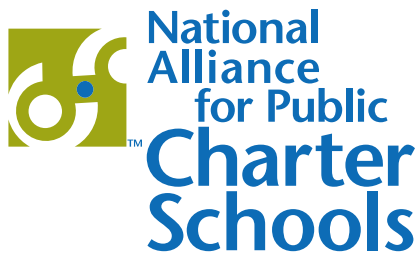




# A CALL TO ACTION TO IMPROVE THE QUALITY OF FULL-TIME VIRTUAL CHARTER PUBLIC SCHOOLS

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## INTRODUCTION

**T**he first full-time virtual charter public schools opened in the late 1990s. Since that time, the number of these schools has greatly expanded across the country. As of August 2014, there were 135 full-time virtual charter schools operating in 23 states and D.C. – about twice as many as in 2008. These schools were serving approximately 180,000 students.

Students in full-time virtual charter public schools represent a broad cross-section of K-12 education: rural students seeking to avoid a lengthy bus ride to a brick-and-mortar building, student-athletes seeking a flexible schedule, home- or hospital-bound youth who want to stay in school despite an illness or a family challenge, and high school students looking for an alternative to dropping out. Although learning online full time is not the right answer for all K-12 students, there clearly exists a demand for it by certain students and families.

However, at the same time that full-time virtual charter public schools have seen significant growth, far too many have experienced notable problems. Governmental agencies such as the Colorado Department of Education and the Minnesota Office of the Legislative Auditor and such national media outlets as The New York Times, The Washington Post, and The Wall Street Journal have documented these problems.<sup>i</sup>

Most significantly, though, three research organizations – the Center for Reinventing Public Education, Mathematica Policy Research, and the Center for Research on Education Outcomes (CREDO) – released three separate reports in October 2015 that represented the most complete and comprehensive examination of full-time virtual charter schools to date.<sup>ii</sup> These reports examined the characteristics and the performance of full-time virtual charter schools, as well as the policy frameworks in which they operate. Most striking and troubling in these reports is the finding of large-scale underperformance by full-time virtual charter schools. If traditional public schools were producing such results, we would rightly be outraged. We should not feel any different just because these are charter schools.

**The well-documented, disturbingly low performance by too many full-time virtual charter public schools should serve as a call to action to state leaders and authorizers across the country.**

**It is time for state leaders to make the tough policy changes necessary to ensure that this model works more effectively than it currently does for the students it serves.**

**It is also time for authorizers to close chronically low-performing virtual charter schools.**

**Our organizations plan to work actively with state leaders and authorizers as they embark on these efforts.**

To be clear, our organizations support full-time virtual schooling. We have advocated in states across the country to make sure this option is available to the families who need it. Unfortunately, the results clearly show that significant problems exist within this part of the charter school movement. Left unchecked, these problems have the potential to overshadow the positive impacts this model currently has on some students. We urge state leaders and authorizers to address these problems head-on instead of turning a blind eye to them.

We have jointly produced this report to spur action by state leaders and authorizers. This report provides basic information about full-time virtual charter public schools, presents data about their results, and outlines a set of policy recommendations that states should adopt to improve the performance of full-time virtual charter schools across the country.

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## THE BASICS

**T**hirty-five states and D.C. allow full-time virtual charter schools. Of the 43 states and D.C. that have enacted charter school laws, 35 states plus D.C. allow full-time virtual charter schools. The eight that do not allow these schools are Delaware, Maryland, Massachusetts, New Jersey, New York, Rhode Island, Tennessee, and Virginia.

**There are 135 full-time virtual charter schools in 23 states and D.C.** As of August 2014, according to National Alliance research, there were 135 full-time virtual charter schools operating in 23 states and D.C., which represented 2 percent of the nation's charter schools that year.

**There are 180,000 full-time virtual charter school students in 23 states and D.C.** As of August 2014, according to National Alliance research, there were approximately 180,000 students attending a full-time virtual charter school in 23 states and D.C., which represented 7 percent of the nation's charter school students that year.

**Ohio, Pennsylvania, and California are the “big three” when it comes to enrollment in full-time virtual charter schools.** According to National Alliance research, enrollment in full-time virtual charter schools is highly concentrated in three states – Ohio, Pennsylvania, and California – which collectively enroll over half of full-time virtual charter school students nationwide.

**One-quarter of full-time virtual charter schools account for almost 80 percent of the enrollment in these types of schools.** Individual full-time virtual charter schools vary widely in size. Many are small, but a handful of large schools dominate. Almost a quarter (24 percent) of full-time virtual charter schools enrolled more than 1,000 students per school in 2012–2013, accounting for 79 percent of total enrollment in the sector.<sup>iii</sup>

**Most full-time virtual charter schools are operated by for-profit entities.** According to National Alliance research, almost 70 percent of full-time virtual charter schools contract with for-profit education management organizations, compared to only 15 percent of all charter schools.

**Full-time virtual charter schools serve significantly more white students and significantly fewer Hispanic students than traditional public schools.** Full-time virtual charter schools serve a higher percentage of white students (69 percent vs. 49 percent), a lower percentage of Hispanic students (11 percent vs. 27 percent), and roughly the same percentage of black (13 percent vs. 15 percent), Asian/Pacific Islander (2 percent vs. 5 percent), Native American (1 percent vs. 1 percent), and multi-racial (4 percent vs. 3 percent) students as compared with traditional public schools.<sup>iv</sup>

**Full-time virtual charter schools serve more students in poverty and significantly fewer English-language learners than traditional public schools.** Full-time virtual charter schools serve a higher percentage of students in poverty (48 percent vs. 39 percent), a significantly lower percentage of English-language learners (1 percent vs. 8 percent), and a slightly larger percentage of special education students (11 percent vs. 8 percent) than traditional public schools.<sup>v</sup>

**Almost all full-time virtual charter schools serve a general population of students.** A large majority (90 percent) of full-time virtual charter schools reported that they serve a general population of students, whereas 10 percent focus primarily on serving a specific population of students with particular needs.<sup>vi</sup>

**The mobility rate for full-time virtual charter school students before they enroll in these schools is the same as it is for traditional public school students.** Students who switch to full-time virtual charter schools have a mobility rate of 9 percent prior to enrolling in a full-time virtual charter school, compared to 8 percent of the comparison students in traditional public schools. These findings place doubt on the argument that students enrolling in full-time virtual charter schools have widespread, systematic academic deficits due to prior mobility.<sup>vii</sup>

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## THE RESULTS

**C**ompared to traditional public school students, full-time virtual charter school students have much weaker academic growth overall. 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.<sup>viii</sup> Put another way, these data show that in a given year full-time virtual charter school students overall make no gains in math and less than half the gains in reading realized by their peers in traditional public schools.

**Full-time virtual charter schools perform worse than traditional public schools in most states.** Of the 17 states included in the state level results in the “Online Charter School Study” by CREDO, full-time virtual charter schools performed worse than traditional public schools in 13 states in reading, performed better in only two states, and the differences were not significant in two states. In math, full-time virtual charter schools performed worse than traditional public schools in 14 states, while the differences were not significant in three states.<sup>ix</sup>

**All subgroups of students have weaker academic growth in full-time virtual charter schools than in traditional public schools.** All subgroups of students – 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.<sup>x</sup>

**The vast majority of full-time virtual charter schools perform worse than traditional public schools.** In reading, 67 percent of full-time virtual charter schools have weaker growth than their comparison schools. Only 2 percent outperform their comparison schools, while 32 percent perform no differently.



In math, a full 88 percent of full-time virtual charter schools had significantly weaker growth than their comparison schools, with the remaining 12 percent performing no differently.<sup>xi</sup>

**The average full-time virtual charter school student stays for a short time.** On average, students spend two years in full-time virtual charter schools.<sup>xii</sup>

**The mobility rates for students after they leave full-time virtual charter schools are extremely high.** Full-time virtual charter school students have a mobility rate of 36 percent, meaning that students who leave full-time virtual charter schools have a more chaotic school experience after they leave full-time virtual charter schools than they did before they enrolled in such schools.<sup>xiii</sup>

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## THE POLICY OPTIONS

**O**ur organizations have consistently advocated for policies that support high-quality charter public schools. We believe that states should have clear minimum academic performance standards for charter schools in renewal. We also believe that states should have enforcement mechanisms in place to make sure that all charter schools, including full-time virtual charter schools, meet those minimums. There is no reason why a full-time virtual charter school shouldn't be able to meet all the academic standards that other schools meet. Were such standards being properly enforced for all schools, it would certainly address some of the shortcomings we see in full-time virtual charter schools.

Our organizations have also consistently pushed for policies that support high quality, accountable authorizing. We believe that states should have a method for holding all authorizers accountable for results, which should include an entity that regularly monitors the performance of authorizers to ensure that they are performing well. We also believe that states should require authorizers to demonstrate through annual audits that they are using all of their oversight money to perform oversight functions. Failing to perform well on these measures should put in jeopardy the right to continue authorizing charter schools.

However, these policies are not yet fully in place across chartering states – and we believe that existing policies for oversight of full-time virtual charter schools are particularly inadequate.

The breadth of the underperformance by full-time virtual charter schools convinces us that states need to change the policy framework within which these schools can operate. The specifics of the changes in each state will depend upon the sophistication of that state's funding, attendance, and accountability systems. Subject to circumstances in each state, one or more of these provisions will be most relevant. However, we encourage states to adopt as many of these options as possible to increase the state's chances of elevating the quality of full-time virtual charter schools.

## A CALL TO AUTHORIZERS: CLOSE CHRONICALLY LOW-PERFORMING FULL-TIME VIRTUAL CHARTER SCHOOLS

We urge authorizers to work within existing state policy frameworks to close chronically low-performing full-time virtual charter schools. Authorizers can take the necessary steps to close such schools without any changes to state law. Authorizers have a legal and moral responsibility to close chronically low-performing charter schools of any kind, including full-time virtual charter schools.

**Authorizing Structure.** We recommend that states 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. In order to curb the temptation to authorize for financial gain, we also recommend that states cap the amount of authorizing fees that an authorizer can withhold from a full-time virtual charter school.

**Enrollment Criteria.** We recommend that states study the establishment of criteria for enrollment in full-time virtual charter schools based on factors proven necessary for student success.

**Enrollment Levels.** We prefer that states initially maintain a core principle that full-time virtual charter schools, like all other types of charter schools, must serve all students. However, should it be shown that other interventions prove unable to make full-time virtual charter schools successful with all students, state should study the creation of criteria for enrollment, a change which in many states may require that full-time virtual charter schools operate as something other than charter schools.

**Accountability for Performance.** We recommend that states require authorizers and schools to jointly determine additional, virtual-specific goals regarding student enrollment, attendance, engagement, achievement, truancy, attrition, finances, and operations and to include these goals in the schools' charter contracts. These goals are in addition to the rigorous goals that every charter school contract should contain. We recommend that authorizers make renewal and closure decisions based upon schools' achievement of the goals in their contracts.

**Funding Levels Based on Costs.** We recommend that states require full-time virtual charter school operators to propose and justify a price per student in their charter school applications. We also call on states to seek guidance from experts and researchers in determining responsible levels of funding based on the real costs of full-time virtual charter schools.

**Performance-Based Funding.** We recommend that as states establish valid cost levels for operating full-time virtual charter schools, they also fund full-time virtual charter school students via a performance-based funding system.

*To be clear, we do not support these policy options for brick-and-mortar charter schools or “hybrid” charter schools that make use of both brick-and-mortar and online settings. These provisions are tailored to the unique problems that have emerged among too many full-time virtual charter schools, problems that call for states to enact significant policy changes for these schools.*

Also, while we support making such changes in the context of a state’s public charter school law, we also realize that some of these changes may not fit within that context. States may need to consider governing full-time virtual schools outside of the state’s charter school law, simply as full-time virtual public schools. We will support state leaders that decide to govern full-time virtual schools in this way.

## Authorizing Structure

We recommend that states 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. In order to curb the temptation to authorize for financial gain, we also recommend that states cap the amount of authorizing fees that an authorizer can withhold from a full-time virtual charter school.

If a full-time virtual charter school wants to serve students from multiple districts, states should require it to apply to an authorizer that has been granted statewide or regional chartering authority. We recommend that states consider the following options:

- A state could decide that only a state charter school board should oversee virtual schools operating outside the boundaries of a particular school district. Some current examples of this practice include the following: In Colorado, statewide full-time virtual charter schools must apply to the Colorado Charter School Institute; in Maine, the Maine Charter School Commission is the only entity that can authorize full-time virtual charter schools; and the Oklahoma Statewide Virtual Charter School Board is the only authorizer for full-time virtual charter schools in Oklahoma.
- Another approach particularly suited to large states like California and Texas is regional authorizers, designated by the state and possessing proven capacity to handle the kids of issues raised by full-time virtual charter schools.
- Another approach would be for the state to identify authorizers with expertise in authorizing charter schools – universities, specialty purpose authorizers, or districts – to have authority to authorize full-time virtual charter schools more broadly. Any authorizer approved by the state should have to make an application that demonstrates its capacity and ability to authorize more broadly.

In all these cases, an entity should be monitoring the performance of these authorizers regularly and should periodically conduct a high-stakes review of their authority to authorize full-time virtual charter schools. These approaches would eliminate the kind of scenario we are already witnessing: a small district with scant authorizing capacity authorizing full-time virtual charter schools serving thousands of students spread across a state. In some current cases, the financial per-student windfalls

small districts receive for authorizing have undoubtedly become a driving factor in keeping these schools open despite their poor performance.

However, we stress that states should still allow districts to authorize full-time virtual charter schools that enroll students from within their own districts. If there is demand for a fully local virtual school option, districts should have the ability to meet that demand.

A related recommendation is for states to cap the amount of authorizing fees that an authorizer can withhold from a full-time virtual charter school. Because full-time virtual charter schools are often quite large in size, some authorizers may come to rely on funds generated from the school's authorizing fees for their operations – and that may create reluctance to close it despite poor performance. States need to calibrate the amount of authorizing fees that an authorizer can withhold from a full-time virtual charter school, providing funding enough for appropriate oversight but not so much as to create perverse incentives. The exact amount will differ by state.

These steps will ensure that only authorizers with the right expertise and capacity are able to take on this work. However, getting the authorizing structure right is just the first step, and not sufficient to significantly improve the quality of full-time virtual charter schools. States should also implement the remaining recommendations in this report to increase their chances of creating high-quality full-time virtual charter schools.

## Enrollment Criteria

We prefer that states initially maintain a core principle that full-time virtual charter schools, like all other types of charter schools, must serve all students. However, should it be shown that other interventions prove unable to make full-time virtual charter schools successful with all students, states should study the creation of criteria for enrollment, a change which in many states may require that full-time virtual charter schools operate as something other than charter schools.

A foundational principle of the charter school movement is that charter public schools should provide open enrollment to students, meaning that all students must have an equal opportunity to attend charter schools and all student should receive supports designed to facilitate their success within the program. However, it is increasingly clear that full-time virtual charter schools are not a good fit for many children and that solely relying on self-selection in the enrollment process isn't working. Relatedly, it appears that many full-time virtual charter schools are not offering the accommodations needed to make them an appropriate educational setting for all students. Indeed many of the biggest operators of full-time virtual charter schools appear to have developed programs that are only designed to be effective with self-motivated students and/or students with highly involved parents.

Perhaps more than any other type of educational environment, full-time virtual charter schools require self-motivated students and highly involved parents. This observation is supported by both data and anecdote. First, the data, as provided by Mathematica Policy Research's "Inside Online Charter Schools":

- Seventy-six percent of full-time virtual charter schools include courses that are self-paced rather than tied to the calendar. One-third of full-time virtual charter schools rely exclusively on self-paced courses.<sup>xiv</sup>



- Consistent with the prevalence of self-paced courses, the instructional method used most frequently in full-time virtual charter schools is individualized, student-driven independent study.<sup>xv</sup>
- The small amount of synchronous instructional time provided by most full-time virtual charter schools is not coupled with extensive one-on-one interaction with teachers. **This suggests that most full-time virtual charter schools expect that the bulk of learning will occur during a student’s individual engagement with the course material, perhaps with the help of a parent.**<sup>xvi</sup>
- When asked an open-ended question about their greatest challenges in leading full-time virtual charter schools, principals most often identified student engagement – nearly three times as often as any other issue.<sup>xvii</sup>
- Most full-time virtual charter schools have substantial expectations of parents, surely necessitated in part by the limits of the schools’ tools for keeping students engaged.<sup>xviii</sup> In fact, many full-time virtual charter schools —ranging from 43 percent in high school to 78 percent in elementary school—expect parents to actively participate in the student’s instruction.<sup>xix</sup>

These data are amplified in the following anecdotes:

- Maureen Behlen said her son thrived in K12’s school because she “put everything into it,” spending several hours a day teaching him and guiding him through his coursework. She said an online school isn’t the right fit for families who can’t devote as much time to the program as she did. “Would you send a bunch of kids into a classroom with no teachers? Of course not,” said Behlen, who lives in the foothills in East San Jose, California. “There has to be an adult responsible for overseeing what they’re learning, and if there isn’t, you’re setting them up to fail.”<sup>xx</sup>
- As a special education student, Jenna – before she and her sister were forced to withdraw – was supposed to receive extra time to complete assignments and extra support from teachers. But, her mother, Carol, said, she didn’t get it, and that made things even tougher for Jenna, 15. “If I could stay home with the kids and say, ‘OK, let’s do this lesson,’ maybe it would have worked out for them,” Carol said.<sup>xxi</sup>
- “My day is structured so when they’re in school, that’s what I’m doing. I’m doing school. The older ones are a lot more independent. I’m their facilitator,” Alicia Smith, mother of three full-time virtual charter school students.<sup>xxii</sup>

These data points and anecdotes make clear that student self-motivation and parental support can make or break a student’s success in full-time virtual charter schools in ways unique to the full-time virtual model. They also make clear the fact that many full-time virtual charter schools have created programs that are only designed to succeed with self-motivated students and/or students who have high levels of parent support. For other kinds of students, current full-time virtual charter schools are clearly not working. This is unacceptable. Policymakers should insist that, as a condition of receiving a charter contract, full-time virtual charter schools make the necessary adjustments to ensure that all kinds of students can prove successful, even if that means establishing some bricks and mortar settings and employing sufficient staff needed to provide the direct instruction that many students need to succeed.

Should current full-time virtual charter schools prove unable or unwilling to make the adjustments needed to ensure that all students may prove successful within their programs, we believe it is inevitable that policymakers will begin considering whether new enrollment criteria should be established to ensure that only those students who are prepared to succeed are able to enroll in a full-time virtual charter school. Some organizations have called for states to eliminate open enrollment requirements for full-time virtual charter schools and require these schools to establish criteria for admission in order to ensure quality and effectiveness.<sup>xxiii</sup> Such a change would constitute a significant shift in policy, as the open-enrollment requirements of most state charter school laws do not currently permit consideration of these factors in the full-time virtual charter school admissions process.

We believe that states should study this idea. Should it be determined that adjusting enrollment criteria is the only means by which full-time virtual charter schools can avoid failing significant numbers of students who are not appropriate for the program, we believe that many states will decide that full-time virtual school offerings are simply incompatible with the goals of their charter school laws. In such cases, states should consider governing full-time virtual schools outside of those laws, as full-time virtual public schools and not charter public schools. However, we remain open to the possibility that some kind of new enrollment criteria can be devised within states' charter laws that are flexible enough to ensure that all students have a right to enroll in the school while also better ensuring that all who attend are set up to succeed.

The bottom line is that states need to ensure that all students are well served. Full-time virtual charter schools are currently not succeeding with too many students. Whether adjustments can be made permitting full-time virtual charter schools to continue operating as charter schools will be up to each state, but we encourage all states to retain a core principle that all charter schools, including full-time virtual ones, must demonstrate an ability to be successful with all students in order to remain as charter schools. better facilitate the matching process between prospective families and the unique learning environments found in full-time virtual charter schools. Whether that can be done within or outside of the state's charter school law is up to each state.

## Enrollment Levels

We recommend that states require authorizers and schools to create desired enrollment levels for the full-time virtual charter schools in their states for each year of their charter contracts, not to exceed a certain number of students per school in any given year, and allow schools to grow – or not – based on performance.

While several states currently restrict the number of full-time virtual charter schools that can be established or limit their total enrollment numbers, these restrictions still often allow for large schools to operate. Most notably, Ohio law allows five new full-time virtual charter schools per year and sets base enrollment and enrollment growth limits. For full-time virtual charter schools opened as of the 2012-13 school year, the base enrollment is the school's enrollment number at the end of the 2012-13 school year. For schools that opened after the 2012-13 school year, the base enrollment is 1,000 students. For schools with more than 3,000 students, the allowable annual rate of growth is capped at 15 percent. For schools with fewer than 3,000 students, the allowable annual rate of growth is capped at 25 percent.

Notwithstanding these restrictions, the two largest full-time virtual charter schools in Ohio are:

- Electronic Classroom of Tomorrow with 15,058 students.
- Ohio Virtual Academy (operated by K12) with 10,802 students.

When the large size of many full-time virtual charter schools is combined with research showing that full-time virtual charter school students have much weaker academic growth overall than traditional public school students, caution is justified. The following two actions related to enrollment will help ensure that all students enrolled in full-time virtual charter schools will have a chance of success in this environment:

- Create maximum enrollment levels for full-time virtual charter schools that number in the hundreds of students instead of the thousands of students. This step will help ensure that operators will focus on enrolling students who will flourish in this type of environment, rather than just getting students in seats.
- Tie growth in full-time virtual charter schools enrollments to fulfillment of interim performance goals, rather than setting an arbitrary percentage cap that allows rapid growth with no reference to performance. Interim goals should include measurable targets for student enrollment, attendance, engagement, achievement, truancy, attrition, finances, and operations.

If states require full-time virtual charter schools to have enrollment criteria and create performance-based enrollment levels for these schools, we are optimistic that students most likely to succeed in this unique learning environment will be the ones that actually enroll – and stay enrolled – in a full-time virtual charter school.

## Accountability for Performance

We recommend that states require authorizers and schools to jointly determine additional, virtual-specific goals regarding student enrollment, attendance, engagement, achievement, truancy, attrition, finances, and operations and to include these goals in the schools' charter contracts. These goals are in addition to the rigorous goals that every charter school contract should contain. We recommend that authorizers make renewal and closure decisions based upon schools' achievement of the goals in their contracts.

It is apparent that too many state policy environments lack key accountability provision needed for full-time virtual charter schools. Few states even require full-time virtual charter schools to provide detailed data (above what is required for all charter schools) on student enrollment, attendance, engagement, achievement, truancy, attrition, finances, and operations.<sup>xxiv</sup>

Given the extremely high mobility rates of students in full-time virtual charter schools, it makes sense to establish new data gathering and reporting requirements specific to this model. As part of the application and contracting processes, authorizers and full-time virtual charter schools should jointly determine goals regarding student enrollment, attendance, engagement, achievement, truancy, attrition, finances, and operations. Arming authorizers with more timely and comprehensive data about full-time virtual charter schools will position them better to evaluate the progress of these schools, engage more thoughtfully with these schools as challenges emerge, and make more informed decisions about renewals and closures.

At the same time that we urge state leaders to make these policy changes regarding full-time virtual charter schools, **we also call on authorizers to hold full-time virtual charter schools accountable for**

their performance, including making the tough decisions to close those that are chronically low-performing.

## Funding Levels Based on Costs

We recommend that states require full-time virtual charter school operators to propose and justify a price per student in their charter school applications. We also call on states to seek guidance from experts and researchers in determining responsible levels of funding based on the real costs of full-time virtual charter schools.

We know there is variation in the operating costs for full-time virtual charter schools. A study performed by Augenblick, Palaich and Associates compared the level of resources required to meet state academic standards in brick-and-mortar schools with full-time virtual schools and found that full-time virtual schools' costs were between 93 percent and 98 percent of those of a brick-and-mortar school.<sup>xxv</sup>

And a 2011 study of online learning costs by the Thomas B. Fordham Institute identified five levers that determine resource-allocation strategies for full-time virtual schools:

- Labor
- Content acquisition
- Technology and infrastructure
- School operations
- Student-support services

The study estimated that the average per-pupil cost for a full-time virtual school is \$6,400, with a range between \$5,100 and \$7,700. For comparison, the study identified an average cost for a traditional brick-and-mortar school at \$10,000 (excluding central administrative costs).<sup>xxvi</sup>

As one way to better align the per-pupil dollars going to these schools with the actual costs of these unique options, we recommend that states require full-time virtual charter school applicants to provide detailed costs for operating the school and propose a funding level per student for the school that is based upon these detailed costs. States should also ask respected research and policy centers to produce independent work assessing real costs and resource needs within their own states.

## Performance-Based Funding

We recommend that as states establish valid cost levels for operating full-time virtual charter schools, they also fund full-time virtual charter school students via a performance-based funding system.

It is apparent that too many states rely on funding systems for full-time virtual charter schools that were designed with brick-and-mortar schools in mind. Few states, in fact, fund full-time virtual charter schools based on formulae that take into account the unique attributes of such schools.<sup>xxvii</sup> As states institute new virtual-specific performance and reporting requirements, they should explore funding models for full-time virtual charter schools based upon the progress schools make toward interim and yearly goals, including funding based upon course completion.

As states develop policies in the specific area of performance-based funding, we recommend that they look to the emerging efforts in four states that are experimenting with completion-based funding systems: Florida, Minnesota, New Hampshire, and Utah. Completion standards vary by state, with Florida requiring students to pass an exam, Minnesota and Utah requiring course credit to be earned, and New Hampshire requiring demonstrated mastery. Three states assign themselves the responsibility to determine whether competencies have been met, while one state assigns that authority to the teacher. Two states allow partial payment for partial completion, while two states require students to complete the course before the school is eligible to receive payment. The table below summarizes these approaches.<sup>xxviii</sup>

*Competency-Based Funding System Attributes for Full-Time Virtual Charter Schools in Four States<sup>xxix</sup>*

State	Standard	Who Determines Successful Completion	Partial Payments
Florida	Pass End-of-Course Exam	State	No
Minnesota	Course Completions	State	No
New Hampshire	Competencies Mastered	Teacher	Yes
Utah	Credit Registration / Credit Earned	State Board of Education	Yes

## CONCLUSION

**W**e believe that full-time virtual charter public schools are meaningful and beneficial options for some students. Notwithstanding these success stories, the well-documented, disturbingly low performance by too many full-time virtual charter public schools should serve as a call to action for state leaders and authorizers across the country. It is time for state leaders to make the tough policy changes necessary to ensure that this model works more effectively for the students it serves. It is also time for authorizers to hold full-time virtual charter schools accountable for performance, using measures and metrics suited to their programs and closing those that chronically fail their students. Our organizations are committed to working with state leaders and authorizers as they embark on these efforts.

To reiterate, our organizations support full-time virtual schooling. We have advocated in states across the country to make sure this option is available to the families that need it. Unfortunately, the results clearly show that significant problems exist within this part of the charter school movement. Left unchecked, these problems have the potential to overshadow the positive impacts this model currently has for some students. We urge state leaders and authorizers to address these problems head-on instead of turning a blind eye to them.



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<sup>xxv</sup> Amy Berk Anderson et al., *Costs and Funding of Virtual Schools* (Denver, CO: Augenblick, Palaich, & Associates, 2006).

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