

Fact Sheet: How Virtual Charter Schools Threaten Public Schools

Virtual charter schools undermine the funding of conventional public schools, take the public out of public education, increase the privatization of education at the expense of public schools, and turn state tax dollars earmarked for public education into profits for out-of-state corporations. In addition, although virtual charter schools are being aggressively marketed as the solution to school districts' current financial woes, they actually create long-term financial liabilities for districts that grant charters.

Please read the following, copy this fact sheet, and share it with others. Many public school parents, teachers, administrators, and supporters are as yet unaware of this issue.

Background

Virtual charter schools are public schools. They are funded by tax dollars; chartered by local school districts; and operated by using computers for instruction, lesson plans, and documentation of work completed in students' homes with parents as the primary teachers.

In the fall of 2002, Wisconsin's first statewide virtual charter school opened. Wisconsin Connections Academy (WCA) is a joint venture of the Appleton Area School District and Sylvan Ventures (part of Sylvan Learning, a corporation focused on profiting from public and private education). Although 500 students applied to the school through Open Enrollment in February, 2002, only 227 actually enrolled and in January, 2003, only 190 Open Enrollment students remained.

At the same time, K12 Inc. has been aggressively struggling for two years to open the state's second statewide virtual charter school, Wisconsin Virtual Academy (WIVA). K12 Inc. is part of the brainchild Knowledge Universe, a consortium of approximately 50 companies that is the of Michael Milken, "a convicted felon who served time for securities fraud in the early 1990s. Still, [former U. S. Secretary of Education William] Bennett sees no discrepancy between his image as a conservative moralist and Milken's investment in K12." ("Movers and Shakers" by Alexandra Starr, BusinessWeekOnline, February 14, 2001.) Although K12 Inc. is being marketed by Bennett and although it has contacted many school districts and negotiated with three, it has yet to be granted a charter in Wisconsin. However, the Northern Ozaukee School District (NOSD) agreed on February 4, 2003, to grant one, subject to negotiations and approval of a contract by the Board.

Ways Virtual Charter Schools Undermine Public Schools

- **Virtual charter schools take the public out of public education.** (1) State tax dollars earmarked for public schools instead become profit for out-of-state corporations. (2) Although the virtual charter school curriculum is marketed as conforming to state standards in education, the corporations who develop it control the specific content and approach, making a mockery of "local control." (3) Virtual charter schools undermine the responsibility and accountability that school districts and their boards have for knowing, interpreting, and ensuring compliance with wide-ranging state and federal regulations.

- **Virtual charter schools undermine the finances of public school districts.** Although they are marketed to school districts as the solution to their current financial problems, the actual income to a district is a small fraction of a district's total budget. For example, K12 Inc. is reported by the NOSD Superintendent to be offering that in the first year a district can keep 5% of the \$5,200 per student that it receives through Open Enrollment, the remainder going to K12, Inc. This drops to only 3% by the third year. Thus a school district receives only \$130,000 if the enrollment reaches 500 the first year, and only \$78,000 for 500 students the third year.

In addition, chartering a virtual school increases a district's financial liabilities. Costs include salary for personnel who oversee the contract, equipment, workman's compensation, and liability insurance to protect the district. Since liability insurance typically does not cover breach of contract disputes or suits, they are another potential expense. A district also risks lawsuits from parents, teachers, community members, and concerned citizens throughout the state for failure to comply with open records and open meeting laws in reaching an agreement with a virtual charter school vendor such as K12 Inc. **(over)**

- **Virtual charter schools are relatively inexpensive to operate, which both (1) allows corporations to make large profits at taxpayers' expense and (2) undermines financing of conventional public schools.**

A rough estimate of the costs per student per year is: \$500 for curriculum, \$333 for a computer, modem, and software (assuming \$1,000 for equipment that can be used for at least 3 years), \$300 for Internet service, \$800 for the teacher (1 teacher for 50 students), and \$250 for administrative, rent and misc., for a total of \$2,183.

(1) The going rate paid to the contractor per student is \$5,200, perhaps minus 5% or \$260 per student for oversight. This means corporations such as Sylvan and K12 Inc. are making profits in excess of 50%.

(2) Convincing taxpayers to support public education is a continuing challenge, more so now as the state faces increasing deficits. When taxpayers find out that students can be taught for less than \$2,500, think how much more difficult it will be to maintain the \$9,000 that districts now receive, on average, for each student from local, state, and federal taxes!

- Over 400 school districts stand to lose students and state aids (at least \$5,200 per pupil, more for special education students) to virtual charter schools while the few districts that have chartered virtual charter schools collect state aids for students from outside their district. To be sure, supporters of virtual charter schools may claim that they are primarily targeting homeschoolers and others not currently enrolled in their district of residence plus students that public schools consider to be problems. That may be true for the first year or two. But if virtual charter schools became established, they would soon be looking for larger markets and trying to enroll regular public school students, meaning districts would lose current students to districts with virtual charter schools. In other words, **virtual charter schools might bring a few school districts a few more students, dollars, and jobs, but at the expense of other districts and to the long-term detriment of the public school system.**

- Virtual charter schools are a stepping stone to vouchers. They rely on state-mandated tests as a justification for funding and blur the distinction between public and private schools.

- **Out-of-state corporations make large profits by taking advantage of a unique combination of education laws in Wisconsin that were written before virtual charter schools existed.**

First, under Wisconsin's charter school law, written to support local control, charter schools only need the approval of a local school board. Thus it is much easier to get a charter here than in states where proposed schools have to stand up to the scrutiny of the state department of education. This means that the members of one local school board decide whether Wisconsin will suffer the widespread negative effects of virtual charter schools. In addition, corporations, armed with large marketing and legal departments, can take advantage of school districts' lack of experienced financial, management, and legal

staffs to negotiate contracts that favor the corporations at the expense of districts and taxpayers.

Second, in Wisconsin the state pays an unusually high proportion of the cost of education, up to 67%. This means the state, rather than local school districts, pays for virtual charter schools it had no opportunity to review or deny. Fewer people are aware of what is happening than in states like Pennsylvania where the school districts in which virtual school students reside have to pay the chartering district themselves. In Wisconsin, large sums of state aids go directly through virtual charter schools to corporations without other school districts realizing that they are really losing students and money to the chartering district and the corporations. So-called local control is turning into corporate control through technology.

Third, Wisconsin's Open Enrollment law makes it easy for a virtual charter school to enroll students from throughout the state rather than being limited to just one school district.

- **Virtual charter school students' test scores may reduce public confidence in conventional public schools.** Rote learning based on computer work is very limiting to students, but it does prepare them to score well on state-mandated tests, probably better than conventional public school students do.

- Taxpayers' insistence on cutting school budgets and high test scores of virtual charter school students could easily **force schools into reliance on computers** at the expense of students' learning and well-being and teachers' jobs.

What You Can Do

- For more information, visit WPA's web site at www.homeschooling-wpa.org and click on "Issues and Legislation."

- Inform others. Copy this fact sheet or download it from WPA's web site at www.homeschooling-wpa.org. Mail, email, or hand deliver copies to parents, teachers, school administrators, PTAs, school board members, and concerned citizens.

- Be alert for news that your district is considering a virtual charter school. If you hear such news, work hard to inform people in your district about the realities of virtual charter schools.

- Encourage local school boards, professional associations, and other appropriate organizations to discuss and pass resolutions opposing or at least expressing concerns about virtual charter schools.

For articles showing the connections among K12 Inc., Michael Milken, William Bennett, and the Knowledge Universe, see:

http://www.businessweek.com/technology/content/feb2001/tc20010214_651.htm

<http://www.forbes.com/asap/2001/0910/064.html>

<http://www.knowledgeu.com/about.html>

WPA is a statewide grassroots organization that supports and defends the rights and responsibilities of families to choose an education consistent with each family's principles and beliefs.