

Regulating Virtual Schools

A New Policy Challenge

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Executive Summary

Under ordinary circumstances creating laws to promote public education, ensure its quality and fund it properly is rarely easy. Limited resources, contentious politics, and varying interpretations of research can distort the best intentions even after a bill has been passed and signed into law.

Since the mid-1990s lawmakers in an increasing number of states have had the additional challenge of regulating full-time virtual schools, an innovative learning method that veers sharply from traditions of place and time. At virtual schools students work from home and participate in courses using a blend of hands-on books and projects plus online assignments using their computers. Virtual school teachers typically do the same, communicating with students via electronic mail and other ways such as discussion boards, web conferencing, telephone, Skype, and text.

Since the mid-1990s lawmakers in an increasing number of states have had the additional challenge of regulating full-time virtual schools, an innovative learning method that veers sharply from traditions of place and time.

For students who choose not to attend a conventional school or are unable because of physical disabilities, social issues, rural living, or other reasons, online schools offer the education they were missing. But for legislators and education officials, shaping regulations for digital learning can feel like fitting a square peg into a round hole when applying the usual policies on attendance, enrollment, and funding. Students aren't in classrooms to verify their presence.

Technology renders geographic boundaries meaningless for enrollment. And the actual expenses for virtual schools are still so unformulated that state officials unfamiliar with the model are often unsure exactly how much it costs to educate someone full-time online.

In shaping virtual school regulations in Massachusetts and elsewhere, legislators have an opportunity to improve the quality of elementary and secondary education in general. Just as charter schools introduced innovations that were eventually adopted by traditional public schools

Although a leader in public school education, Massachusetts has been behind the curve in implementing full-time online learning. Students at nearly 200 public and private schools have access to courses offered through Virtual High School, an online education collaborative based in Maynard, Massachusetts. But the commonwealth's only full-time virtual school, the Massachusetts Virtual Academy at Greenfield (MVA), opened for the 2010-2011 school year.

But now the Massachusetts Legislature is considering a bill that would establish up to 10 full-time Commonwealth Virtual Schools and set certain operational guidelines. It would strike language included in the Achievement Gap Act of 2010, which authorized the creation of "innovation schools," district schools with increased autonomy and flexibility. Under that statute the Greenfield Public Schools created the first virtual school. The new legislation requires MVA to either apply to open as a Commonwealth Virtual School or close within one year.

In shaping virtual school regulations in Massachusetts and elsewhere, legislators have an opportunity to improve the quality of elementary and secondary education in general. Just as charter schools introduced innovations that were eventually adopted by traditional public schools, so too could the virtual school model spawn approaches that are incorporated into traditional learning. But those innovations will be nurtured or stifled by policies that lawmakers approve.

This paper discusses the issues surrounding the regulating of full-time online schools and draws on research conducted in Massachusetts and other states. It includes commentary from educators, academics, government officials and non-profit researchers. It is presented at a time when still more than one-third of the states do not offer a full-time virtual school option and there are no national policies for their oversight. Instead regulations are bubbling up from the states, determined by the priorities of their citizens and often differing from their neighbors across their borders.

Several states, including Maine, Tennessee, and Indiana, have altered their laws in recent years to allow new full-time virtual schools or to permit them to expand significantly.

Background

Since the mid-1990s full-time online schools have opened in 30 states, as well as Washington, D.C. In the school year 2010-11 approximately 250,000 students were enrolled, with many states showing an annual growth rate of about 25 percent. Several states, including Maine, Tennessee, and Indiana, have altered their laws in recent

years to allow new full-time virtual schools or to permit them to expand significantly.¹

In some states, such as Florida, virtual schools are run by state agencies. In other states they are started by public school districts, such as the Houston Virtual School in Texas. Frequently online schools are “cyber-charter” schools. Like traditional schools public virtual schools typically have a principal, guidance personnel, courses, extracurricular activities, class discussions and other services, all offered through an Internet-based model.

But the Massachusetts Board of Elementary and Secondary Education (BESE) thought differently and capped enrollment of new virtual schools at 500 students. It also required 25 percent of those students to reside in the school district that is operating the virtual school.

Many of these schools are affiliated with a national for-profit organization that is paid to provide courses, software and management support. The industry’s largest provider is K12 Inc. in Herndon, Virginia, which recorded \$522 million in revenues in its last fiscal year and net income of \$13 million.² Other organizations include Connections Education in Baltimore and Advanced Academics in Oklahoma City.

When the Greenfield School District proposed a full-time virtual school in 2010 under the innovation schools program, it planned an eventual enrollment of 1,500 students in kindergarten through Grade 12. But the Massachusetts Board of Elementary and Secondary Education (BESE) thought differently and capped enrollment of new

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virtual schools at 500 students.³ It also required 25 percent of those students to reside in the school district that is operating the virtual school. Given that a small percentage of total students enroll in virtual schools,⁴ the 25 percent rule was a high hurdle for a rural community such as Greenfield which lacked the population base of cities such as Boston and Worcester. Greenfield applied for and was granted a waiver that reduced the percentage required to 2 percent. During its first year, about 300 students from across the state enrolled in the Massachusetts Virtual Academy at Greenfield. For the 2011-2012 school year, enrollment rose to 485 pupils.

Just as charter schools were intended to bring fresh approaches to education through a series of regulatory reforms, virtual schools offer a similar promise through disruptive technology.

The board's ruling signaled that the state wanted more oversight of virtual schools. On January 10, 2012 the Massachusetts Legislature's Joint Committee on Education provided a virtual schools-specific measure, when it voted out H1960⁵, an Act Establishing Commonwealth Virtual Schools. The bill's key components include the following:

- No more than 10 Commonwealth Virtual Schools may operate at any one time, to be phased in over several years. During the first two years only school districts and collaboratives would be allowed to apply to open a Commonwealth Virtual School.
- The total number of students attending Commonwealth Virtual Schools would be limited to 2 percent of the state's public school population or approximately

19,000 students. The schools would be allowed to draw statewide.

- The Department of Elementary and Secondary Education (DESE) would set a tuition rate which could not exceed 75 percent of the state's average foundation budget per pupil.
- Commonwealth Virtual Schools would operate under a contract with the Board of Elementary and Secondary Education and be governed by a board of trustees.
- School districts, education collaboratives, public institutions of higher education, non-profits, teachers or parents would be allowed to apply to open a Commonwealth Virtual School. For-profit entities would not.

[M]any education experts hope that lawmakers view this young period as similar to the start of charter schools and an opportunity to create a template for broader benefit.

- Teachers in Commonwealth Virtual Schools must either be licensed to teach in Massachusetts or another state, have passed the state teacher test, or be a faculty member at an accredited institution of higher education.
- The Commissioner of Elementary and Secondary Education must report annually on the implementation and fiscal impact of the virtual school program.
- A 15-member online learning advisory council would be created to advise the commissioner of Elementary and Secondary Education on virtual education.

A Patchwork of State Laws

Just as charter schools were intended to bring fresh approaches to education through a series of regulatory reforms, virtual schools offer a similar promise through disruptive technology. And just as policies on charters vary from state-to-state, laws applying to virtual schools are less than uniform.

As each state develops its virtual schools policies, many education experts hope that lawmakers view this young period as similar to the start of charter schools and an opportunity to create a template for broader benefit. Michael Sentance, former Secretary of Education under Governor William Weld, who has studied virtual schools, sees this as very much like the birth of charter schools in Massachusetts.

Under Massachusetts' proposed Act Establishing Commonwealth Virtual Schools, teachers must either be licensed to teach in Massachusetts or another state, have passed the state teacher test, or be a faculty member at an accredited institution of higher education.

“When the schools opened in the fall of 1995, we tried to think about what we wanted as a model for accountability for school and put that into place for the charter schools,” says Sentance. “By doing that we would not only elevate the expectations for what we wanted to see in charter schools, but point out to the mainstream schools what it was that we wanted to do with them. The same kind of conversation ought to be happening with virtual schools today.”⁶

Critical reporting of virtual schools in the *New York Times*⁷ and the *Arizona Republic*⁸,

among other media outlets, as well as a report by the National Education Policy Center at the University of Colorado⁹, has raised questions about student achievement, course completion rates and for-profit service providers. Concurrently, more states have conducted audits of their virtual school programs or formed virtual school task forces and study groups.

Sentance says that when virtual schools are judged to be deficient, they're often asked to take remedial steps. Rather than “building lifeboats once the ship has sunk,” he says regulations should be created to ensure parents receive information about the record of success of a virtual school and the preparation of its teachers before they enroll their children.

“There can easily be policies put in place,” he says. “We're talking about the right to information that parents ought to be getting about their schools and their teachers. By modeling it with the virtual schools it becomes the model for what to expect for all the schools.”

Under Massachusetts' proposed Act Establishing Commonwealth Virtual Schools, teachers must either be licensed to teach in Massachusetts or another state, have passed the state teacher test, or be a faculty member at an accredited institution of higher education. Each school must submit an annual report with information about courses, students, and other activities. The bill does not link funding to the school's academic performance. But licenses would be issued for a minimum of three years and a maximum of five years and performance will be considered when the school is up for license renewal.

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“They’re required to meet the same test and performance standards as the regular public schools,” says Representative Alice Peisch, chairwoman of the Joint Committee on Education. “When a school comes up for renewal, performance will be considered when determining to grant the renewal.”¹⁰

The provisions stated in the Joint Committee on Education’s bill are similar, yet different, from those in other states that have virtual school laws. The limit of 10 virtual schools, for example, is more than the mere two full-time schools that Michigan allows, but well behind the 39 full-time options (charter, single-district, multi-district) in Colorado where there is no ceiling. The enrollment cap of 2 percent is more restrictive than Wisconsin, which removed its enrollment limit in 2011 and roughly the same as Oregon, which caps its enrollment at 3 percent of a school districts’ total enrollment.¹¹

John Watson says, “We’re still in a situation where there are more states that haven’t thought carefully about how to craft a set of regulations for online schools than have thought it through.”

Are 10 schools better than two? Does a 2 percent cap make more sense than 3 percent? Is a cap sound policy at all? Just as the laws have varied from state to state, so too has the process to approve virtual schools. In some cases policy makers have inched their way forward, considering the interests of students, parents, unions and superintendents, while worrying about funding and trying to get a fix on expenses. In other states lawmakers have moved more aggressively.

“Right now the best characterization is that you’ve got really early days,” says Bill

Tucker, managing director of the Education Sector, a Washington, D.C.-based think tank. “You have legitimate concerns about the efficacy of online learning, particularly with fulltime schools. You have folks who don’t think it’s an appropriate way to learn. You have fiscal concerns because there are issues between district and state funding. You have monetary issues about money traveling between districts. You also have for-profit operators running these schools in many cases and they’re an accelerant that makes it even more controversial.”¹²

John Watson, founder of the Evergreen Education Group in Durango, Colorado and director of an annual review of digital learning among the states called “Keeping Pace with K-12 Online Learning,” says, “We’re still in a situation where there are more states that haven’t thought carefully about how to craft a set of regulations for online schools than have thought it through.”¹³

Watson believes that the delay in designing regulations, beginning with the decision of whether or not to allow full-time schools to operate, has restrained their expansion. He points out nearly 30,000 students are enrolled in 13 “cyber-charter” schools in Pennsylvania. Yet that number is zero in Maryland, a bordering state that allows online courses through its public schools, but does not have any full-time virtual schools.

“You have to conclude it is slowing the growth (of virtual schools) because there are about a quarter of a million students attending full-time online schools,” says Watson. “That’s limited to about 30 states and within that there are limits.”¹⁴

The organic development of policy among the states also reflects the head-scratching

that goes on when lawmakers try to determine where this new technology fits into their education offerings. A virtual school is capable of having a statewide mission, but should it? What is the best way to fund it? Does it matter with whom the management of it is placed?

The Massachusetts Virtual Academy at Greenfield, for example, was created by a vote of the district school committee and managed by the superintendent. But state officials wanted broader oversight because it was open to students statewide.¹⁵ In 2006 the Mississippi Department of Education assumed initial control of the Mississippi Virtual Public School, which is not a full-time school but the only major online program in the state. But rather than saddling its board with the task of hiring staff and other administrative duties, management of the school was later outsourced to Connections Academy.¹⁶

The Massachusetts Virtual Academy at Greenfield, for example, was created by a vote of the district school committee and managed by the superintendent.

But state officials wanted broader oversight because it was open to students statewide.

“Departments of education, rightfully so, don’t really think that districts are ready to do virtual learning without some oversight,” says Myk Garn, director of Educational Technology at the Southern Regional Education Board, a regional education compact based in Atlanta. “The challenge is that departments of education don’t have a lot of experience in providing oversight of online learning.”

Funding

Under the proposed Act Establishing Commonwealth Virtual Schools, the Massachusetts Department of Elementary and Secondary Education will establish the tuition for virtual schools – meaning how much they are reimbursed from the state – based upon information in the responses to requests for proposals. However, that reimbursement cannot exceed 75 percent of the state’s average “foundation budget” per pupil.

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The foundation budget is a measure that attempts to ensure that every school district has an “adequate, but not excessive, level of funding” to meet its needs.¹⁷ Each district’s foundation budget is updated annually to reflect inflation and changes in enrollment. For fiscal year 2012 the per pupil foundation budget was \$9,729.¹⁸ If Commonwealth Virtual Schools were operating at that time, they would have received a maximum of \$7,297 per pupil.

“There seemed to be general consensus that one of the advantages of virtual education is that it can be less expensive, particularly if you scale it up,” says Representative Peisch. “That’s the reason for the cap being less than the traditional foundation budget.”¹⁹

But just how much less expensive is one of the questions that Peisch’s committee,

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as well as legislators in other states, have had difficulty answering as they devise legislation. The \$7,297 reimbursement is lower than Massachusetts' average per pupil expenditure of \$13,055 for the 2009-2010 school year.²⁰

It's assumed virtual schools are cheaper because they do not have typical overhead such as a school building, classroom maintenance and school buses. But a virtual school has unique expenses such as fees paid to content providers or the cost of computers and related technology that are distributed to students. Those expenses might differ from one virtual school to the next, depending on its programs and emphasis.

It's assumed virtual schools are cheaper because they do not have typical overhead such as a school building, classroom maintenance and school buses. But a virtual school has unique expenses such as fees paid to content providers or the cost of computers and related technology that are distributed to students.

"Funding issues are complex and unique to each state," says Garn. "One of the big questions has been what is the cost differential between online instruction and on-campus instruction? No one has come up with a definitive clear data base description of that, even at a state level."²¹

The variation in costs is apparent when considering what individual states spend per virtual school pupil. In a 2008 survey of 20 virtual schools in 14 states, the average per-pupil cost of online learning was \$4,300.²² "Keeping Pace 2011" reported a higher figure of \$6,500.²³ Around that average there

is a wide range. Georgia allocates \$3,500 per student, while Pennsylvania is above \$10,000. Differences in the cost of living in each state could contribute to the variation, along with the size of a school's faculty.

In January of 2012 the Parthenon Group and the Thomas B. Fordham Institute released a study on the costs of online learning, based upon interviews with more than 50 entrepreneurs, policy experts and school leaders. That report found that the estimated per expenditure for traditional school students is \$10,000 nationally, but the average estimated per-pupil cost for those in full-time virtual schools was \$6,400.²⁴

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The Parthenon/Fordham study included a per-student cost breakdown for virtual schools. Labor, teachers and administrators, was about \$2,600. Technology and infrastructure was \$1,200. School operations, including facilities and potential transportation costs for field trips or student gatherings, were \$1,000. Content acquisition, including the courses and content management system, was \$800. Student support services, such as guidance counselors and special education teachers, were \$800.²⁵

When a school district outsources management of its virtual school to a for-profit company, the per-student outlay of public funds can also be influenced by the fee that firm charges. In 2011Connections Education appeared before the Virginia legislature and

explained a three-tiered plan in which prices were determined by the program selected and the student-teacher ratio:²⁶

- Option A: \$7,500 per student with a student-teacher ratio of 35-40 to 1, and an average teacher salary of \$45,000.
- Option B: \$6,500 per student with a student-teacher ratio of 50 to 1, but less experienced teachers paid \$40,000.
- Option C: \$4,800 per student with a student-teacher ratio of 60 to 1, as well as a narrower curriculum.

“There is an overall question of how much should it cost to send a kid to an online school,” says Watson. “Data around costs are only recently emerging, but average costs mask regional differences and the differences in the levels that states are willing to fund.”²⁷

Funding and Attendance

Typically states have connected their funding for virtual schools to attendance. In some states, such as California, average daily attendance is the measurement used. In others, such as Colorado and the District of Columbia, the preferred method is a “count day” in which funding is based upon enrollment on a particular day or a handful of days. Then there are competency-based approaches where schools are reimbursed by the state when students successfully complete a course. Florida has been a pacesetter in this approach.

Funding through attendance poses budgeting headaches for states because the online learning model is so different from traditional schools. The methods used to take attendance in a traditional school are not designed for a virtual school. One of the purposes of virtual schools is to accommodate children with

special needs – whether they’re physical, emotional, academic or athletic. Their situations might require them to work on a different schedule than students of traditional schools.

Typically states have connected their funding for virtual schools to attendance.

In some states, such as California, average daily attendance is the measurement used.

“If you’re a child with migraines who is wiped out on Tuesday, but Saturday you feel great and do the work, do you get marked absent for the other day,” asks Susan Hollins, superintendent of Greenfield Public Schools and the Massachusetts Virtual Academy at Greenfield. “Do you get funding if you go off the school calendar but a child still has 180 days of attendance?”²⁸

Virtual schools are also meant to accommodate gifted students, many of whom are able to work faster than the classroom pace and finish their course well before other students. Because of the connection between attendance and funding, experts say such a student is prohibited from maintaining his or her accelerated pace.

“Say you have a student who is a high school junior,” says Watson. “If she goes on and gets all her work done should we allow her to accelerate and graduate a year early? Most states won’t fund two years of work in one calendar year because they can’t budget for it. They don’t want to pay the district for two years of a student in that one year.”²⁹

States are still wrestling with the challenge of measuring students when they aren’t in the classroom. When credit hours are related to

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time in a room the length of the class session is defined. When an online student is working at his own pace, the length of the session need not be defined. Completion of the work is more relevant. Nor is it required that the online student be at his computer at the same time other students are in the classroom.

States are still wrestling with the challenge of measuring students when they aren't in the classroom.

“Funding tied to how many students are physically in a building on a particular census day does not work in an online environment,” says Garn. “Awarding credit based on a number of hours of instruction that is equated to a calendar, really puts a crimp in online learning.”³⁰

Practically speaking, the technology is available to assist schools when taking attendance. Oregon passed legislation in 2010 that requires virtual schools to use technology that “monitors and tracks student progress and attendance in conjunction with performing other student assessment functions.”³¹

Hollins says that at the MVA students are signed in each day for attendance by their “coach” at home, typically a parent who works with the student and the teacher online. The teacher monitors work completion and accuracy. Assignments have a time equivalent so that total daily work effort can be computed. The coach also submits the work output, not the student. The teachers use the management software daily to monitor the pace of each student’s progress through regular communications with students.

“Most of our program involves asynchronous online and offline work--students working at a time and pace that is right for them,” says Hollins. “And then we have synchronous sessions when the teacher can work with all the students in a class live at the same time. In addition, the teacher has office hours and also communicates individually with the student regularly about work submitted and goals for the week. So our program has a lot of teacher interaction and checks in place to assure the student is understanding the work.”³²

Some states have moved away from seat time or are starting to incorporate demonstrated competency³³ to earn credits. In 2011, Idaho created the Mastery Advancement Pilot Program, which will permit students in certain Idaho public schools, including Idaho public charter schools, to successfully proceed through the school curriculum at their own pace. The program doesn’t begin until 2016, however.³⁴ Tennessee passed the Virtual Public School Act in 2011, allowing full-time virtual schools. Under the law “Each virtual school student shall be required to have 900 hours of learning opportunities per academic year, unless such student has demonstrated mastery or completion of appropriate subject areas.”³⁵

Some states have moved away from seat time or are starting to incorporate demonstrated competency to earn credits.

Though traditional public schools in Florida operate on a 180-day calendar and seat-time attendance, the Florida Virtual School (FLVS) does not. Created in 1996 as one of the first online schools in the country, the FLVS operates on a 365-day calendar and is competency-based. Students must achieve a

grade of D or better in a course or the school will not be reimbursed by the state. However, like many virtual schools in states with tight budgets, FLVS has taken some significant hits in funding. From 2007 to 2011 its per pupil reimbursement was reduced by about 29 percent to about \$4,800.

Enrollment

The proposed Act Establishing Commonwealth Virtual Schools includes three important conditions regarding enrollment in Massachusetts online schools. It caps the maximum number of virtual schools that can operate in the state at 10; it limits the number of students who can attend those schools to 2 percent of the state's public school population or about 19,000 students; and it allows the virtual schools to accept students from anywhere in the state.

The proposed Act Establishing Commonwealth Virtual Schools includes three important conditions regarding enrollment in Massachusetts online schools. It caps the maximum number of virtual schools that can operate in the state at 10; it limits the number of students who can attend those schools to 2 percent of the state's public school population or about 19,000 students.

Across the country enrollment has been one of the battlegrounds between supporters and opponents of virtual schools. Controlling enrollment means controlling the amount of students who transfer out of a traditional school and into an online school in another district. Just as state money follows students when they leave a district school for a charter school, so too it usually follows a student who transfers from a district school to a virtual

school, though at about 70 to 80 percent of what a charter school would receive from a district school.

Wisconsin's battles over virtual schools have been particularly bruising. In 2002 the Wisconsin Education Association Council, the state's largest teachers union, fought the opening of the Wisconsin Connections Academy in the courts. One of the union's claims was tied to enrollment. It argued that the Appleton School District, home of the Wisconsin Connections Academy, did not have the authority to charter a school that admitted students beyond its borders. The court ruled against the teachers union. Rather than appeal, the teachers union sued a second virtual school, the Wisconsin Virtual Academy, claiming it was using parents as unlicensed teachers. The teachers union lost that decision, but won on appeal. Finally, compromise legislation was passed in 2008 which permitted virtual schools in Wisconsin.³⁶

Some states have continued to have hard caps. A law passed in Michigan in 2009 permitted virtual schools for the first time and led to the opening of two new online schools for the 2010-2011 school year. But enrollment for each school was capped at 400 students during their first year of operation.

But the compromise also limited the total enrollment to 5,250 students, a provision that virtual school proponents urged lawmakers to remove. Last year they got their wish. The cap was lifted after a review by the state's Legislative Audit Bureau, which found that the 5,250 ceiling would likely be reached in the near future and that more than 90

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percent of respondents to a survey reported “widespread satisfaction” with their virtual schools.³⁷ The move touched off a growth spurt in Wisconsin. There were 14 virtual schools in the 2010-2011 school year, but 27 for the following year.

Some states have continued to have hard caps. A law passed in Michigan in 2009 permitted virtual schools for the first time and led to the opening of two new online schools for the 2010-2011 school year. But enrollment for each school was capped at 400 students during their first year of operation. The law allows them to exceed that limit after the first year, but only “by adding one pupil for each pupil who becomes enrolled in the school of excellence who is identified as a dropout in the Michigan student data system.”³⁸

Other states have been adjusting their enrollment regulations. Ohio has 27 full-time virtual schools, but since 2005 a moratorium prohibited any new “e-schools.” Enrollment in the existing schools was allowed to grow however. In 2011 a measure was passed to end the moratorium effective in 2013.³⁹ But the proposal limits the number of new e-schools that can open to five per year. If more than five schools apply to open, the five would be selected by a lottery.

Other states have been adjusting their enrollment regulations. Ohio has 27 full-time virtual schools, but since 2005 a moratorium prohibited any new “e-schools.” Enrollment in the existing schools was allowed to grow however.

In Oregon the legislature passed a measure last year allowing students to enroll in virtual schools without approval of the school district where the student resides. However,

if more than 3 percent of a district’s students enroll in a virtual charter not sponsored by the district, then the student must receive permission from the district. If permission is denied the student can appeal to the State Board of Education.⁴⁰

Conclusions

Much like charter schools 20 years ago, the regulating of virtual schools is still very much in its early stage. That parallel is causing many education reform advocates to urge lawmakers to learn from whatever mistakes were made when laws were formed around charter schools and not repeat them with online learning. In fact many are saying laws could be designed and tested with virtual schools that could ultimately yield broader lessons for all schools.

Twenty states, including New York and Connecticut, are still without virtual schools and others, including Massachusetts, are new to the model. As legislators take up this new education model, the problems they face and the solutions many have applied are as follows:

- Creating regulations for virtual schools is challenging for lawmakers. The usual policies on funding, enrollment and attendance do not apply, requiring solutions for an education model that is still evolving. The policies they are devising remain varied from state-to-state.
- Just as many charter school innovations were adopted by traditional schools, so too virtual school regulations could be devised in a manner that could improve the quality of elementary and secondary school education in general.

- As virtual school enrollment grows, scrutiny has increased. Media reports and state audits have led to more states forming task forces and study groups to help devise digital learning regulations.
- With about 250,000 students attending full-time virtual schools in only 30 states, it is obvious that total enrollment would be higher if virtual schools were permitted in all 50 states.

Creating regulations for virtual schools is challenging for lawmakers. The usual policies on funding, enrollment and attendance do not apply, requiring solutions for an education model that is still evolving. The policies they are devising remain varied from state-to-state.

- There is a wide range in the amount of money that individual states spend per virtual school student. Georgia allocates about \$3,500 per pupil while Pennsylvania is above \$10,000. Keeping Pace 2011 reported an average figure of \$6,500 per student nationwide. The Parthenon Group/Fordham Institute study reported \$6,400.
- Typically states have connected their funding for virtual schools to attendance. However, that can pose budget problems because methods used to take attendance in a traditional school are not designed for a virtual school.
- States are struggling with ways to judge students when they aren't in the classroom. When credit hours are related to time in a room, the length of the class session is defined. But when an online student is working at his own pace, the

length of the session need not be defined. Completion of the work is more relevant.

- Some states are incorporating demonstrated competency in a course to earn credits, rather than simple seat time.
- Enrollment has been one of the areas of contention between supporters and opponents of virtual schools. Some states have hard caps limiting the number of schools that can operate or the number of students that can be enrolled in those schools. Other states do not have caps.

Recommendations

One area where common policies may emerge is in accountability reporting requirements for schools. At a time when everyone from baseball executives to marketing firms are using data mining to improve performance, there's a scarcity of data available on the effectiveness of virtual schools.

One area where common policies may emerge is in accountability reporting requirements...there's a scarcity of data available on the effectiveness of virtual schools.

“In terms of data-centered review, looking at scores and collecting data across groups of students and doing analysis, there's very little,” says Cathy Cavanaugh, a professor at the University of Florida's College of Education, who studies the effectiveness of technology-supported learning environments. “There's limited capacity in the districts to do that kind of work in terms of time and expertise. The data systems haven't been developed well enough in most states to collect, analyze and aggregate that kind of information.”⁴¹

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Cavanaugh says that in some cases a capacity to generate such data was created because proper questions were asked as the school was being organized. She said some schools put in “data dashboards” so that parents, students and teachers can get regular progress updates. It could also provide information on teachers, performance data for course grades and standardized achievement scores and demographic data on students. She says that Missouri installed such a system in 2007 for its statewide schools.

Virtual schools have been operating for 15 years. But while proponents continue to push for more expansion, evaluation of existing performance data on K-12 has been lacking.

Require reporting to assist pre-enrollment decisions

A policy that requires schools to generate more performance data could help address the concerns of parents who say it is more difficult to gather information about a virtual school than a charter school prior to enrolling their children.

Create performance-based enrollment caps and closures

Rather than setting arbitrary caps, implement some version of “smart caps” that allow well-performing schools to grow and require underperforming schools to close.

Devise new tools to analyze performance data from virtual schools

Virtual schools have been operating for 15 years. But while proponents continue to push for more expansion, evaluation of existing performance data on K-12 has been lacking. Some education analysts⁴²

urge the development of systems to track quality and gather information such as course participation, grades and assessment results. The findings could be used to follow student results at the course level and ultimately benefit education beyond digital schools.

Learn from the policy making experience of charter schools

The history of charter schools in Massachusetts offers lessons in policy creation that can handicap a movement. When the Massachusetts Legislature was debating education reform legislation that included charter schools in 1992, charter supporters agreed to limit the number of new charters to only 25 to win their approval. They also consented to language in the charter statute that prohibited charters from applying for school building assistance funds. That restriction forced charters to use tuition money meant for general operations to purchase or build a suitable school. It wasn't until 2004 that the overall tuition rate to charters was redone including a new facilities tuition rate component.

The Innosight Institute advocates student savings accounts. Virtual school providers receive a certain level of funding from the state (say 75 percent of the foundation budget).

Explore student savings accounts

The Innosight Institute, an innovation technology think-tank in Mountain View, California, advocates student savings accounts. Virtual school providers receive a certain level of funding from the state (say 75 percent of the foundation budget). Students are allowed to keep whatever the provider saves them in savings accounts for college

or other education-related expenses. For example, if the virtual school only spends 50 percent of the foundation budget and the student demonstrates mastery, the student gets to put that “savings” of 25 percent into a personal education account.⁴³

About the Author:

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About Pioneer:

Pioneer Institute is an independent, non-partisan, privately funded research organization that seeks to change the intellectual climate in the Commonwealth by supporting scholarship that challenges the “conventional wisdom” on Massachusetts public policy issues.

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