underscores the need to consider these and other reforms and to heed the auditor general's call for an approach to cyber charter school funding that is anchored in reason and logic.

About Research for Action

Research for Action (RFA) is a Philadelphia-based nonprofit education research organization. We seek to use research to improve equity, opportunity, and outcomes for students and families. Our work is designed to strengthen early education, public schools, and postsecondary institutions; provide research-based recommendations to policymakers, practitioners, and the public; and enrich civic and community dialogue. This report is a product of RFA's Pennsylvania Clearinghouse for Education Research (PACER) project, which seeks to inform state education policy discussions through rigorous objective research. For more information, visit https://www.researchforaction.org/project/pennsylvania-clearinghouse-for-education-research-pacer/.

Acknowledgments