

IMPROVING THE QUALITY OF FULL-TIME VIRTUAL CHARTER SCHOOLS



ABOUT THE NATIONAL ALLIANCE

- ▶ The leading non-profit organization focused on increasing student achievement by fostering a strong charter school sector.
- ▶ Our work focuses on four areas: Federal Policy, State Policy, Communications, Research and Data.

CHALLENGES WITH FULL-TIME VIRTUAL CHARTER SCHOOLS

- ▶ Very Low Academic Performance
- ▶ Enrollment (laws and scale)
- ▶ Wrong Financial Incentives

VERY LOW ACADEMIC PERFORMANCE

- In October 2015, three research organizations - the Center for Reinventing Public Education, Mathematica Policy Research and the Center for Research on Education Options (CREDO) - released three separate reports on the performance outcomes of students enrolled in full-time virtual charter schools.
- These studies revealed disturbingly low performance by most students enrolled in full-time virtual charter schools.

VERY LOW ACADEMIC PERFORMANCE

17 states studied by the Center for Research on Education Outcomes.

13 states' full-time virtual charter schools performed **worse** in reading.

14 states' full-time virtual charter schools performed **worse** in math.

(CREDO)

VERY LOW ACADEMIC PERFORMANCE



All subgroups perform worse in full-time virtual charter schools.

White, black, Hispanic, Asian/Pacific Islander, Native American, multi-racial, those in poverty, English-language learners, and special education students – perform worse in full-time virtual charter schools than in traditional public schools.



Less academic progress in both math and reading.

Full-time virtual charter school students experience 180 fewer days of learning in math and 72 fewer days of learning in reading in comparison to traditional public school students.

(CREDO)

ENROLLMENT

- ▶ Because they are charter schools, full-time virtual charter schools must, by law, enroll every student who applies within established enrollment number parameters.

ENROLLMENT

- ▶ However, the nature of full-time virtual charter schools is such that they do not work for every student.
 - ▶ 88% of virtual schools obtain significantly weaker growth in math and 67% in reading than their traditional public school peers.
 - ▶ The average full-time virtual charter school student stays for a short time, and the mobility rates for students after they leave full-time virtual charter schools are extremely high. (CREDO)

ENROLLMENT

- Full-time virtual charter schools typically provide students with **less live teacher contact time in a week than students in conventional schools have in a day.** (Mathematica)

ENROLLMENT

- ▶ Most full-time virtual charter schools require high levels of student self-motivation as the instruction is mostly delivered asynchronously.
- ▶ Student success in a full-time virtual charter school depends on adult involvement in the home.
- ▶ Therefore, a full-time virtual charter school is a fit for only a small percentage of the student population.

(CPRE)

ENROLLMENT

- ▶ Because of the ease of scaling, full-time virtual charter schools can grow very quickly, serving thousands of students overnight.
- ▶ If a large full-time virtual charter school fails, it can negatively impact thousands of kids.
- ▶ Since most state funding systems are based on enrollment and not the amount of time students actually stay at the full-time virtual charter school, taxpayers are often paying schools 100% of the per-pupil amount for students who were only enrolled for a short period of time.

WRONG FINANCIAL INCENTIVES: AUTHORIZERS

- ▶ As the main source of authorizer revenue is often based on a percentage of a school's funding (which is based off enrollment numbers), there is an improper incentive for authorizers to keep large, poorly performing full-time virtual charter schools open. If they close the school, they lose significant revenues.

WRONG FINANCIAL INCENTIVES: OPERATORS

- ▶ One-quarter of full-time virtual charter schools account for almost 80 percent of enrollment. Almost 70 percent of full-time virtual charter schools are operated by for-profit entities.
- ▶ As funding is based on a per-pupil basis, the incentive is to drive up enrollment numbers. (K-12 spent just under \$37 million per year on advertising*.)
- ▶ However, with high student churn rates, the mostly for-profit operators of full-time virtual charter schools receive millions in taxpayer dollars for students who will soon leave for another school.

* K12 Inc. (2017, June 30). *Form 14A*

WRONG FINANCIAL INCENTIVES: OPERATORS

“Both Connections, a subsidiary of Pearson, and K12 are growing year over year. K12’s 2017 revenues topped \$889 million with \$305 million of that considered overhead. According to Pearson’s Annual Report Connections FTE grew by 6 percent last year while revenues grew by 8 percent. Connections has 34 virtual schools in 28 states, and are opening 12 percent more schools annually. K12’s top five executives made a combined \$11 million in FY17.”

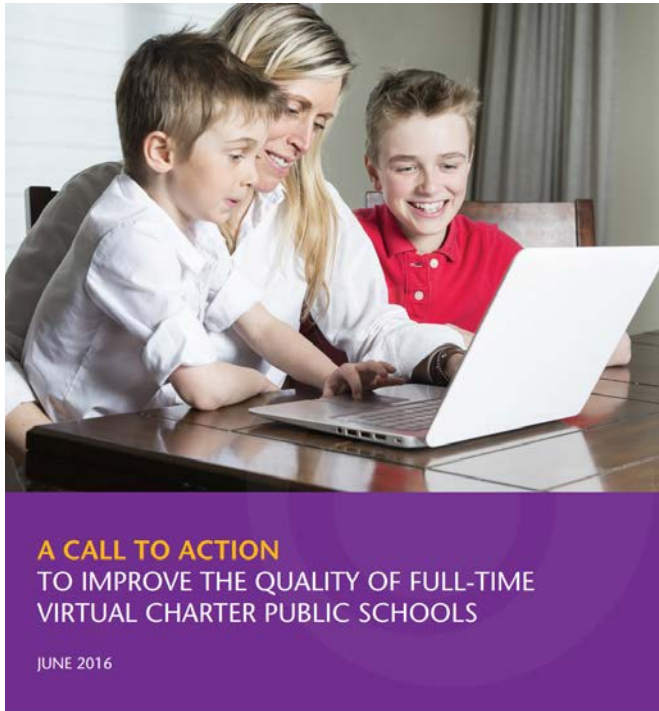
LESC/LFC Program Evaluation • Virtual Charter Schools
in New Mexico • December 19, 2017

WRONG FINANCIAL INCENTIVES: OPERATORS

“The majority of our revenues come from Managed Public School Programs and depend on per-pupil funding amounts and payment formulas remaining near the levels existing at the time we execute service agreements with the managed public schools we serve. **If those funding levels or formulas are materially reduced or modified due to economic conditions or political opposition**, new restrictions adopted or payments delayed, **our business, financial condition, results of operations, and cash flows could be adversely affected.**”

(K12 Annual Report, 2016)

A CALL TO ACTION TO IMPROVE THE QUALITY OF FULL-TIME VIRTUAL CHARTER PUBLIC SCHOOLS



- Released in 2016, the report stresses support for full-time virtual charter schools but recommends policy options to improve outcomes.
- Recommendations are in the areas of authorizing, enrollment, accountability, and funding.



RECOMMENDATIONS: AUTHORIZING



A CALL TO ACTION
TO IMPROVE THE QUALITY OF FULL-TIME
VIRTUAL CHARTER PUBLIC SCHOOLS

JUNE 2016

- Only permit authorizers that have been granted statewide or regional chartering authority to oversee full-time virtual charter schools that enroll students from more than one district, while still allowing districts to authorize full-time virtual charter schools that enroll students only from within their districts.



RECOMMENDATIONS: ENROLLMENT



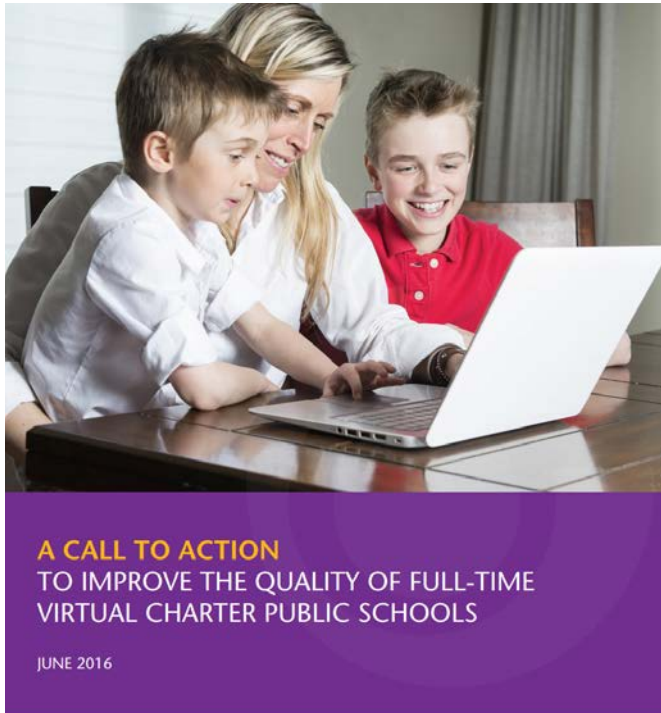
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JUNE 2016

- ▶ States should require authorizers and schools to **create desired enrollment levels** for the full-time virtual charter schools for each year of a charter school's contract. **Only allow schools to grow – or not – based on academic performance.**
- ▶ **Require schools to selectively enroll their students.**



RECOMMENDATIONS: FUNDING



- Fund full-time virtual charter schools based on actual costs, OR
- Fund full-time virtual charter schools based on a performance based model: UT, MN, NH, FL, (Pending: OH).



FOR ADDITIONAL INFORMATION

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