

SUBJECT: Authorizing state funding for virtual charter schools

COMMITTEE: Public Education — committee substitute recommended

VOTE: 8 ayes — Grusendorf, Oliveira, Branch, Dawson, Dutton, Eissler, Griggs, Madden
1 nay — Hochberg

WITNESSES: For — William Bennett and Ronald Packard, K12, Inc.; Barbara Dreyer, Connections Academy; Lee Jackson, University of North Texas System; Peggy Venable, Citizens for a Sound Economy; Forrest Watson, Eagle Academies of Texas; Clayton Trotter
Against — Lindsay Gustafson, Texas Classroom Teachers Association; Richard Neavel, League of Women Voters of Texas; John O’Sullivan and Ted Melina Raab, Texas Federation of Teachers; Joe Sanchez, Mexican American Legal Defense Fund; Samantha Smoot, Texas Freedom Network; JoHannah Whitsett, Association of Texas Professional Educators

BACKGROUND: Education Code, sec. 12.152 authorizes the State Board of Education to grant a charter allowing a public senior college or university to operate an open-enrollment charter school on the campus of the college or university or in the county in which the college or university is located. To qualify for a charter, the program’s financial operations must be supervised by the business office of the college or university, and the program must be implemented under the direct supervision of a member of the teaching or research faculty; designed to meet specific goals outlined in the charter and measurable by specific, objective standards; and include innovative teaching methods. The name of the charter school must include the name of the college or university operating the school.

The 77th Legislature enacted SB 975 by Shapleigh and Nelson, directing the education commissioner to create a program to examine state policies, requirements, and restrictions affecting districts that offer electronic courses to local students who are not physically present for all or part of these courses. The purpose of the pilot program was to gather data for a report covering such

issues as verifying student attendance, security or privacy issues in providing electronic courses, educational benefits of electronic courses, and methods for funding electronic courses, including fiscal costs and benefits.

During the 2001-02 school year, the Texas Education Agency (TEA) created and administered the Virtual School Pilot Project in collaboration with 12 independent school districts, nine charter schools, and three consortia of school districts. In December 2002, TEA submitted a report to the Legislature on the pilot project's first year. The project is continuing in the 2002-03 school year with 23 participants.

DIGEST:

CSHB 1554 would authorize a public senior college or university to operate a "virtual" charter school from an administrative office in the same county in which the campus of the college or university was located. It would define a virtual charter school as a charter school that uses technology, including the Internet, to deliver a significant portion of the school's instruction outside of a central campus.

The virtual charter school would have to:

- provide each student enrolled in the school with access to a secular curriculum that met or exceeded state standards;
- allow each student to work at a grade level other than the level at which the student was enrolled;
- assess each student's performance an average of at least once a week during the school year in each basic subject;
- ensure that a parent or guardian of each student verified the number of hours of educational activities the student completed each year;
- make available to the parent or guardian a computer, printer, physical copies of instructional materials, and reimbursement for any fees related to Internet access used for educational activities; and
- maintain a student/teacher ratio of not less than one teacher for each 60 students in average daily attendance.

Students in grade two or below would have to complete at least 720 hours of educational activities each year. Those in grade three or higher would have to complete at least 900 hours of educational activities each year.

A teacher employed by a virtual charter school would have to be certified by the state and available to meet at least four times per school year with the parent or legal guardian of each student enrolled in the teacher's class.

The virtual charter school would be entitled to funding for each student in average daily attendance at a level equal to that of an open-enrollment charter school. The education commissioner would have to adopt rules establishing the number of hours of virtual charter school educational activities that were equivalent to one day of school attendance.

The college or university that held the charter would have to conduct an annual evaluation of the school, including an analysis of any increase in student achievement, as measured by state academic standards and standards described by the charter; the academic, fiscal and operational performance of the school; and student performance on state assessment tests.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2003.

**SUPPORTERS
SAY:**

CSHB 1554 would take advantage of advances in technology to provide Texas students with an alternative method of gaining access to a high-quality education as students in virtual charter schools. The bill would open the door to new educational opportunities for students who may not fit the traditional mold, such as those in isolated areas, military families, or students with disabilities.

The bill would include safeguards to ensure that students attending virtual charter schools received an education that was equal to or better than the education they could receive in a traditional school. The programs would be operated under the direction of colleges and universities, and students would be subject to testing and attendance requirements. Each year, the sponsoring college or university would conduct a thorough study of the performance of the virtual charter school and its students, including student performance on standardized state tests. The minimum attendance requirements would include time spent in hands-on activities and other pursuits, as well as time spent at the computer on Internet activities. These activities would be conducted under the direction of certified teachers using high-quality materials that otherwise

might not be available to these students and that would all be available at no cost to all families, regardless of income.

The bill would include funding mechanisms needed to cover the cost of operating a high-quality virtual charter school. These costs are comparable to regular school expenses, minus building costs, and include teacher salaries, equipment, and travel; school management, including salaries for principals and assistant principals; operation of call centers; expenses related to testing and accountability standards; and reporting expenses. Nationally, the average total cost of providing virtual schools is about \$5,000 per student per year. This is in line with cost estimates reported in TEA's Virtual School Pilot Project study.

While home-school students would be eligible to participate in virtual charter schools, these programs would benefit many other kinds of students who may have difficulty in traditional schools, including children with disabilities such as autism, gifted and talented students, and students from families who must travel a great deal. Home-school families actually might not wish to participate because of the assessment and attendance requirements.

CSHB 1554 simply would offer another educational choice for Texas students and their families, in the same way that other open-enrollment charter schools offer such alternatives. All Texans, including those who are not availing themselves of the current system because it does not meet their needs, should have the opportunity to take advantage of these educational opportunities.

**OPPONENTS
SAY:**

CSHB 1554 would divert money from public schools at a time when the state is having trouble meeting basic educational needs for public school students. The program outlined in the bill, though described as a virtual charter school, actually is designed to support home schools that are private schools and ought to be funded privately. Companies that operate these programs tend to market them to home-school families while emphasizing the benefits for special-needs students and others in public policy discussions.

The bill would state broad academic requirements without ensuring that students received a high-quality education. It would not require that a student ever meet face to face with a certified teacher, only that parents meet at least four times a year with a teacher. Although most online programs include

regular Internet contact with a teacher, the bill would require no such contact. CSHB 1554 would require that parents verify a student's attendance with no additional attendance oversight. Students above the second grade would have to spend only 900 hours involved in broadly defined activities, whereas public school students spend more than 1,000 hours per year in school. Even other charter schools have more stringent attendance requirements. The bill's loose requirements are designed to appeal to home-school families.

CSHB 1554 would divert badly needed resources from the public school system to private, for-profit companies that operate Internet education programs. The average per-student cost of operating the best virtual schools is about \$5,000 per year or less, while the state paid charter schools \$6,251 per student in average daily attendance this year. According to the bill's fiscal note, the eventual cost to the state could be more than \$2 million per year for a program that would be subject to none of the reporting and assessment requirements that apply even to other charter schools.

OTHER
OPPONENTS
SAY:

It would be premature to adopt CSHB 1554 before the state has had time to evaluate the results of studies of virtual school pilot programs established by the 77th Legislature. The initial findings about the benefits of these programs are inconclusive. While online education may offer promising opportunities, the state should not authorize resources to fund these programs until more information is available about their costs and benefits.

NOTES:

The committee substitute added the requirement for weekly student assessment.

The fiscal note for CSHB 1554 projects costs to the Foundation School Fund rising from about \$1.2 million in fiscal 2006 to \$2.1 million in fiscal 2008.

The companion bill, SB 933 by Shapiro, was reported favorably as substituted by the Senate Education Committee on April 10.