
The Policy Framework for Online Charter Schools

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About This Report

The Center on Reinventing Public Education (CRPE), Mathematica Policy Research, and the Center for Research on Education Outcomes (CREDO), have undertaken a collection of studies to contribute more extensive information on the landscape and operation of online charter schools and their impact on students' academic growth than has been available to date. Our aim was to deliver an unbiased, data-driven examination of online charter schools. The report presents information and recommendations on the regulatory context for online charter schools based on a comprehensive review of state laws and regulations.

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About the Center on Reinventing Public Education

Through research and policy analysis, CRPE seeks ways to make public education more effective, especially for America's disadvantaged students. We help redesign governance, oversight, and dynamic education delivery systems to make it possible for great educators to do their best work with students and to create a wide range of high-quality public school options for families. Our work emphasizes evidence over posture and confronts hard truths. We search outside the traditional boundaries of public education to find pragmatic, equitable, and promising approaches to address the complex challenges facing public education. Our goal is to create new possibilities for the parents, educators, and public officials who strive to improve America's schools. CRPE is a nonpartisan, self-sustaining organization affiliated with the University of Washington Bothell. Our work is funded through private philanthropic dollars, federal grants, and contracts.

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Introduction

Online charter schools, charter schools that primarily utilize remote online instruction, have been both popular and controversial.¹ As of October 2015, fully online charter schools operate in 26 (soon to be 27) states and enrolled approximately 200,000 students in the 2013-14 school year, comprising over 8 percent of all public charter school enrollments nationwide.² Despite their growing popularity with students and families, online charter schools have received their share of bad press, thanks to reports of lackluster student outcomes and high-profile controversies over contracting for school management services with for-profit providers. A 2011 CREDO study of Pennsylvania charter schools found that in both reading and math, all eight online charter schools performed significantly worse than their traditional school counterparts in student gains.³ A 2009 RAND report found similarly weak academic gains for online charter students in Ohio.⁴ Specific for-profit online school providers have faced increasing backlash because of a perceived poor performance record and clashes with the nonprofit governing boards of independent online charter schools.⁵

Online charter schools are unique in many ways, making for complex policy questions. On one hand, they represent a unique opportunity for educating students differently. They are not “schools” in the traditional sense. Unbound by traditional building or classroom configurations, they can serve students across a state, making it possible for students in rural areas to get access to instruction they may not otherwise have. Students who can’t attend traditional schools for health or other reasons can “attend” online charter schools regularly. Online charter schools can hire teachers across the state and tap new labor markets of teachers who want to work out of their homes or part-time. They can arrange instruction in non-traditional ways to personalize instruction more effectively or can deliver lectures to very large “classrooms” (in states that don’t limit online class size). These unusual staff-to-student configurations might offer a more efficient use of teaching and student time.

On the other hand, the unique nature of online charter schools also can be cause for concern. The majority—two-thirds—of online charter schools contract with for-profit education management organizations (EMO),⁶ raising suspicions that schools will skimp on quality to maximize profits. For-profit operation in the charter space also can mean a complicated governance situation: a nonprofit board is awarded a charter, contracts with an EMO, and the EMO then runs the school. Policymakers often raise concerns about the quality of teachers in these schools—how the schools can be overseen effectively when traditional “walkthrough” inspections are not possible, how the schools’ results can be fairly assessed when students are sometimes attending only part of the school year and are coming from challenging backgrounds, and how charter authorizers can ensure that taxpayer money is being used productively in online schools.

It is possible, too, for political forces to impede effective regulatory structures for online charter schools. In most states, there are too few online charter schools for the issue to make it onto legislative agendas. On the other hand, in states where performance or fiscal issues rise to the level of legislative action, online charter schools may prove to be very powerful advocates for protecting their interests.⁷ Because of their ties to for-profit organizations, online charter schools often have powerful lobbyists to influence legislation or fight additional regulation.^{8,9} What’s more, charter authorizers in some states receive a percentage of a school’s total revenues. Because online enrollment numbers can be very high per school, authorizers may come to rely on those revenues and may be reluctant to close chronically underperforming online schools.¹⁰

Online charter schools, then, represent both important opportunities and challenging problems and deserve dedicated attention from the research and policy communities. Based on the available research, little is known about how state law and policy may be associated with quality and student outcomes in the online charter environment. As part of a national study to understand how online charter schools perform and what drives that performance, CRPE has teamed with Mathematica Policy Research and the Center for Research on Education Outcomes (CREDO) at Stanford to study online charter schools. The study includes (in separate reports) a rigorous analysis of how online charter schools perform academically and an analysis of what instructional strategies, school characteristics, and policy factors are related to online charter school effectiveness.

This paper looks at the question of how state policy shapes the online charter school landscape. We reviewed the legal framework affecting online schools that operate as charter schools (as opposed to online schools operating on contract with a district or the state). We wanted to know:

- In what ways do state laws vary?
- How might that policy variation influence the ability of online charter schools to operate efficiently and effectively?
- What are emerging trends in state policy and how might charter online laws be improved?

Overall, we found that states' charter laws and administrative regulations create varied policy environments for online charter schools. With few exceptions, the regulatory framework targeting online charter schools is layered onto the overarching state charter law, which falls under the general education code. Moreover, the analysis shows that existing regulation arises in response to problems and concerns, not as a proactive set of policies to guide the unique opportunities and challenges of online charter schools.

The primary approaches to regulating online charter quality relate to entry barriers and oversight. States restrict the number of online schools permitted, regulate teaching credentials and other inputs, and impose additional application and oversight requirements. Few state laws provide charter authorizers with guidance to ensure robust performance outcomes or instructional quality in the online environment.¹¹ We saw very little regulatory attention to ensure the success of students with special needs and students with little parental support, or the ability of low-income families to purchase technology hardware and internet access.

Charter school laws also rarely promote innovation in online charter schools. We were surprised at the lack of innovative funding models in place for online charter schools. Only 5 out of the 27 states we studied fund online charter schools based on course completion, for example.

Policy trends with online charter schools appear to be headed toward further restrictions on growth and autonomy. The move is in response to some high-profile controversies in selected states.¹² These restrictions on online charter growth and tighter regulations about how online charter schools operate may create an incentive for providers and policymakers to proactively address issues of quality and access in the online charter school environment so that further regulations will not be necessary. At the same time, the general interest in part- or full-time online instruction is growing in many states. Alabama, Arkansas, Florida, Michigan, and Virginia all require some online education to graduate from high school and many states are creating Educational Savings Accounts that allow public funds to pay for private online education as well as other private schooling options.¹³

A few states, including Colorado, North Carolina, and Oklahoma, have developed unique and proactive provisions for online charter schools that can serve as models for other states. We also believe it would be helpful to have a model statute for online charter schools that is designed to maximize the opportunity for innovation while assuring accountability and results. It may be useful to consider moving online charter schools out of the charter legal context altogether and have them operate under a separate legal framework that can better accommodate their unique instructional approaches and student populations.

Methods

Our analysis focuses on state-level policy with respect to online charter schools. We reviewed state charter and online school laws and previous analyses of state-level data for all states with online charter schools, including those states with online charter laws but no other currently operational online schools. In our research we focused on six general categories within state legislation:

- General operating environment
- Restrictions on growth and enrollment
- Provisions to ensure equitable access
- Authorization and accountability
- Curriculum and instruction
- Funding

We also examined current policy trends and ways that policymakers might improve the regulatory environment for online charter schools.

To establish a scope for our study, we identified states in which online charter schools operate. We utilized the Education Commission of the States database to identify which states explicitly permit online charter schools.¹⁴ We then reviewed state education websites and the *Keeping Pace 2014* report, published by the Evergreen Education Group, to determine whether online charter schools were in operation in those states that do not explicitly permit them. In all, 27 states were included in our analysis—26 of which have at least one fully online charter school in operation and another that has two schools about to open.¹⁵

In identifying states, we reviewed the following primary authorities: (1) state online charter school law, (2) state online school law, and (3) state charter school law. In some instances these laws were combined into a single statute, but most often they were incorporated by reference, requiring an analysis of many different statutes for a single state. If an agency, such as an online charter school commission, promulgated additional state rules and regulations, we analyzed those as well. We did not, however, review the general education codes in each state; online charter schools may therefore vary across the states we studied in important ways not captured in this analysis, such as the types of assessments and accountability requirements that apply to all public schools, not only charter schools.

We also reviewed proposed legislation, publicly available legal documents related to past or pending lawsuits, and secondary sources such as news and scholarly articles to gather additional data on state policy environments.

Enrollment Concentrated in Few States

For the 2012-2013 school year, approximately 200,000 students were enrolled in full-time online charter schools nationwide.¹⁶ Online charter school enrollment is highly concentrated in three states—Ohio, Pennsylvania, and California—which collectively enroll half of online charter students nationwide.¹⁷ Thirteen states enroll 91 percent of online charter students. Arizona has the highest proportion of online charter school enrollment, with 1 out of every 25 students attending. One of the largest online charter schools in the country, Pennsylvania Cyber Charter School, enrolled 10,982 students in 2011-12.¹⁸ The school, with revenues of \$110 million and net assets of \$57 million, resembles a mid-sized school district more rather an individual school.

Large schools like the Pennsylvania Cyber Charter School are not an anomaly. Enrollment is concentrated in a limited number of schools that are often operated by the same few education management organizations. These mega-providers, the largest of which are K12 Inc. and Connections Academy, operate schools nationwide. In Ohio, K12 Inc. provides curriculum for the Ohio Virtual Academy, which enrolls approximately 13,000 students.¹⁹ Similarly, in Pennsylvania K12 Inc. provides curriculum for the Agora Cyber Charter School that enrolls nearly 10,000 students, and Connections Academy operates the Commonwealth Connections Academy that serves a little over 8,000 students.²⁰ With such high enrollment in a limited number of schools and spread across few providers, a program that is lacking in quality may affect many thousands of students within one school and even more nationwide, especially if it is permitted to operate year after year with no accountability.²¹

High enrollments in online charter schools in Ohio and Pennsylvania may be related to uncapped initial growth and relatively generous funding levels. Ohio only recently capped online charter school enrollment, and online charter schools in both states receive relatively high per-pupil funding. The political environment may also be a factor. In Pennsylvania, K12 Inc. spent over \$1.25 million lobbying the Pennsylvania legislature between 2007 and 2015.²² Ohio and Pennsylvania also have small numbers of very large online charter providers (as opposed to other states with more, small operators) in the state.

How States Regulate Online Charter Schools

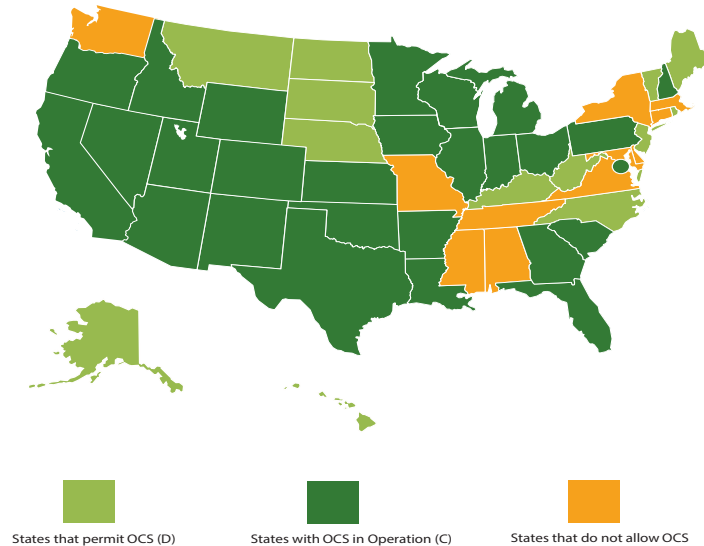
The following sections describe the primary ways that the regulatory environment differs for online charter schools in six areas:

- Where online charter schools operate
- Ways that laws promote or restrict online charter enrollment and growth—intentionally or by default
- Special provisions to ensure equitable access
- Whether the laws provide for online charters to have additional or unique oversight and accountability beyond other charter schools
- Whether there are special requirements for online charter school curriculum and instructional programs
- How online charters are funded

Where online charter schools operate

Thirty-four states permit online charter schools, either explicitly or by default when the state charter law is silent on the topic. Online charter schools operate in 26 states and more are set to open in North Carolina, which was included in our analysis as well.²³

Exhibit 1. Online Charter Schools Permitted or in Operation



Ways that laws promote or restrict online charter school enrollment and growth

State laws set the stage for how easy or hard it is for online charter schools to operate. These laws dictate the conditions of entry and operation, including size and growth, enrollment caps and requirements, learning and teaching requirements, and the method in which schools are funded. Laws may promote growth and expansion by allowing for statewide enrollment in online charter schools, or by funding online charter schools on par with brick-and-mortar charter schools. They may restrict growth by capping total student enrollment in online schools, limiting who can operate schools, restricting who can enroll in an online charter school, or enacting permanent or time-limited moratoria.

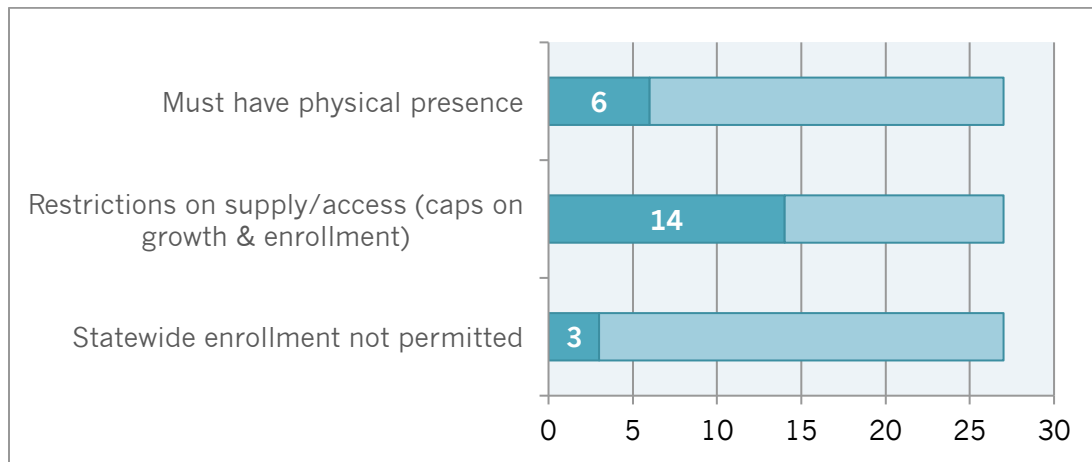
Student eligibility. Most of the states we examined allow online charter schools to draw from statewide enrollment rather than from just one district (see Figure 1). These states may be more likely to attract for-profit providers and management companies.

Caps on online charter schools. 14 states restrict the number of online schools that can operate or the total enrollment numbers for the schools (Figure 1). These states either limit enrollment at the class, school, district, or state level, or have a prior public school attendance requirement. Some of those enrollment caps were put in place after significant online charter school growth, for example in Ohio and Pennsylvania. However, for different reasons, restrictions on enrollment do not necessarily correspond to low enrollment numbers as we see in states like California and Ohio. California restricts enrollment in online charter schools to students living in contiguous counties. Since online charter schools operate in all counties, this does not actually limit total state enrollment numbers. Ohio also has some of the highest enrollment numbers nationwide because enrollment restrictions limiting annual school growth and new schools per year were adopted when enrollment numbers were already quite high.²⁴

Local presence. Online charter schools are explicitly required to have a physical presence within only a handful of states (Florida, Minnesota, New Mexico, North Carolina, Ohio, and Pennsylvania).²⁵ New Mexico’s physical presence requirement provisions stress the importance of having a central facility for statewide distance education services in order to pool resources and facilitate the delivery of distance learning, training, and professional development across the state.²⁶ While charter laws generally contemplate a physical presence for schools, it’s unclear whether that requires online providers to house an administrative office within the state.

The ease with which students across a state are able to enroll in an online charter school and the piecemeal provisions limiting enrollment may make it easy for online charter schools in states like Ohio, Pennsylvania, and California to expand relatively unbounded.

Figure 1. Limits on Enrollment and Access



Special provisions for equitable access

Some, most notably Whitney Tilson in his analysis of K12 Inc., have argued that online charter schools, in their need to capture market share and revenues, have overreached by recruiting students who are not well equipped to succeed in the online environment. For that reason, Tilson recommends that online charter schools be allowed to screen students to ensure they have adequate parent support and self-motivation to succeed.²⁷ State charter laws, for the most part, do not allow online charter schools to screen in the way that Tilson advocates. Instead, they are built on the notion that all charter school enrollments must be non-discriminatory, and based on lotteries in the case of over subscription.

Although most states require non-discriminatory, open enrollment, the ease with which diverse populations of students can access online schools is uncertain. Federal laws pertaining to students with disabilities are applicable to online charter schools, but few states have directly addressed how services will be provided to special education students and students with limited English proficiency in the online setting. Urgency to address these concerns comes from new evidence that special education enrollment rates in Pennsylvania’s online charter schools exceed enrollment rates in traditional public schools and are growing quickly. In Pennsylvania, special education enrollment in online charter schools grew by 23 percent from 2012-13 to 2013-14, relative to general enrollment (non-special education) growth of 2.4 percent for the online charter school sector.²⁸

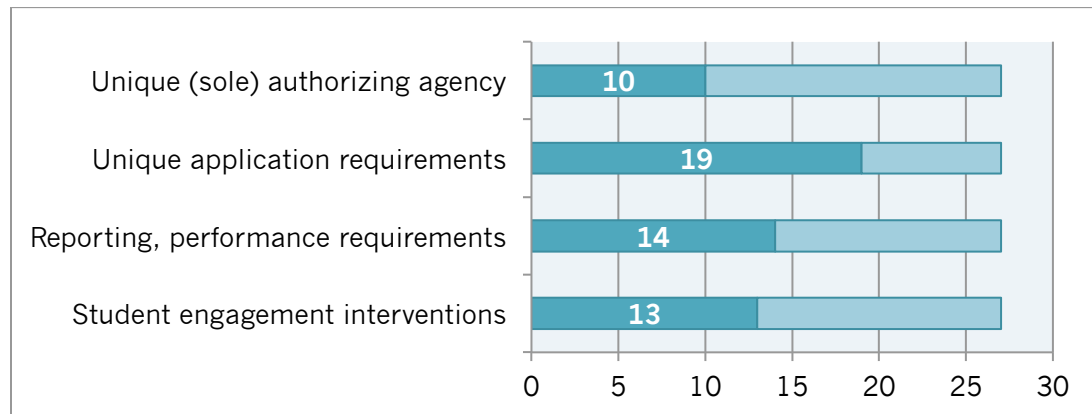
Access requirements. Beyond special education issues, students also need unlimited access to technology (computers and internet) to ensure they are able to fully participate in the online learning environment. Only nine states have built specific provisions into their charter laws to ensure that technology requirements are not onerous for low-income students.²⁹ In states without such provisions, the decision to provide students with a computer and/or internet reimbursement is made on a school-by-school basis. Online charter schools will not be a viable option for all students until state policy addresses the needs of diverse student populations.

Whether the laws provide for unique oversight and accountability

Charter schools are meant to live or die based on their performance. Each state’s charter law specifies how that will play out in terms of which government agencies can approve and oversee the schools, the application process, the ongoing oversight, and the decision about whether or not the school will be renewed.

Online charter schools pose some unique oversight challenges. For example, charter authorizers cannot easily visit or observe student-teacher interactions. Online schools may not fit easily into the standard charter application forms and screening procedures. On the back end, it may be difficult for authorizers to assess whether an online charter school is performing well. Because the student population is often transient (students may enroll for just a few months) and extremely diverse (many students drawn to online learning were struggling in previous settings), a charter authorizer may have a very difficult time assessing whether the school is adding significant value to merit renewal of the charter.

Figure 2. State Authorization and Oversight Requirements That Are Specific to Online Charter Schools



As depicted in Figure 2, a number of states have some accountability provisions specific to online charter schools. However, most are partial measures, addressing either the approval process or the reporting or oversight requirements, but not all. More than half—19 of the 27 states—have a special application process or additional application requirements and another 10 states have a special school approval route for online charter schools.³⁰ In Colorado, for example, applicants are required to outline a technology plan, along with how the technological infrastructure in place is capable of meeting school needs.³¹

In 19 states,^{32,33} authorizers are allowed to charge per-pupil oversight fees to the charter schools they oversee. Fees from large online schools can come to represent a large proportion of agency operating revenues and may create a disincentive to regulate and close consistently low-

performing online charter schools. The fee incentive is greater for large online schools, which not only generate very significant fees that support charter authorizer capacity but also pose an additional logistical problem: closure would create disruption for large numbers of students who may not be able to easily switch to another school. Some states have avoided this potential conflict of interest by funding authorizers with a separate stream of revenue, such as a line item in the state budget.

A few states—including Oklahoma, Colorado, and Maine—have separate, dedicated authorizers for online charter schools. Oklahoma’s Statewide Virtual Charter School Board is the sole authorizer of statewide online charter schools and centrally oversees operations of those schools. Colorado’s Charter School Institute is the sole authorizer for multi-district online charter schools. In 2014, the Colorado K-12 online education commission recommended that the department and the state board certify authorizers of multi-district online schools rather than directly certifying the schools themselves.³⁴ Recent legislation created a task force to “review best practices and policies for authorizing and administering multi-district online schools, to recommend to the state board quality standards...and to recommend...the regulatory and statutory changes that are necessary.”³⁵ ³⁶ Maine’s equivalent was quite active in rejecting online charter applications from passage of the law in 2011 until it approved the first online charter school in 2014. In 2015 the board approved two additional online charter schools, including Maine Virtual Academy, whose application was rejected the previous year in part due to concerns over the provider’s (K12 Inc.) performance in other states.³⁷ Prior to reapplying for approval in 2015, Maine Virtual Academy changed its business model to concentrate more power at the school board, rather than the provider, level. The school board will now be responsible for hiring teachers and providing back-office support, and the school will have a common building where all teachers will work.³⁸

Another 14 states have extra reporting requirements that online charter schools must fulfill (beyond the reporting requirements of brick-and-mortar charter schools), including extra authorizer oversight such as comparing and reporting on outcomes against goals during probationary periods and conducting annual student surveys (Arizona), verifying ongoing student attendance (Maine, Colorado), submitting annual reports detailing performance and enrollment data (Oklahoma), and reporting student teacher ratios (Utah) (see Figure 2). In 2011, Colorado relaxed its reporting requirements: online charter schools must now provide a comprehensive report every five years instead of annually. These reports detail achievement, growth, school level financials, and accountability.³⁹ Minnesota also has a three-year cyclical review process for approved online learning providers, although this is a requirement applicable to all online schools, not only charter schools.⁴⁰

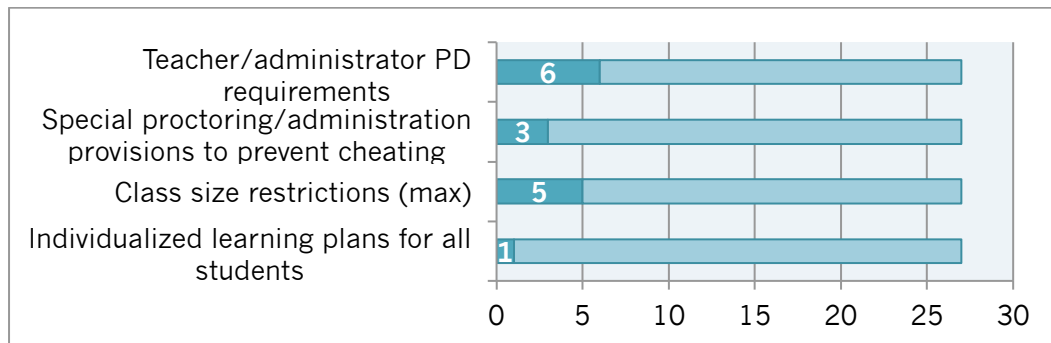
Another aspect of accountability is a safety net for students who fall behind (see student engagement interventions, Figure 2). This is a special concern for online charter schools, which usually rely extensively on “asynchronous” instruction that requires students to do their coursework independently and on their own time. Without specific monitoring provisions, a student who fails to make progress in online coursework may fall even farther behind peers in brick-and-mortar schools. Thirteen states have provisions specifying some degree of communication between teachers, students, and parents throughout the school year. Some of these provisions are more explicit in purpose, such as in Arizona, where, “If the academic achievement of a pupil declines...the pupil’s parents...teachers and the principal...shall confer to evaluate whether the pupil should be allowed to continue to participate in...online instruction.”⁴¹ Other states have a more general requirement regarding communication, most likely meant to ensure that parents are aware of student progress throughout the year.

Special requirements for curriculum and instructional programs

Charter school laws do not normally dictate instructional strategy or curriculum, but they often set parameters for staff qualifications, academic standards, and assessments. An online charter environment, however, may call for enhanced regulation over curriculum and instruction. Because students work offsite, there may be more potential for cheating and for students to become disengaged in their learning. The online forum may also make it more difficult for teachers to convey information and monitor student progress. Despite those challenges, states have very few additional requirements for online charter school curriculum and for the quality and quantity of instruction.

All states have requirements that all or a high percentage of online teachers be certified or that there be a certified “teacher of record” supervising each online classroom. These laws and regulations are likely meant to ensure that online classrooms are overseen by professionals, even if students are doing a significant amount of independent work. However, such provisions are often concessions to labor groups or in response to scandals, rather than intentional efforts to drive quality. And although many states focus on standard certification requirements, only six have provisions to require that teachers receive specialized professional development in online instruction.⁴² For the most part, states do not seem open to the idea of requiring teachers to certify or train beyond the minimum requirements for public schools.

Figure 3. State Requirements Related to Curriculum and Instruction in Online Charter Schools



To further protect the integrity of the learning environment, five states have imposed class size limits or restricted the number of students who can be overseen by one teacher (Figure 3).⁴³ North Carolina imposes a maximum ratio of teacher to students at 1 to 50, while in California online charter schools are capped at 25 students per class. It is unclear how the student-to-teacher ratios and class size limits are enforced.

All states have included specific language to require that online school curricula align with state standards and assessments. This may be in response to the fact that many online charter providers operate across many states with different learning standards.

Though most laws do not specify assessments beyond those that are required in all public schools, some state laws define special procedures, such as proctored exams, to guard against cheating in online charter schools. Only 3 of 27 state laws we analyzed have delineated requirements for proctored exams in online charter schools (see Figure 3). This is likely due to the fact that proctored exams are required elsewhere in the general education code and considered to apply to online charter schools as well. Some states may be creating specific requirements for online schools

as remote learning environments make it more difficult to monitor students during testing and may create more opportunity for cheating. The special requirements enacted by states may define where students need to take state assessments or who can proctor an exam (e.g., learning coach, parent, teacher).

As with other areas of charter law, authorizers can and sometimes do go beyond these requirements. Some online charter contracts specify what curriculum will be used and which policies a school will follow in providing instruction, discipline, and assessment for students.

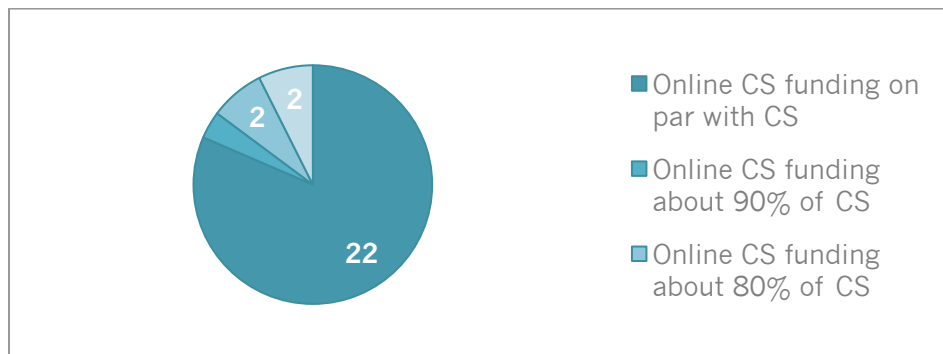
An important promise of online schooling is the ability to personalize education. Personalized learning means meeting students where they are, teaching them in ways suited to their learning styles and interests, giving students voice and choice over their learning plans, and advancing material after students demonstrate mastery over necessary competencies. California’s requirement that online schools create Individualized Learning Plans (ILPs) for every student is one approach to promoting personalized education by online educators. There was little other mention of personalization in the legislation we reviewed.

How online charters are funded

In 22 out of 27 states (82 percent), online charter schools are funded on par with brick-and-mortar charter schools (see Figure 4).⁴⁴ In states where online charter schools are funded at lower rates, their funding level ranged between 70 percent and 90 percent of charter school funding rates. A cost study performed by Augenblick, Palaich and Associates used professional judgment to compare the level of resources required to meet state academic standards in brick-and-mortar schools with online schools and found that online schools’ costs were between 93 percent and 98 percent of the cost of a traditional school.⁴⁵ Costs in most categories were quite similar across online and traditional schools. Three exceptions include technology costs, which are higher in online schools, and facilities and transportation costs, which are higher in traditional schools. It is important to note that these figures are drawn from a single study that has not been replicated. There are other methods of estimating costs, including those that rely on production functions, cost functions, and others that use evidence from causal studies.⁴⁶

In three states, we found funding provisions that apply only to online charter schools, which may or may not result in “on par” funding. Wisconsin allows funding levels for online charter schools to be negotiated by a student’s resident district and the charter provider. South Carolina funds online charter schools authorized by the state on par with charter schools, but funds online charter schools authorized by local districts at \$1,500 less per student. Iowa limits the amount of categorical aid sent to online charter schools, but does not limit aid to charter schools.

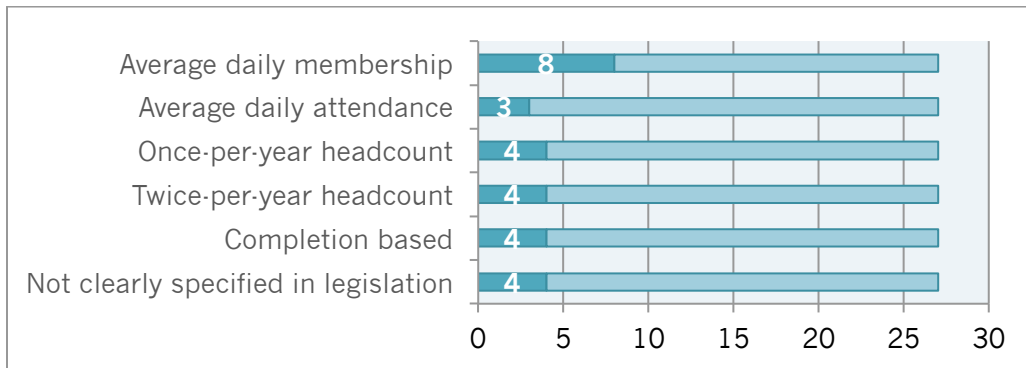
Figure 4. Distribution of State Funding Rates



Like other charter schools, online charter schools typically receive basic education funding through a per-pupil allocation. Twelve of the 27 states with operating charter schools specify that online charter schools will receive additional resources for serving students who are more costly to educate. Utah and Kansas have very clear formulas describing which student characteristics are weighted and by how much. Kansas is the only state to send more funding to online schools that serve higher *concentrations* of students that need extra supports.⁴⁷ While there is considerable empirical evidence that some students cost more to educate in brick-and-mortar schools, such studies have not been replicated for online education. States need evidence and guidance about effective online programs for economically disadvantaged and exceptional learners to inform their regulatory decisions and to allow them to provide appropriately differentiated funding.

States are all over the map when it comes to determining how and when students in online charter schools are counted for payment purposes (see Figure 5). Most states rely on traditional enrollment-based systems, such as average daily membership (ADM), average daily attendance (ADA), once-per-year headcounts, or twice-per-year headcounts. Eight states (Arizona, Arkansas, North Carolina, Ohio, Oregon, Pennsylvania, South Carolina, and Wisconsin) use ADM, which measures the number of students enrolled at various points throughout the school year. Three states (California, Idaho, and Texas) use ADA, which reduces aid for student absences. Four states (Colorado, Indiana, Kansas, and Nevada) use a single count or allotment system, which is inadvisable for highly mobile populations like those that comprise much of the enrollment of online charter schools. Four states (Georgia, Louisiana, Maine, and Michigan) count students twice per year. In four states (Illinois, Washington, D.C., New Mexico, and Oklahoma) the funding basis is not clearly specified in the legislation.

Figure 5. Basis for Determining Funding Levels for Online Charter Schools



There has been much discussion of innovative ways that online charter schools might be funded to incentivize new efficiencies and to provide assurance that public money is being well spent.⁴⁸ Online charter schools are seen as an area to experiment with new funding approaches that reward outputs instead of inputs. There is an emerging effort in four states (Florida, Minnesota, New Hampshire, and Utah) to experiment with completion-based funding systems.⁴⁹

There is a lot of variation across states in how their completion-based funding models operate (see Table 1). 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, two states require students to complete the course before the school is eligible to receive payment.

Table 1: Competency-Based Funding System Attributes for Online Charter Schools in 4 States

State	Standard	Who determines successful completion	Partial payments
New Hampshire	Competencies mastered	Teacher	Yes
Florida	Pass end-of-course exam	State	No
Minnesota ⁵⁰	Course completions	State	No
Utah ⁵¹	Credit registration/credit earned	State Board of Education	Yes

Little is known about the impact that completion-based funding has on schools and students.⁵² In some models, lost revenue is not easily measured. Further, when it comes to lost revenue, motivational factors may differ depending on whether the model is for-profit or nonprofit. Our analysis finds that completion-based funding systems reduced the total amount of funding received by online charter schools in New Hampshire and Florida. According to data provided to us by Connections Academy, each full-time student enrolled in Florida is funded at a rate of \$5,145, but only if they successfully complete every course. Actual revenue per student, taking into account lost funding for students who failed to complete courses, was \$4,448—a 14 percent reduction. An administrator from the Virtual Learning Academy Charter School in New Hampshire indicated that actual revenue is about 9 percent lower than the state’s per-student allocation because not all students master competencies at the same pace.

Since the New Hampshire model is based on students choosing a pace of learning that best meets their academic and personal needs, it tends to be the case that Virtual Learning Academy will eventually “earn” all of the funding that is available to them. In the case of a student that requires additional time to achieve competency, some of the 9 percent loss is earned in the next fiscal year as a student continues to work. On the other hand, when students master competencies at an accelerated pace, the school qualifies for funding sooner.⁵³ Whether completion-based funding systems will motivate online charter schools to improve instruction and increase completion rates remains an important question for future research. It will also be interesting to see whether New Hampshire’s soft approach and Florida’s hard approach produce different results.

Online charter spending provisions

Online school providers prefer to have full discretion over how they spend their public dollars, and for the most part they do. But some states restrict their spending in direct or indirect ways. Most commonly, these restrictions relate to teacher compensation, benefits, and staffing ratios. California requires online charter schools to spend 80 percent of public revenues on instruction and 40 percent on certificated staff salary and benefits. Ohio has extensive rules requiring online charter schools to spend 75 percent of funds on 13 approved expenditure categories, including curriculum, instruction, supplies, and instruction-specific equipment. Eight states require teachers in both brick-and-mortar charter schools and online charter schools to participate in the state teachers pension system.

Presumably, these requirements are meant to ensure that online funds primarily go to instructional purposes and may be in response to concerns about the incentives of for-profit providers. In some cases, however, the restrictions may be economically motivated. Florida, for example, requires 50 percent of funds allocated for equipment to be purchased from state-approved vendors, presumably to help create and take advantage of economies of scale with purchasing budgets. In

other cases, ensuring equality of access may motivate policymakers. Six states require online charter schools to provide computer hardware, software, and Internet connectivity for some of their students, which is meant to ensure equal access for students.

Trends in Policy

The majority of charter school laws were passed in the late 1990s and early 2000s. Online charter schools were not even contemplated by the original legislation, so most legal provisions specific to online charter schools have been passed in response to lobbying or were reactions to problems that have arisen in online charter schools.

These amendments to state law have been periodic and rare. However, legislative activity is heating up in response to the perceived lack of quality, accountability, and transparency in online charter schools.

Operating Restrictions. In the past few years, five states (Illinois, Arizona, Texas, Ohio, and Pennsylvania) have either proposed or passed legislation to restrict the number of online charter schools allowed to operate in the state. In April 2013, Illinois passed a one-year moratorium on new online charter schools outside of Chicago, while directing the state charter school commission to study issues such as cost and student performance.⁵⁴ The state charter school commission suggested several modifications to the charter law and recommended extending the moratorium until the end of 2016.⁵⁵ Illinois has yet to take action on these recommendations. In early 2014, the Pennsylvania Department of Education denied all six online charter school applications in the state, noting application deficiencies in assessment and accountability, governance, technology, curriculum, finance, professional development, and special education.⁵⁶

Authorizer Oversight. While many states have specific application requirements for online charter school providers, there is not much evidence that online charter authorizers are reviewed and held accountable on a consistent basis. States are beginning to deal with this issue, some in more methodical ways than others. As already mentioned, in Colorado, a task force recently recommended quality standards and best practices related to the certification of authorizers for multi-district online charter schools. Meanwhile, in Ohio it has come to lawmakers' attention that authorizers have not been graded based on the performance of their online charter schools. Authorizers could be given an academic rating of 100 percent and an overall rating of "exemplary" even though they oversaw online charter schools that received an 'F' grade for performance.⁵⁷ Since this has come to light, many are calling for the resignation of Superintendent Richard Ross, who has since promised to change the system and include online charter schools in performance grades for future years.⁵⁸ Other issues with online charter schools, such as "authorizer shopping" (where charter schools that are about to be closed find another authorizer that is willing to assume oversight and keep them open) are occurring with some frequency and are causing policymakers concern.⁵⁹ It is yet to be seen how other states will address these problems.

Policy on For-Profit Providers. In other cases, states have taken action to sever ties with for-profit providers, such as K12 Inc., due to perceived resource mismanagement and poor performance. K12 Inc., the largest for-profit online school provider, served more than one-third of all online school students in the United States and made profits in excess of \$45 million in 2013.⁶⁰ In the 2010-2011 school year, only 27.7 percent of K12 Inc.-operated schools across the nation met the Adequate Yearly Progress standard, below the 52 percent average of brick-and-mortar public schools.⁶¹ In April 2014, New Mexico Attorney General Gary King issued an opinion that K12 Inc. could not operate for-profit charter schools in the state, even under contract with a nonprofit board.

Judgments on Online Charter Quality. Also in April 2014, the National Collegiate Athletic Association decided it would no longer accept coursework from 24 online charter schools that use K12 Inc.'s online curriculum. Overall, state policymakers seem increasingly concerned over the perceived poor performance of for-profit providers. Pennsylvania has been at the forefront of the effort to regulate for-profit education management organizations but has of yet failed to pass legislation which would increase expenditure transparency and monitor enrollment reporting.⁶²

We saw no direct cuts to online charter school funding, but determined that there are plenty of new regulations that affect online charter school revenues. Colorado changed the way it counts online students, from enrollment once per year to monthly counts, which reduced overall allocations. Florida recently started funding online charter schools based on course completion, effectively reducing overall online charter school funding by \$700 per enrolled student.

Studies to Inform Policy. There is clearly increased policy interest in finding ways to use technology to increase school productivity and student learning. However, very few states have programs (other than reporting requirements) in place to assist in understanding what works in regard to online charter schooling and to build successful policy environments. At least five states (Colorado, Illinois, Maine, North Carolina, and Michigan) have studied or are currently studying and making policy recommendations regarding online school accountability and governance issues to inform future legislation.⁶³ It is yet to be seen how these studies may affect the online charter school policy landscape.

There is evidence that states are learning from their own experience and the experience of others. Many states—such as Ohio and Pennsylvania—that enabled online charter school growth early are attempting to clamp down on them today, presumably to ensure quality by managing expansion. In North Carolina, where online charter schools are permitted but not yet in operation, the State Board of Education agreed on an application process and timeline for an online charter school program. It took some time as the board grappled with what additional regulations should be placed on those schools. The first two schools were finally approved in early 2015 and opened for the 2015-16 school year; they will operate as four-year pilot programs.⁶⁴

In Illinois, the Charter School Commission acknowledged the need for online charter schools as more accessible alternatives for children across the state. The commission noted that significant changes should be made to state policies to address the lack of an appropriate oversight structure. As such, they recommended that the moratorium on online charter schools be extended until December 31, 2016. This is one of the few instances where a state issued an all-out ban on opening new schools for several years in order to ensure that existing laws and administrative rules reflect the unique characteristics of online charter schools. Illinois, a state with almost no online charter school enrollment, could become one of the few states with a comprehensive online charter school regulatory system if the General Assembly modifies charter school law in accordance with the recommendations issued in the report, and if sufficient resources are made available to implement new rules and processes.⁶⁵

There will surely be further attempts by state policymakers to regulate online charter schools, and vigorous attempts by online school providers to fight that regulation. There is much need for sensible policies that address legitimate concerns such as accountability, governance, instructional quality, and funding, without needlessly restricting online charter school autonomy and growth.

Looking Forward: Ways That States Could Improve the Regulatory Environment for Online Charter Schools

Our analysis shows that few states have created intentional and robust regulatory environments for online charter schools. For the most part, online charter schools have been squeezed into a more generic charter school regulatory framework that may not suit them. As a result, attempts by states to deal with very specific issues around enrollment, accountability, the educational program, and funding have been largely reactive and piecemeal, resulting in uneven policies that do not always serve the best interests of the students, schools, or states. Most charter laws are not designed to address the unique challenges posed by online charter schools, which differ from brick-and-mortar schools in important ways including school accountability, student assessment, funding, and enrollment.⁶⁶

There are a few issues in particular that are missed opportunities in current charter law: data transparency and accountability, innovative funding models, and customized enrollment policies.

Data transparency and accountability. While some state laws impose extra oversight and additional reporting requirements on online charter schools, few require them to provide detailed data (above what's required for all charter schools) on student attendance, progress, performance, and enrollment. Imposing additional data reporting requirements may make sense given the high risk of disengagement among online charter students. Moreover, online schools already track and collect such data, and the information could allow authorizers to much more effectively monitor the schools' attendance and enrollment trends and performance.

Students in online charter schools are subject to state assessments, but these assessments usually only take place once a year on a schedule that may not align with the nontraditional, fluid nature of an online charter school. Moreover, students enrolling in online charter schools may have unique academic needs. Online schools could be required to create a supplemental and comprehensive pre- and post-course assessment plan that demonstrates how they intend to measure individual student performance and growth within a given period of time.

Experimentation in funding. The online charter school sector gives states an opportunity to innovate not only the way students are educated, but also the way schools are funded. A few states are taking advantage of the opportunity to pilot test new funding policies, like completion-based funding. States that couple their pilot tests with high-quality evaluations will be able to make evidence-based decisions about the expansion of novel funding retimes. Because there is little empirical evidence about the impact that completion-based funding has on equity and productivity, states that share their results will be providing valuable information to other states to inform the design of their online school funding formulas. While the policy experimentation is underway in a handful of states, we found no evidence of high-quality evaluation efforts of these pilot funding schemes at this time.

Cost savings are one factor responsible for online charter school growth in some states. Indeed, it may be possible to virtually educate some students to the state standards for less money (on the assumption that online schools cost less to operate or that families will bear the cost of technology infrastructure and other costs). But a reduction in per-student funding would create a funding disparity between the online and brick-and-mortar sectors in states with an input equity standard. States could avoid this inequity trap by funding all students at the same (weighted) level, but encouraging online charter schools to compete for students on the price of tuition. When students enroll in online schools with tuition rates less than the state's per-student allocation, states can

place the surplus funds into a personalized learning savings account to be invested by students and families on education-related expenses, including higher education.

Cost savings are difficult to realize when states hold school districts harmless for students that enroll in online charter schools by funding the student twice—in their home district and at the online charter school. The advantage of this funding approach is that it reduces district resistance to online charter schools. The disadvantages include the increased cost of the program and the resulting funding disparities that it creates between districts. Pennsylvania recently discontinued this policy, but this perverse funding arrangement was likely a contributing factor in explaining why Pennsylvania is second only to Ohio in terms of online charter school enrollment. In New Hampshire, districts are held harmless for students who enroll in supplemental courses.⁶⁷

Customized enrollment. Online charter schools present an important opportunity for educating students who seek alternatives to the traditional school model. Students may seek out online schools to catch up on credits, to participate in other rewarding activities that conflict with normal school hours, to accelerate the pace of learning, or to find a more comfortable fit. Online schools are not for all students, yet state policies tend to limit online charter schools' ability to restrict enrollment or impose admission requirements. Without transparency about requirements and expectations, students ill-equipped to succeed in the online school environment can enroll, with little consequence or accountability at the school level when the student falls behind or drops out. State policies could eliminate open enrollment requirements and require schools to establish criteria for admission in order to ensure quality and effectiveness. Online charter schools could also be required to provide information to prospective students and parents, while assessing early progress and implementing an intervention plan for enrolled students who fall behind. If the state's commitment to making online charter schools open to all precludes the use of enrollment criteria, online charter schools should operate under enrollment caps to manage growth early on and ensure that they have adequate personnel and resources to provide the support necessary for students with special education needs.

Innovation is useful only when paired with high-quality research and evaluation so that we can learn what works and how. Our broader study, conducted in partnership with Mathematica Policy Research and CREDO at Stanford, seeks to learn whether the major variations in state law that we identify in this report influence online charter school outcomes.

State leaders need not wait, however, for analysts to identify all the possible influences on online charter school outcomes. They can look to states such as North Carolina and Illinois, who have commissioned studies and issued detailed findings and recommendations for statutory changes.⁶⁸ They can also take note from Colorado, which has a well-defined framework for online charter schools,⁶⁹ and Maine, where the charter school commission has delineated specific requirements in its contracts with online charter school operators, such as having the school board, rather than the operator, hire teachers and administrators.⁷⁰ Other states such as Arizona have central online instruction programs (Arizona Online Instruction) that serve as resources for online providers and students, including those in the charter sector.⁷¹ The Wisconsin Department of Public Instruction is developing the WISELearn Digital Content Project that is "designated to coordinate a process in which educators identify and organize high-quality digital resources."⁷² Within WISELearn there is a specific community dedicated to online, blended, and charter programs. These centralized programs may make it easier to pool resources, monitor enrollment and performance data, and provide cohesive professional development opportunities for teachers across the state. Lawmakers should identify ways to build and scale a vibrant and effective online charter school sector by increasing accessibility for students with particular needs, by tracking student performance and

expanding programs that work, by developing targeted accountability measures to ensure swift closure when programs fail, and by creating customized funding models that can maximize the public return on investment in online programs.

Many states have unique legal requirements related to online charter authorizing, reporting, and operating, but no single state has a complete and robust legal framework for online charter schools. Therefore, we believe states could benefit from a model law that draws the best statutory language across the country together so that states can begin to update their laws in ways that increase the focus on quality and outcomes without unnecessarily impinging on online charter autonomies. The development of such a model law is beyond the scope of this paper as it would have to include interviews with policymakers and practitioners to determine how these laws are playing out on the ground. Barring model legislation, policymakers can look to states like Arizona, Colorado, Florida, North Carolina, and Oklahoma. These states have created a mix of strong central online programs, commissioned comprehensive studies, developed detailed contracts with online charter operators, or put in place other unique and proactive provisions for online charter schools.

Given the distinct characteristics of the online learning environment and the students who attend, states should consider creating a new regulatory framework specifically for online charter schools, rather than having them operate as conventional charter schools.

Appendix I

I. State Law Resources

ARIZONA	<ul style="list-style-type: none"> • ARS 15-808 http://www.azleg.gov/FormatDocument.asp?inDoc=/ars/15/00808.htm&Title=15&DocType=ARS • SB 1293: http://www.azleg.gov/legtext/51leg/1r/laws/0105.pdf
ARKANSAS	<ul style="list-style-type: none"> • Act 2325 (2005): http://www.arkansased.org/public/userfiles/Learning_Services/Digital_Learning/Act2325.pdf • Act 1280 (2013): http://www.arkansased.org/public/userfiles/rules/Current/Digital_Learning_Rules_Emergency_Adoption_for_Posting_February_2014.pdf • Act 1309 (2009): ftp://www.arkleg.state.ar.us/acts/2009/Public/ACT1309.pdf • SB 233/Act 1309 (2013): ftp://www.arkleg.state.ar.us/acts/2013/Public/ACT1309.pdf • AR Dept. of Ed rules governing distance learning: http://170.94.37.152/REGS/005.15.12-001F-12833.pdf
CALIFORNIA	<ul style="list-style-type: none"> • Independent study regulations: http://www.cde.ca.gov/sp/eo/is/legal.asp • SB 185 (2013): http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201320140SB185 • Nonclassroom-Based Instruction & Funding Determination: http://www.cde.ca.gov/sp/cs/as/nclrbifunddet.asp
COLORADO	<ul style="list-style-type: none"> • CDE website: http://www.cde.state.co.us/onlinelearning/events.asp • CDE online and blended learning resources: http://www.cde.state.co.us/onlinelearning/resources • CRS 22-30.7: http://www.leg.state.co.us/clics/clics2007a/csl.nsf/fsbillcont3/E4DFB9DF18308CC487257251007C783E?Open&file=215_enr.pdf • June 2014 amendments to CRS 22-30.7: http://www.leg.state.co.us/clics/clics2014a/csl.nsf/fsbillcont/840DD0A29E48BBF687257CA6005CE629?Open&file=1382_enr.pdf
FLORIDA	<ul style="list-style-type: none"> • FL DOE: http://www.fldoe.org/Schools/virtual-schools/LegLawsVirtEdu.asp • 2013 Florida Statutes 1002.45 (Virtual Instruction programs) http://www.leg.state.fl.us/Statutes/index.cfm?App_mode=Display_Statute&Search_String=&URL=1000-1099/1002/Sections/1002.45.html • 2013 Florida Statutes 1002.33 (Charter Schools) http://www.leg.state.fl.us/Statutes/index.cfm?App_mode=Display_Statute&Search_String=&URL=1000-1099/1002/Sections/1002.33.html • HB 7029: http://www.myfloridahouse.gov/Sections/Documents/loaddoc.aspx?FileName=_h7029er.docx&DocumentType=Bill&BillNumber=7029&Session=2013
GEORGIA	<ul style="list-style-type: none"> • Charter schools act of 1998: http://archives.gadoe.org/DMGetDocument.aspx/TITLE%2020%20Charter%20Schools%20Act%20of%201998%20as%20Amended%20July%202009.pdf?p=6CC6799F8C1371F6EAA2AF24ACB0BEB5871519FA348829658DA33163C3678F8&Type=D • SB610 (amendment to charter school law allowing for online charter schools): http://www.legis.ga.gov/Legislation/20052006/64627.pdf

IDAHO	<ul style="list-style-type: none"> Idaho Public Charter School Law Title 33 Chapter 52: http://www.legislature.idaho.gov/idstat/Title33/T33CH52.htm 2013 amendments to Public Charter School Law: http://www.legislature.idaho.gov/legislation/2013/H0221.pdf
ILLINOIS	<ul style="list-style-type: none"> HB 494 http://ilga.gov/legislation/fulltext.asp?DocName=&SessionId=85&GA=98&DocTypeI d=HB&DocNum=494&GAID=12&LegID=70518&SpecSess=&Session= Virtual schooling report & recommendations: http://www.isbe.state.il.us/%5C/SCSC/pdf/vsag-final-report.pdf
INDIANA	<ul style="list-style-type: none"> IC 20-24 (Charter school law): http://www.in.gov/legislative/ic/2010/title20/ar24/ IC 20-24-7-13 (Virtual Schools Education Code): http://codes.lp.findlaw.com/incode/20/24/7/20-24-7-13 Virtual charter schools (512 IAC): http://www.in.gov/legislative/iac/T05120/A00020.PDF HB 1002 (2011): http://www.in.gov/legislative/bills/2011/HB/HB1002.2.html
KANSAS	<ul style="list-style-type: none"> Virtual schools act: http://kansasstatutes.lesterama.org/Chapter_72/Article_37/#72-3701 Charter law: http://www.kslegislature.org/li_2012/b2011_12/statute/072_000_0000_chapter/072_019_0000_article/ Kansas Charter and Virtual Education Advisory Council: http://www.ksde.org/Portals/0/TLA/Graduation%20and%20School%20Choice/Charter-Virtual%20Advisory%20Council/KS%20Charter%20and%20Virtual%20Advisory%20Council%20Bylaws.pdf
LOUISIANA	<ul style="list-style-type: none"> Charter school law: http://www.louisianaschools.net/lde/uploads/17768.pdf Bulletin 126 (rules governing implementation of charter school law): http://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=4&ved=0CDoQFjAD&url=http%3A%2F%2Fdoa.louisiana.gov%2Fosr%2Fflac%2F28v139%2F28v139.doc&ei=hK7OU_qVFMP5oAT4-oKIAg&usg=AFQjCNHJ5rTB1ooxqz9ZRN_MCiGqH2sKgg&sig2=Qbvw3EXTcogF0MrD5X2SMQ&bvm=bv.71447997,d.cGU HB 1 (Act 14), education funding \$3 million to LA Virtual Charter School: http://www.legis.la.gov/legis/ViewDocument.aspx?d=853237&n=HB1%20Enrolled
MAINE	<ul style="list-style-type: none"> Maine Revised Statutes 20-A, Part 2, Chapter 112: http://www.mainelegislature.org/legis/statutes/20-A/title20-Asec2401.html Rules re: implementation of Title 20-A, chapter 112 (select chapter 140): http://www.maine.gov/sos/cec/rules/05/chaps05.htm
MICHIGAN	<ul style="list-style-type: none"> Public Act 205 (2009): https://www.legislature.mi.gov/documents/2009-2010/publicact/pdf/2009-PA-0205.pdf Public Act 129 (2012): http://www.legislature.mi.gov/documents/2011-2012/publicact/pdf/2012-PA-0129.pdf HB 4328 (2013/2014 budget bill): http://www.legislature.mi.gov/documents/2013-2014/publicact/pdf/2013-PA-0059.pdf
MINNESOTA	<ul style="list-style-type: none"> Charter school law (124D.10, 2013 Minn. Statutes): https://www.revisor.mn.gov/statutes/?id=124d.10 Minnesota Statutes 124D.095 (2009), Online Learning Option Act: https://www.revisor.mn.gov/statutes/?id=124d.095, amendment: https://www.revisor.mn.gov/bin/bldbill.php?bill=S1528.3.html&session=ls87 Minnesota Dept. of Ed Online learning page: http://education.state.mn.us/MDE/StuSuc/EnrollChoice/Online/

NEVADA	<ul style="list-style-type: none"> • Charter school law - NRS CH. 386: http://www.leg.state.nv.us/NRS/NRS-386.html#NRS386Sec490%09 • Distance education overview (NRS 388 and NAC 388): http://cteae.nv.gov/Adult_Education/Distance_Education/ • SB58 (2013) changes to distance education: http://legiscan.com/NV/text/SB58/id/857709/Nevada-2013-SB58-Enrolled.pdf
NEW HAMPSHIRE	<ul style="list-style-type: none"> • Distance education rules: http://www.nheon.org/oet/tpguide/Ed306.22.htm • Chartered public schools law, 194-B: http://www.gencourt.state.nh.us/rsa/html/xv/194-b/194-b-mrg.htm • HB688 amendment to charter school law: http://www.nhliberty.org/bills/view/2009/HB688 • HB 2 (2013): http://legiscan.com/NH/text/HB2/2013 • SB48 (2013): http://legiscan.com/NH/text/SB48/2013
NEW MEXICO	<ul style="list-style-type: none"> • 6.30.8 NMAC (Distance Learning): http://www.nmcpr.state.nm.us/nmac/parts/title06/06.030.0008.htm • Charter Schools Act, Ch. 22 Art. 8B: http://law.justia.com/codes/new-mexico/2011/chapter22/article8B/ • Charter Schools Application and Appeal Regulation (NMAC 6.80.4): http://www.nmcpr.state.nm.us/nmac/cgi-bin/hse/homepagesearchengine.exe?url=http://www.nmcpr.state.nm.us/nmac/parts/title06/06.080.0004.htm;geturl;terms=charter school act
NORTH CAROLINA	<ul style="list-style-type: none"> • Virtual Charter SBE Policy: http://ncpubliccharters.org/virtual-charter-sbe-policy/ • Charter school legislation (115C-238.29A): http://www.ncpublicschools.org/charterschools/policy/legislation/
OHIO	<ul style="list-style-type: none"> • ORC 3314 (“eCommunity” schools): http://codes.ohio.gov/orc/3314
OKLAHOMA	<ul style="list-style-type: none"> • OKC Charter School Act: http://ok.gov/sde/sites/ok.gov.sde/files/documents/files/CharterSchAct.pdf • HB1071: http://www.ecs.org/ecs/ecscat.nsf/2d31bcd4432fdea586256cb0007602f4/d827eda7e0993f7487257b55005e683a?OpenDocument • SB 169: http://webserver1.lsb.state.ok.us/cf_pdf/2013-14%20FLR/SFLR/SB169%20SFLR.PDF • Administrative [emergency] rules re: statewide virtual charter schools: <ul style="list-style-type: none"> ○ http://ok.gov/sde/sites/ok.gov.sde/files/documents/files/777-10-1-2%20Proposed%20Text.pdf ○ http://ok.gov/sde/sites/ok.gov.sde/files/documents/files/777-10-3-5%20Proposed%20Text.pdf ○ http://ok.gov/sde/sites/ok.gov.sde/files/documents/files/777-10-5-3%20Proposed%20Text.pdf • Administrative [permanent] rules re: statewide virtual charter schools <ul style="list-style-type: none"> ○ http://ok.gov/sde/sites/ok.gov.sde/files/documents/files/777-10-3%20Proposed%20Text%20%28Adoption%29.pdf

OREGON	<ul style="list-style-type: none"> • ORS Chapter 338 (Public Charter Schools): https://www.oregonlegislature.gov/bills_laws/lawsstatutes/2013ors338.html • ORS 342.173 (teacher licensing): http://www.leg.state.or.us/09reg/measpdf/sb0700.dir/sb0767.intro.pdf • HB 3093: https://olis.leg.state.or.us/liz/2013R1/Measures/Text/HB3093/Enrolled • Oregon Public Charter School Handbook: http://www.google.com/url?sa=t&rc=j&q=&esrc=s&source=web&cd=2&ved=0CEAQFjAB&url=http%3A%2F%2Fwww.ode.state.or.us%2Fopportunities%2Fgrants%2Fnc lb%2Ftitle_v%2Fb_charterschools%2Ffinal5-23-2013csphandbook.docx&ei= DIDQU_rNCem1iQKmlIDoBg&usg=AFQjCNEewdfgtlmw7jW74NDm-99mazNCrQ&sig2=Eq52DfWnULP8gfMa_VKn8Q • Virtual Charter School Enrollment Appeals Process: http://www.ode.state.or.us/opportunities/grants/nclb/title_v/b_charterschools/2014odevirtualcse nrollmentappeal.doc
PENNSYLVANIA	<ul style="list-style-type: none"> • Charter (including virtuals) Regulations: http://www.portal.state.pa.us/portal/server.pt/community/charter_school_regulations/7359 • Act 88 (2002): http://www.legis.state.pa.us/cfdocs/legis/li/uconsCheck.cfm?yr=2002&sessInd=0&act=88
SOUTH CAROLINA	<ul style="list-style-type: none"> • South Carolina Virtual School Program (59.16): http://www.scstatehouse.gov/code/t59c016.php • Charter schools (59.40): http://www.scstatehouse.gov/code/t59c040.php
TEXAS	<ul style="list-style-type: none"> • State virtual school network: http://www.statutes.legis.state.tx.us/SOTWDocs/ED/htm/ED.30A.htm • Charter laws, rules, regs: http://www.tea.state.tx.us/index2.aspx?id=398 • Overview of TX Virtual School Network: http://www.tea.state.tx.us/index2.aspx?id=4840 • TX ED Code. S. 26.0031: http://codes.lp.findlaw.com/txstatutes/ED/2/E/26/26.0031
UTAH	<ul style="list-style-type: none"> • Statewide Online Education Program overview: http://schools.utah.gov/edonline/default.aspx • Utah Admin Code R277 http://www.rules.utah.gov/publicat/code/r277/r277.htm • HB 393 (Competency based education): http://le.utah.gov/~2013/bills/hbillenr/hb0393.pdf • SB 82: http://le.utah.gov/~2013/bills/sbillint/sb0082s01.pdf
WASHINGTON, DC	<ul style="list-style-type: none"> • Public Charter school policies: http://dcregs.dc.gov/Gateway/ChapterHome.aspx?ChapterNumber=5-E9
WISCONSIN	<ul style="list-style-type: none"> • WI Leg. CH. 118 S. 40: https://docs.legis.wisconsin.gov/statutes/statutes/118/40 • 2007 Wisconsin Act 222 (response to Dec. 2007 Court of Appeal decision finding virtual schools violated state law): http://docs.legis.wisconsin.gov/2007/related/acts/222.pdf • 2013 Wisconsin Act 20: http://www.wasb.org/websites/legal/File/new-laws/NL2013_020.pdf • Informational paper on WI Charter Schools (Jan. 2013): http://legis.wisconsin.gov/lfb/publications/Informational-Papers/Documents/2013/28_Charter%20Schools.pdf • WI 2 year state budget (AB 40): http://legiscan.com/WI/text/AB40/id/752751/Wisconsin-2013-AB40-Introduced.pdf

Appendix II

II. Major Laws Passed – Chart pulled from Education Commission of the States (ECS) State Policy Database, retrieved June 1, 2015

DATE	STATE	TITLE	SUMMARY	SOURCE
5/1/15	Oklahoma	Statewide Virtual Charter School Board Revolving Fund	Creates the Statewide Virtual Charter School Board Revolving Fund. Specifies sources of funds and provides for expenditures.	S. B. 505
4/1/15	Arizona	Allow Charter Authorizers to Sponsor Arizona Online Instruction Programs	Authorizes any state-approved charter authorizer to sponsor a charter school to be an Arizona Online Instruction course provider or online school.	S. B. 1117
9/29/14	California	Independent Study Average Daily Attendance for Virtual Charter Students	Until January 2018, authorizes a virtual charter school to claim independent study ADA for a pupil who is enrolled in the school and moves to a residence located outside of the geographic boundaries of the virtual charter school.	A. B. 2007
8/26/14	Illinois	Cyber Charters	Amends definition of “virtual schooling” as it applies to charter schools. Extends moratorium on the establishment of virtual charter schools outside Chicago through Dec. 31, 2016.	H. B. 3937
6/5/14	Colorado	K-12 On-line Education	Amends definitions of “on-line program” and “on-line school” and clarifies requirements for documenting student attendance and participation in an on-line program or school. Directs the commissioner of education to appoint task force to make recommendations on quality standards and practices for authorizers of multi-district online schools and the necessary regulatory/statutory changes to stop certifying multi-district on-line schools and start certifying authorizers of those schools. Pilot program to address specified issues in providing on-line education.	H. B. 1382
5/12/14	Oklahoma	Charter School Amendments	Requires the governing boards of charter schools to prepare a statement of actual income and expenditures for the fiscal year. Virtual education providers and school districts with which they contract are required to identify full-time virtual students who do not live in the physical boundaries of the district.	S. B. 1461
4/21/14	Kansas	Virtual Schools Performance Audit	The Division of Post Audit is required to conduct a performance audit of virtual schools/programs and their funding.	H. B. 2506

7/1/13	North Carolina	Study Virtual Charter Schools	Directs the State Board of Education to study and recommend rules or statutory modifications for the authorization and oversight of virtual charter schools.	S. B. 402
6/30/13	Wisconsin	Virtual School Teacher Requirements	Prohibits requiring professional development for a licensed teacher teaching in a virtual charter school that would not otherwise be required or someone teaching outside of a virtual charter school.	Act 20 – Sections 1757, 1808, 1879
5/24/13	Illinois	Virtual Charter Schools	One-year moratorium (April 2013-14) on the creation of virtual charter schools in districts other than Chicago. Does not apply to virtual charter schools established prior to April 1, 2013.	H. B. 494
6/8/12	Oklahoma	Virtual Charter Schools	Creates the Statewide Virtual Charter School Board. Board will be the governing body of statewide virtual charter schools and receives state aid allocations generated by students enrolled in the full-time statewide virtual charter schools.	S. B. 1816
5/4/12	Michigan	Cyber Schools	Regulates enrollment numbers statewide, permits schools to operate outside of district boundaries, limits the number of schools that can be authorized by each authorizer, requires reporting on enrollment, parent student orientations, and per-pupil costs.	S. B. 619
5/3/12	Georgia	Charter Schools and State Oversight	Revises provisions related to GA Charter Schools Commission. Allows commission to approve state charter schools with statewide attendance zone. Reporting requirements for all approved state charter schools. Provides funding for charter schools offering virtual instruction.	H. B. 797
7/7/11	Oregon	Virtual Charter Schools	Requires virtual charter schools to have at least 95% of school’s instructional hours taught by licensed teachers; specified separation between sponsoring school district board, virtual charter school, and third party educational service companies. Permits students to enroll in virtual charters without district approval, unless more than 3% of students from student’s school district are enrolled in virtual charter schools not sponsored by the school district.	H. B. 2301

6/30/11	Ohio	Enrollment in, State Payments for Student in Cyber Charters	Beginning in 2011-12 SY, any student who completed the prior year in a virtual charter school must be considered to be enrolled in the same school in the subsequent year until enrollment has ceased according to statute. The department will continue to subtract and pay for amounts for that student at the start of the subsequent year. If a student fails to participate in the first 105 consecutive hours of learning offered, the student will be considered not to have re-enrolled for that school year and the department must recalculate payments to the school accordingly.	H. B. 153
6/30/11	Ohio	Community Schools (Miscellaneous)	Provisions pertaining to challenged school districts and community schools. Repeals provision requiring the sponsor of an internet or computer based school to be located or have representatives within 50 miles of the school's base of operation.	H. B. 153
6/30/11	Ohio	Internet and Computer Based Community Schools	Limits the opening of new internet or computer based community schools until January 2013 unless the school was open for instruction as of May 1, 2005. Effective January 2013, up to five new internet or computer based community schools may open each year. By July 1, 2012, the director of the governor's office of 21st century education and the superintendent of public instruction must develop standards for the operation of internet or computer based community schools. All internet or computer based schools must comply with these standards if they are adopted by January 2013; if they are not adopted by then, each school must comply with the standards developed by the international association for K-12 online learning.	H. B. 153
6/2/11	Florida	Digital Learning Now Act	Creation of Digital Learning Now Act. Authorizes the establishment of virtual charter schools. Includes funding and accountability requirements and redefines FTE student for purposes of virtual instruction. Requires the DOE to issue a report identifying and explaining the best methods for increasing student access to digital learning. Provides that all statewide end of course assessments be administered online by the 2014-15 school year.	H. B. 7197

5/1/11	Indiana	Virtual Charter Schools	Beginning with the 2011-12 SY, a virtual charter school can apply for sponsorship with a statewide sponsor. Changes to the virtual charter school formula from 80% of the statewide average basic tuition support to 80% of the state foundation amount times the virtual charter school's complexity index.	H. B. 1001
6/12/10	Oklahoma	Testing for Online Courses or Programs	Allows for the provision of alternative testing locations at geographically dispersed sites when the student is enrolled in an online course or program that is not the district of residence. At a minimum, the schools shall not provide less than six alternative testing locations, with at least one in each quadrant of the state and in each of the two metropolitan areas in the state.	S. B. 2318
4/26/10	Arizona	Charter School Fees	Charter schools amending their contracts to participate in an Arizona Online Instruction program are charged a processing fee. Establishes the continuously appropriated charter online instruction processing fund; provides that the state board use the funds only for the processing of contract amendments for charter schools participating in online instruction programs.	S. B. 1039
4/7/10	Oregon	Virtual Schools	Additional requirements on virtual charter schools related to: accounting, tracking student progress, administrator/teacher qualifications, student & school records, and notification of enrollment. Prohibits the State Board of Education from waiving certain requirements of virtual charter schools. Virtual charter schools may increase the number of students if the school is granted a waiver.	H. B. 3660A
4/1/10	Michigan	Schools of Excellence	Provides for the creation of two K-12 cyber schools (falling under charter schools "schools of excellence"). Entities establishing these cyber schools must demonstrate experience in serving urban and at-risk students through an educational model involving a significant cyber component.	S. B. 981
12/10/09	Oregon	Virtual Public Charter Schools	Defines virtual public charter school for purposes of charter school laws.	OAR 581-020-0337
7/17/09	Ohio	Use of State Funds by Online Charters	Adds computers and software to instructional items for which e-schools may use the per pupil amount of state funds calculated for base classroom teachers.	H. B. 1 – Section 3314.085

6/30/09	Oregon	Virtual Charter School	Provides for the establishment of virtual charter schools; specifies requirements for: budgeting, performance, contracting, teacher employment, maintenance of records, enrollment. Establishes the Online Learning Task Force.	S. B. 767
12/1/06	Ohio	Computer Entitlement, Definition of Operator	Each child enrolled in an internet or computer based community school is entitled to waive the right to have a computer supplied by the school. Definition of "operator" expanded to include an individual or organization that manages the operations of a school pursuant to a contract between the operator and the school's governing authority.	H. B. 276 – Section 3314.22, .014
4/27/06	Georgia	Computer or Internet Based Instruction	Allows charter schools to provide computer or internet-based instruction.	S. B. 610
5/25/05	Indiana	Charter Schools	Allows a charter school to provide online and computer instruction in the same manner as other public schools.	S. B. 598
6/3/04	Colorado	State Charter School Institute	Concerns authorization of institute charter schools by state Charter School Institute.	H. B. 1362
4/1/04	Idaho	Charter Schools	Provides funding and transportation reimbursement for public virtual schools	S. B. 1443
4/1/04	Idaho	Charter Schools	Delineates authorization, accountability, and application requirements for public charter schools. Creates an independent public charter school commission.	S. B. 1444
8/14/03	Colorado	Cyberschools	Establishes emergency rules regarding the administration of cyberschools.	1 CCR 301-56
8/1/03	Ohio	Omnibus Bill – Community Schools, Including Cyber Schools	Requires the state board, by September 30, 2003, to recommend standards governing the operation of internet or computer based community schools.	H.B. 3

Endnotes

¹ For the purpose of this paper, we focus on a subset of online schools - online charters that enroll full-time students – which does not include district-run online schools or charter schools that offer hybrid instruction (both online and brick and mortar).

² Miron, Gary, and Charisse Gulosino. "Full-Time Virtual Schools: Enrollment, Student Characteristics, and Performance." Ed. Alex Molnar. *Virtual Schools In the U.S. 2015*. Boulder: National Education Policy Center, 2015. 59-85. Print.

³ *Charter Schools Performance in Pennsylvania*. Report. Center for Research on Education Outcomes, Apr. 2011. Web. 25 Aug. 2014. <[http://credo.stanford.edu/reports/PA State Report_20110404_FINAL.pdf](http://credo.stanford.edu/reports/PA%20State%20Report_20110404_FINAL.pdf)>.

⁴ Zimmer, Ron, Brian Gill, Kevin Booker, Stephane Lavertu, Tim R. Sass, and John Witte. *Charter Schools in Eight States: Effects on Achievement, Attainment, Integration, and Competition*. Report. RAND Corporation, 2009. Web. 27 July 2014. <<http://www.rand.org/pubs/monographs/MG869>>.

⁵ Saul, Stephanie. "Profits and Questions at Online Charter Schools." *The New York Times*, 12 Dec. 2011, Education sec. Web. 29 Jan. 2015. <http://www.nytimes.com/2011/12/13/education/online-schools-score-better-on-wall-street-than-in-classrooms.html?_r=0>.

⁶ Miron, Gary, and Charisse Gulosino. *Profiles of For-Profit and Nonprofit Education Management Organizations - 2011-2012*. 14th ed. National Education Policy Center, 2013. <<http://nepc.colorado.edu/publication/EMO-profiles-11-12>>.

⁷ Fang, Lee. "Venture Capitalists Are Poised to 'Disrupt' Everything About the Education Market." *The Nation*, 25 Sept. 2014. Web. 25 June 2015. <<http://www.thenation.com/article/181762/venture-capitalists-are-posed-disrupt-everything-about-education-market>>; Livingston, Doug. "Former House Speaker William Batchelder Joins Lobbying Firm for Ohio's Largest Charter School, ECOT." *Akron Beacon Journal* 20 Feb. 2015: n. pag. *Ohio.com*. Web. 25 Jan. 2015. <<http://www.ohio.com/news/break-news/former-house-speaker-william-batchelder-joins-lobbying-firm-for-ohio-s-largest-charter-school-ecot-1.568549>>.

⁸ See for example: Birch, B. A. "Parents, Orgs Lobby for Online Charter Schools in Michigan." *Education News*. N.p., 29 Feb. 2012. Web. 28 Jan. 2015. <<http://www.educationnews.org/online-schools/parents-orgs-lobby-for-online-charter-schools-in-michigan/>>. Goldstein, Dana. "An Explosion in Lobbying Around For-Profit K-12 Programs." *The Nation*. N.p., 17 Nov. 2011. Web. 28 Jan. 2015. <<http://www.thenation.com/article/explosion-lobbying-around-profit-k-12-programs/>>.

⁹ See Simmons-Richie, Daniel. "Big For-profit Schools, Big Donations: The Influence of Charter Schools on Pennsylvania Politics." *PennLive*. N.p., 2 Feb. 2015. Web. 28 June 2015. <http://www.pennlive.com/midstate/index.ssf/2015/02/big_for-profit_schools_big_don.html>.

¹⁰ This can be an especially appealing revenue source for small, rural districts.

¹¹ Watson, John, and Chris Rapp. *Quality Authorizing for Online and Blended-Learning Charter Schools*. Publication. National Association for Charter School Authorizers, Apr. 2011. Web. 29 Jan. 2015. <<http://files.eric.ed.gov/fulltext/ED544290.pdf>>.

¹² Silver, Jonathan D., and Paula Reed Ward. "Feds: PA Cyber Charter School Founder Trombetta Schemed to Steal \$1 Million." *Pittsburgh Post-Gazette*. N.p., 24 Aug. 2013. Web. 1 Feb. 2015. <<http://www.post-gazette.com/news/education/2013/08/23/Feds-PA-Cyber-Charter-School-founder-Trombetta-schemed-to-steal-1-million/stories/201308230210>>.

¹³ *Keeping Pace with K-12 Digital Learning*. Rep. Everygreen Education Group, 2014. Web. 11 Feb. 2015. <http://www.kpk12.com/wp-content/uploads/EEG_KP2014-fnl-lr.pdf>.

¹⁴ *Charter Schools - Does State Law Explicitly Define or Permit Cyber/virtual Charter Schools?* Education Commission of the States, June 2014. Web. 27 July 2014. <<http://ecs.force.com/mbdata/mbquestNB2?rep=CS1430>>.

¹⁵ AZ, AR, CA, CO, DC, FL, GA, ID, IL, IN, KS, LA, MI, NM, NH, NV, NC, ME, MN, OH, OK, OR, PA, SC, TX, UT, WI. (North Carolina does not have any full-time online charter schools in operation but is included in our analyses because it has two opening in the 2015-16 school year.)

¹⁶ Miron, Gary, and Charisse Gulosino. "Full-Time Virtual Schools: Enrollment, Student Characteristics, and Performance." Ed. Alex Molnar. *Virtual Schools In the U.S. 2015*. Boulder: National Education Policy Center, 2015. 59-85. Print.

- ¹⁷ For more complete enrollment figures, including a chart, see Gill, Brian, Lucas Walsh, Claire Smither Wulsin, Holly Matulewicz, Veronica Severn, Eric Grau, Amanda Lee, and Tess Kerwin. *Inside Online Charter Schools*. Rep. Cambridge: Mathematica Policy Group, 2015. Print.
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- ¹⁹ Ohio Department of Education. *Ohio E-schools: Baseline Enrollment for 2014-2015 Caps*. Ohio Department of Education, 18 Mar. 2014. Web. 2 Feb. 2015. <<http://education.ohio.gov/getattachment/Topics/School-Choice/Community-Schools/eSchools/Baseline-enrollment-for-2014-2015-Eschool-Enrollment-Caps-3-8-14.pdf.aspx>>.
- ²⁰ Pennsylvania Department of Education. *Pennsylvania Public School Enrollment Reports: Enrollment Public Schools 2013-14*. Pennsylvania Department of Education, n.d. Web. 2 Feb. 2015. <http://www.portal.state.pa.us/portal/server.pt/community/enrollment/7407/public_school_enrollment_reports/620541>.
- ²¹ O'Donnell, Patrick. "Ohio Ignores Online School F's as It Evaluates Charter School Overseers." *The Plain Dealer* [Cleveland], 14 June 2015: n. pag. *Cleveland.com*. Web. 29 June 2015. <http://www.cleveland.com/metro/index.ssf/2015/06/ohio_ignores_online_school_fs_as_it_evaluates_charter_school_overseers.html>.
- ²² *Pennsylvania Lobbying Directory*. Pennsylvania Department of State, n.d. Web. 31 July 2015. <<https://www.palobbyingservices.state.pa.us/Public/wfSearch.aspx>>.
- ²³ AR, AZ, CA, CO, DC, FL, GA, ID, IL, IN, KS, LA, ME, MI, MN, NC, NH, NM, NV, OH, OK, OR, PA, SC, TX, UT, WI.
- ²⁴ Ohio Admin. Code 3301-102-09 (2013).
- ²⁵ Although we only found a few states with physical presence requirements, online charters often may have a physical presence in the states in which they operate. This can be voluntary or a requirement in the charter contract.
- ²⁶ 6.30.8.10 NMAC (9/30/2008).
- ²⁷ Tilson, Whitney. "An analysis of K12 and why it is my largest short position." September 2013. PowerPoint. <<http://www.tilsonfunds.com/K12-Tilson-9-17-13.pdf>>.
- ²⁸ Sludden, John, and Lucas Westmaas. *Revisiting Cyber Charter School Performance*. Policy Brief. N.p.: Research for Action, 2014. Web. 18 Nov. 2014. <<http://www.researchforaction.org/wp-content/uploads/2014/11/RFA-Revisiting-Cyber-Charter-Performance-November-2014.pdf>>.
- ²⁹ FL, IN, LA, MI, MN, OH, OR, UT, WI
- ³⁰ This count includes AZ, CO, GA, KS, ME, NV, NC, OK, PA, SC. These states have a unique (sole) authorizing agency for online charter schools. However, in all cases except for OK, the agency is also empowered to authorize brick-and-mortar charter schools.
- ³¹ 1 Code Colo. Regs. § 301-71-3.02.
- ³² CA, CO, DC, FL, GA, ID, IL, IN, LA, ME, MI, MN, NV, NM, OH, OK, OR, SC, UT
- ³³ The formulas are different for each state – some allow withholding based on percentages of a charter school's per pupil funding, while others entitle the authorizer to charge charter schools for the actual costs of oversight or a percent of the annual school budget—but all of these options allow authorizers to charge more for oversight when enrollment climbs.
- ³⁴ CO HB 14-1382 (2014).
- ³⁵ *Ibid.* 22-30.7-112 (1)(a)(IV)(b).
- ³⁶ Augenblick, Palaich and Associates. *Report of the On-Line Task Force Created by HB 14-1382*. Rep. N.p.: Colorado Department of Education, 2014. *Colorado Department of Education*. Web. 29 July 2015. <http://www.cde.state.co.us/sites/default/files/Final_Report_Draft2_v2_Shared_121514.pdf>.
- ³⁷ Gallagher, Noel K. "Maine's Second Virtual School Gets OK to Open This Fall." *Portland Press Herald*, 03 Feb. 2015. Web. 29 May 2015. <<http://www.pressherald.com/2015/02/03/maines-second-virtual-school-gets-ok-to-open-this-fall/>>.
- ³⁸ Gallagher, Noel K. "Maine Virtual Academy Changes Business Model." *Centralmaine.com*, *Portland Press Herald*, 28 Oct. 2014. Web. 29 June 2015. <<http://www.centralmaine.com/2014/10/28/maine-virtual-academy-changes-business-model/>>.

- ³⁹ HB11-1277 (2011). See also Evergreen Education Group. 2014. *Keeping Pace with K-12 Digital Learning*. Retrieved February 11, 2015. http://www.kpk12.com/wp-content/uploads/EEG_KP2014-fnl-lr.pdf
- ⁴⁰ Minn. Stat. § 124D.095 (2010).
- ⁴¹ Ariz. Rev. Stat. § 15-808.
- ⁴² States that have special teacher professional development requirements for online instruction (not necessarily unique to charter sector) include: DC, ID, KS, LA, NC, TX.
- ⁴³ AR, CA, MN, NC, OH
- ⁴⁴ To find out whether online charters are funded on par with brick and mortar charters we relied on three sources: (1) our review of charter school and online charter school legislation, (2) a state-by-state funding comparison provided to our team by Connections Academy, and (3) findings from Nathan, Joe. *Summary of State Virtual Charter Public School Funding Policies*. Rep. N.p.: Center for School Change, 2013. Web. <<http://centerforschoolchange.org/wp-content/uploads/2012/09/Summary-of-State-Policies.pdf>>.
- ⁴⁵ Anderson, Amy Berk, John Augenblick, Dale DeCesare, and Jill Conrad. *20/20 Costs and Funding of Virtual Schools*. Rep. N.p.: Augenblick, Palaich, & Associates, 2006. BellSouth Foundation. Web. <<http://www.charterschooltools.org/tools/Costs&Funding.pdf>>.
- ⁴⁶ More research is needed on this important question. For an extensive treatment of the methodological issues see Duncombe, William D., Phuong Nguyen-Hoang, and John Yinger. "Measurement of Cost Differentials." *Handbook of Research in Education Finance and Policy*. By Helen F. Ladd and Edward B. Fiske. New York: Routledge, 2008. N. pag. Print.
- ⁴⁷ The policy is similar to California's new Local Control Funding Formula, which increases the amount of categorical aid allocated to each economically disadvantaged when the percentage of free or reduced price lunch eligible students in the school exceeds 55%.
- ⁴⁸ Patrick, Susan, John Myers, Justin Silverstein, Amanda Brown, and John Watson. *Performance-Based Funding & Online Learning: Maximizing Resources for Student Success*. Rep. N.p.: International Association for K-12 Online Learning, 2015. Web. 3 July 2015. <<http://www.inacol.org/wp-content/uploads/2015/03/iNACOL-Performance-Based-Funding-and-Online-Learning.pdf>>.
- ⁴⁹ Fla. Stat. § 1011.61 (2012).
- ⁵⁰ Patrick, Susan, John Myers, Justin Silverstein, Amanda Brown, and John Watson. *Performance-Based Funding & Online Learning: Maximizing Resources for Student Success* (see endnote 48).
- ⁵¹ Utah State Office of Education. *Competency-Based Education Funding Report*. By Bruce D. Williams. N.p.: Utah State Office of Education, 2013. Web. <<http://www.schools.utah.gov/legislativematerials/2013/Nov/competencybasededucationfundingreport2013.aspx>>.
- ⁵² Studies of the impact of performance incentives for teachers on student achievement have found mixed evidence. A randomized controlled trial of performance bonuses of up to \$15,000 per teacher found no significant differences in student performance between students whose teachers were assigned to the treatment and control group. See Springer, Matthew G., Dale Ballou, Laura Hamilton, Vi-Nhuan Le, J.R. Lockwood, Daniel F. McCaffrey, Matthew Pepper, and Brian M. Stecher. *Teacher Pay for Performance: Experimental Evidence from the Project on Incentives in Teaching*. Publication. Nashville: National Center on Performance Incentives at Vanderbilt U, 2010. Print. More recent evidence from project IMPACT in Washington, DC, found significant positive impacts through two channels: high stakes teacher evaluations led to higher voluntary attrition rates by lower performing teachers and bonuses improved the effectiveness of higher performing teachers. See Dee, Thomas, and James Wyckoff. *Incentives, Selection, and Teacher Performance: Evidence from IMPACT*. Working paper no. 19529. Cambridge: National Bureau of Economic Research, 2013. Print.
- ⁵³ Kossakowski, Steve. "Interview with New Hampshire Virtual Learning Academy Charter School Administrator." Telephone interview. Jan. 2015.
- ⁵⁴ Jenco, Melissa. "State Bans New Online Charter Schools for 1 Year." *Chicago Tribune* 27 May 2013: n. pag. *Chicago Tribune*. 27 May 2013. Web. 27 Jan. 2015. <http://articles.chicagotribune.com/2013-05-27/news/ct-met-virtual-school-ban-20130524_1_nonprofit-virtual-learning-solutions-virtual-charter-schools-k12-inc>.
- ⁵⁵ *Virtual Schooling Report and Recommendations*. Rep. Illinois State Charter School Commission, 21 Feb. 2014. Web. 16 Dec. 2014. <<http://www.isbe.net/scsc/pdf/vsag-final-report.pdf>>.

- ⁵⁶ McCorry, Kevin. "Pa. Denies All Applications for Cyber-charter Schools in 2014." *NewsWorks*. N.p., 28 Jan. 2014. Web. 27 Jan. 2015. <<http://www.newsworks.org/index.php/local/the-latest/64340-pennsylvania-denies-all-applications-for-cyber-charter-schools-in-2014>>.
- ⁵⁷ O'Donnell, Patrick. "Ohio Ignores Online School F's as It Evaluates Charter School Overseers." *The Plain Dealer* (see endnote 21).
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- ⁶⁰ *Putting Our Students First K12 2013 Annual Report*. Rep. N.p.: K12, 2013. *K12 Annual Reports*. Web. 27 Jan. 2015.
- ⁶¹ Miron, Gary, and Jessica Urschel. *Understanding and Improving Full-Time Virtual Schools*. Rep. Boulder: National Education Policy Center, 2012. Print.
- ⁶² Huerta, Luis, Jennifer King Rice, and Sheryl Rankin Shafer. "Key Policy Issues in Virtual Schools: Finance and Governance, Instructional Quality, and Teacher Quality." *Virtual Schools in the U.S. 2014: Politics, Performance, Policy, and Research Evidence*. Ed. Alex Molnar. Boulder: National Education Policy Center, 2014. 4-33. Print.
- ⁶³ See "Appendix A: Virtual School Legislation." *Virtual Schools in the U.S. 2014: Politics, Performance, Policy, and Research Evidence*. Ed. Alex Molnar. Boulder: National Education Policy Center, 2014. 4-33. Print.
- ⁶⁴ Bonner, Lynn. "Two Virtual Charter Schools on Track for North Carolina." *The Charlotte Observer*, 17 Dec. 2014. Web. 20 Jan. 2015. <<http://www.charlotteobserver.com/news/local/education/article9246896.html>>.
- ⁶⁵ *Virtual Schooling Report and Recommendations*. Rep. Illinois State Charter School Commission, 21 Feb. 2014 (see endnote 55).
- ⁶⁶ Many of these mismatches were also highlighted in the 2014 Illinois State Charter School Commission Virtual Schooling Report and Recommendations.
- ⁶⁷ When students opt to attend VLACS (or any NH charter school) on a full-time basis the LEA no longer receives state funding for the student. Some part-time students complete one, or more, courses with VLACS in order to graduate on time, thus saving the district and state the cost of providing funding for another year. Kossakowski, Steve. "Interview with New Hampshire Virtual Learning Academy Charter School Administrator." Telephone interview. Jan. 2015.
- ⁶⁸ North Carolina State Board of Education. *Virtual Charter School Study*. North Carolina Department of Public Instruction, Apr. 2014. Web. 29 June 2015. <<http://www.ncleg.net/documentsites/committees/JLEOC/Reports%20Received/2014%20Reports%20Received/Study%20Virtual%20Charter%20Schools%20Report/Virtual%20Charter%20Schools%20Report.pdf>>.
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