



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #554

### **Virtual Charter School Enrollment Limit (DPI -- Choice, Charter, and Open Enrollment)**

[LFB 2011-13 Budget Summary: Page 363, #12]

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#### **CURRENT LAW**

Under current law, beginning with the 2009-10 school year, the total number of pupils attending virtual charter schools through the open enrollment program is capped at 5,250 in any given school year. An unlimited number of pupils may attend virtual charter schools sponsored by their district of residence.

#### **GOVERNOR**

Repeal the limit on the number of pupils who may attend virtual charter schools through the open enrollment program.

#### **DISCUSSION POINTS**

1. A virtual school is one in which all or a portion of instruction is provided on the Internet, and pupils and staff are geographically remote from each other. Access to instructional staff is provided by the virtual schools, but pupils generally complete work independently under the supervision of their parents. Under current law, teachers in virtual charter schools must be appropriately licensed by DPI in the subject and grade level for each virtual course taught. Beginning July 1, 2010, teachers of online courses in a public school, including a charter school, must complete 30 hours of professional development designed to prepare them for online teaching. Anyone providing instruction to a virtual charter pupil in the pupil's home who is not instructional staff employed by the school, including the pupil's parent or guardian, is not required to hold a license or permit to teach issued by DPI.

2. Virtual charter schools are required to provide educational services to pupils at least 150 days each school year, and teachers must be available for direct instruction for at least the same number of hours of instruction as are required for regular public school pupils, which varies by grade level. Pupils are required to take state pupil assessments.

3. The governing body of a virtual charter school must establish a parent advisory council that meets regularly. A virtual charter school is considered to be located in the school district that contracts for the establishment of the school. Or, if a district enters into an agreement with another district or CESA to establish a virtual charter, the school is considered to be located in the district specified under that agreement.

4. The City of Milwaukee, UW-Milwaukee, Milwaukee Area Technical College, and UW-Parkside are prohibited from establishing virtual charter schools. Like other charter schools, virtual charters are prohibited from charging tuition, except that virtual operators are required to charge tuition to out-of-state pupils enrolled in the school, in an amount equal to at least the open enrollment payment amount.

5. Under open enrollment, a pupil may attend any public school located outside his or her school district of residence, under certain circumstances. The school district of residence counts the pupil for the purposes of revenue limits and aid membership. The nonresident district receives a per pupil transfer amount, determined by DPI, equal to the statewide average per pupil school district costs for regular instruction, co-curricular activities, instructional support services, and pupil support services for the prior school year. The 2011-12 per pupil cost for these four categories is estimated to be \$6,796. For virtual charter schools, the contract costs for the services of a private online curriculum provider are funded by the open enrollment payments received from the pupils' school districts of residence.

6. Beginning with the 2009-10 school year, the total number of pupils attending virtual charter schools through the open enrollment program is capped at 5,250 in any given school year. Virtual charters must report to DPI the number of current pupils, current pupils' siblings, and new pupils who applied and were accepted for enrollment. If DPI expects the cap to be reached for a given year, currently attending pupils and their siblings are given preference over other newly applying pupils. New pupils are selected on a random basis until the cap is reached, and are then placed on waiting lists.

7. For 2010-11, there are 15 virtual charter schools operating, sponsored by 13 school districts. While 1,756 pupils were initially placed on the waiting list for the 2010-11 school year, by August, 2010, all applicants had been offered a space in a virtual charter school, after other pupils decided not to attend a virtual school. A total of 3,936 pupils are enrolled in virtual schools in 2010-11.

8. For 2011-12, 27 virtual charter schools, sponsored by 22 school districts, have indicated their intent to open or to continue operations next year. According to information from DPI for 2011-12, there are 2,554 students currently attending a virtual charter school who have indicated that they will continue to attend a virtual school next year. In addition, there are 307 new applicants who are siblings of a current virtual charter school student and are therefore

automatically granted a space in a virtual school, leaving 2,389 slots available for next year for new virtual charter students. There are 5,101 non-current, non-sibling applicants for virtual charter schools, meaning that 2,712 students must be placed on the waiting list. The Department has conducted a random selection of new applicants to assign to their chosen virtual charter schools. As parents notify DPI of their final enrollment decisions, students on the waiting list will be offered spots.

9. The Legislative Audit Bureau was required to conduct a performance and financial audit of virtual charter schools and report the findings to the Legislature by December 30, 2009. The audit, published in February, 2010, found that virtual schools collected \$18.0 million in revenue in 2007-08, of which \$14.2 million came from state aid payments. Eight of the 15 virtual schools operating in 2007-08 on average spent less per pupil than they collected under open enrollment, \$6,007 per pupil in that year. While expenditures varied widely among schools, on average the 15 virtual schools spent \$5,779 per pupil. In 2007-08, virtual charter schools expended approximately \$8.4 million for curriculum materials, \$8.2 million for staffing, \$715,000 for advertising, and \$483,000 for miscellaneous overhead items, for a total of approximately \$17.8 million. Over 90% of parents and guardians surveyed for the audit reported that they were satisfied with their child's virtual school.

10. The administration has expressed the policy view that the limit on virtual charter school open enrollment was set arbitrarily, and indicated that the limit would be deleted under the bill in order to provide additional educational settings and public school choices to pupils and their families. However, some have argued that virtual school open enrollment can reduce resources available to resident districts that lose pupils already attending a district school, and that loss in revenues is mitigated by limiting overall attendance at such schools. Resident districts must make open enrollment payments to virtual schools that are based on the costs of operating a traditional public school, but those districts may not lose a sufficient number of pupils to reduce their costs of operating their schools. On the other hand, for pupils that otherwise would have been home-schooled, or attended a private school, the resident district would gain an amount equal to the difference between its revenue limit per pupil and the open enrollment payment amount.

## **ALTERNATIVES**

1. Approve the Governor's recommendation to delete the limit on the number of pupils who may attend virtual charter schools through the open enrollment program.
2. Delete the provision.

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