

“Those making policy should be clear on this key point: there exists no research from evidence that *full-time* virtual schooling at the K-12 level is an adequate replacement for traditional face-to-face teaching and learning. Yet to date, this lack of support appears to have exerted little or no influence on the proliferation of virtual K-12 schools.”

- [National Education Policy Center, Online K-12 Schooling in the U.S.](#)

## What are charter schools?

Charter schools are tuition-free, independent public schools exempt from most of the rules, regulations, and statutes that apply to other public schools. In North Carolina, charter schools are vetted by an [advisory council](#), approved by the State Board of Education, funded with taxpayer dollars, and are governed by private, nonprofit organizations.

## What is a *virtual* charter school?

In contrast to traditional “brick and mortar” classrooms, virtual charter schools offer full-time learning—in front of a computer—not necessarily in a space dedicated to learning, or with any adult supervision. Students attending virtual charter schools give up their classroom seats and face-to-face time with teachers and other learning resources.

## Why is the number of *virtual* charter schools growing?

Virtual education is a big business; there’s a lot of money to make off of these schools. Virtual charters are becoming the fastest growing alternative to traditional public schools thanks to an aggressive push by a handful of **for-profit** corporations that dominate the “cyber learning” industry. Despite the fact that students in online schools performed significantly worse than those in brick and mortar classrooms, state legislators continue to enact laws that open the floodgates for an online learning industry anticipated to grow by 43 percent between 2010 and 2015 with revenues reaching \$24.4 billion. In 2010-2011, there were 250,000 students in 40 states enrolled in full-time virtual schools.

## If *virtual* charter schools are operated by nonprofit organizations, how can for-profit companies run them?

According to North Carolina statute §115C-238.29E (b), “a charter school shall be operated by a private nonprofit corporation.” For-profit companies can easily set up nonprofit organizations that obtain a charter for a virtual school. The nonprofit then purchases **everything** needed from the for-profit company: instructional tools and materials, technology services, budgeting and financial reporting, student records management, administrative services (including personnel assistance), pupil recruitment and family services, and teacher training and evaluation tools.

It’s easy to circumvent the statute. And it’s worrisome to think that a **for-profit** company could easily govern its virtual charter—instead of that function being in the hands of the nonprofit corporation established for that very purpose. Simply stated, there is no system of checks and balances to ensure virtual charter schools are well managed and serve the needs of students.

## What are the concerns over *virtual* charter schools?

### *Cost to taxpayers*

Virtual charter schools are often cited as a cost-effective way to deliver education—an appealing idea for cash-strapped states. But virtual charters have lower test scores and higher dropout rates, and in North Carolina, we have a constitutional obligation to provide a sound, basic education to all students. So taxpayers could end up footing the bill twice, once to pay tuition to the for-profit corporation running

the virtual charter, then to the local public school district when a student returns to a brick and mortar school to retake the course or catch up on what they did not receive in their online course of study.

Charter school operators often run their schools at an **enormous profit**, earning the same amount per pupil as a traditional brick and mortar school—but without the overhead associated with operating in a building. In a New York Times profile, virtual charter corporation K12, Inc. was portrayed as “a company that tries to squeeze profits from public school dollars by raising enrollment, increasing teacher workload and lowering standards.” In Virginia, K12, Inc. established a virtual charter school in a rural county with a high state per-pupil expenditure. Although only four of more than 350 students actually lived in that county, the state funds the virtual charter based on the cost of educating a child who lives in the district where the program is offered. According to one Virginia legislator, “Those figures are worrisome and could mean **higher costs** for Virginia taxpayers as virtual education expands.”

### ***Lack of Positive Outcomes for Students***

The vast majority of students who attend online schools are failing. According to a National Education Policy Center report, only 27.4 percent of virtual schools met federal adequate yearly progress (AYP) standards. Graduation rates are **astoundingly low**. K12, Inc.’s Ohio Virtual Academy reported an overall 30.4% four-year on time graduation rate with a 12.2% rate for African American students and a 24.2% rate for economically disadvantaged students (versus a statewide rate of 78%). K12, Inc.’s Colorado Virtual Academy reported a 12% four-year on time graduation rate (versus a statewide rate of 72%). There is also deep concern about the ability of these virtual charters to effectively educate at-risk or special needs students.

Other concerns about virtual instruction that directly impact student achievement include:

- Virtual charters offer limited interaction with teachers, and interaction may not extend beyond a particular course. In many cases, the student and teacher are not even online at the same time.
- The absence of academic standards raises concerns about quality of online instruction and curriculum.
- The quality of teacher preparation for delivering instruction online is highly questionable, and there are no standards for licensure or certification for teachers instructing students online.
- At one point, one for-profit virtual charter corporation had outsourced teacher duties (tutoring and grading) to untrained personnel in India, and in Wisconsin, teacher responsibilities were offloaded to parents.
- The authenticity of student work has become a serious problem in at least one state. The inability to monitor test taking has led to a lack of credibility in testing results.
- Two-thirds of K-12, Inc.’s virtual charter school students leave after less than two years.

### ***Effect on Local Public School Districts***

North Carolina’s traditional public schools will suffer a significant loss of revenue and resources if local districts are required to turn over funds to for-profit virtual charter corporations. A measurable loss of funds poses significant challenges for traditional public schools, which are often forced to reduce staff, programs, and other basic expenditures. In sum, the quality of traditional public school education is further threatened by the depletion of resources prompted by the growing number of loosely regulated virtual charter schools.

The first virtual charter to apply to open in North Carolina would have received an \$18.5 million influx of funds, rising to \$44 million in year 10—in addition to receiving substantial “district oversight fees.” In 2011, in spite of its 12% four-year on time graduation rate, K12 Inc.’s Colorado Virtual Academy was looking at growth of more than \$100 million. At the same time, the local district supervising that virtual charter was facing a \$25 million budget cut and substantial layoffs.

### ***Lack of Oversight***

Rapid expansion of the unregulated, for-profit virtual charter school industry demands careful, uniform oversight, if these schools are ever permitted to exist in North Carolina. With so many questions regarding cost and the use of funds, and in light of an exceedingly poor academic track record, there must be sufficient monitoring of operations. Establishing accreditation would be one step in the right direction, however according to one report, “traditional accrediting agencies have sought to bring virtual schools under their purview, but few of the virtual schools have requested their services.”

### **When Does Virtual Education Make Sense?**

North Carolina already has the second largest [virtual public school](#) in the country. The NC Virtual Public School is *not* a full time school. Rather, students across the state enroll in individual classes taught by certified teachers and designed to “provide courses that students are unable to take at their local schools.”

Using a virtual learning environment for course recovery or to supplement face-to-face learning is one thing; replacing face-to-face learning entirely will send North Carolina public education into a costly tailspin, with children bearing the brunt of the effects.

### **What is Needed**

“The early development of children requires lots of interaction with other children for purposes of socialization, developing collaboration and teamwork, and self-definition.”

- Irving Hamer Jr., Deputy Superintendent, Memphis City Schools

More than 20 states prohibit full-time virtual schooling. In January 2013, the NC State Board of Education passed the first policy specifically addressing virtual charter schools, and establishing standards for testing, graduation rates, student withdrawal rates, student-to-teacher ratios, and funding.

Although this policy has been characterized as a “step in the right direction,” North Carolina should continue to make adequate funding of a sound, basic, brick and mortar education the highest priority.

### **Sources of Information on Virtual Charter Schools**

Public Schools First NC, The Facts on Charter Schools

<http://www.publicschoolsfirstnc.org/fact-sheets-and-reports/>

[NC School Boards Association, Charter Schools Issue Brief](#)

[http://www.ncsba.org/index.php?src=gendocs&ref=Charter%20Schools&category=Governmental\\_Relations](http://www.ncsba.org/index.php?src=gendocs&ref=Charter%20Schools&category=Governmental_Relations)

NC Justice Center, Amicus Brief Supporting the NC State Board of Education

<http://www.ncjustice.org/?q=education/nc-justice-center-amicus-brief-support-petitioner-north-carolina-state-board-education>.

NC State Board of Education, January 11, 2013 – Policy on Virtual Charter Schools

<http://sbepolicy.dpi.state.nc.us/policies/TCS-U-015.asp?pri=04&cat=U&pol=015&acr=TCS>

National Education Policy Center, Online K-12 Schooling in the U.S.: Uncertain Private Ventures in Need of Public Regulation

<http://nepc.colorado.edu/files/NEPC-VirtSchool-1-PB-Glass-Welner.pdf>

Profiles of For-Profit and Nonprofit Education Management Organizations: Thirteenth Annual Report - 2010-2011 <http://nepc.colorado.edu/publication/EMO-profiles-10-11>

Profits and Questions at Online Charter Schools [http://www.nytimes.com/2011/12/13/education/online-schools-score-better-on-wall-street-than-in-classrooms.html?pagewanted=all&\\_r=0](http://www.nytimes.com/2011/12/13/education/online-schools-score-better-on-wall-street-than-in-classrooms.html?pagewanted=all&_r=0)

Virtual Failure: The Growth of Online Charter Schools

[http://www.maine.nea.org/assets/document/ME/Virtual\\_Failure\\_Online\\_Charter\\_Schools\\_Report.pdf](http://www.maine.nea.org/assets/document/ME/Virtual_Failure_Online_Charter_Schools_Report.pdf)

News and Observer, Judge Says Online Charter School Cannot Open in August

<http://www.newsobserver.com/2012/06/29/2168939/judge-says-online-charter-school.html>

NC Justice Center Media Release: New Virtual Charter Schools Policy a Step in the Right Direction

<http://www.ncjustice.org/?q=education/media-release-new-virtual-charter-schools-policy-step-right-direction-education-advocates>

Capital Tonight Interview: The Pros and Cons of Virtual Charter Schools, Jan. 15, 2013

[http://triangle.news14.com/content/capital\\_tonight/capital\\_tonight\\_episodes/682396/capital-tonight-jan-15--pros-and-cons-of-virtual-charter-schools](http://triangle.news14.com/content/capital_tonight/capital_tonight_episodes/682396/capital-tonight-jan-15--pros-and-cons-of-virtual-charter-schools)

Allegations of Fraud by K12's Former Employees

[http://legalclips.nsba.org/?p=17966&utm\\_source=NSBA+e-Newsletter+Subscribers&utm\\_campaign=c0dd5f9e11-Legal+Clips+Daily&utm\\_medium=email](http://legalclips.nsba.org/?p=17966&utm_source=NSBA+e-Newsletter+Subscribers&utm_campaign=c0dd5f9e11-Legal+Clips+Daily&utm_medium=email)

Virtual Schools are Multiplying, but Some Question Their Educational Value

By Lyndsey Layton and Emma Brown, November 26, 2011 [http://articles.washingtonpost.com/2011-11-26/local/35283370\\_1\\_virtual-schools-virtual-education-support-school-choice](http://articles.washingtonpost.com/2011-11-26/local/35283370_1_virtual-schools-virtual-education-support-school-choice)

How Online Learning Companies Bought America's Schools

<http://www.thenation.com/article/164651/how-online-learning-companies-bought-americas-schools#>

Some See Inequity in Virginia “Virtual School” - Online Education Companies in Virginia Are Encouraged to Partner with Poor Counties to Boost Profits

<http://www.roanoke.com/news/roanoke/wb/277743>