



ONLINE EDUCATION INTERIM REPORT

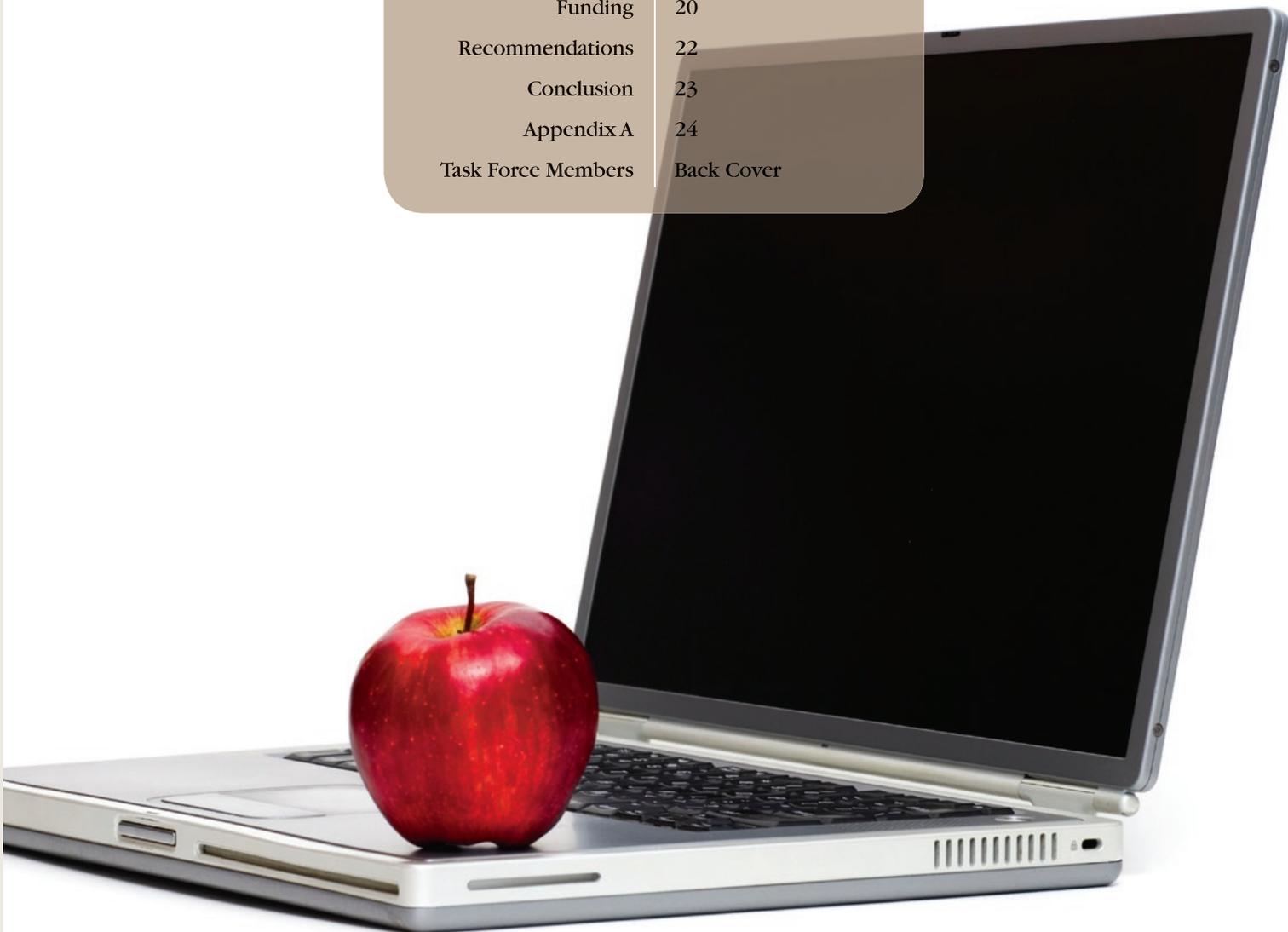
Colorado State Board of Education
Online Education Task Force

March 2007

Co-Chairs Senator Nancy Spence and Jared Polis

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The task force held one public hearing and three additional meetings where they received testimony and deliberated the findings and recommendations contained in this interim report. The task force members are especially grateful to the many students, parents, educators, and members of the public who testified at the public hearings and to the scores of concerned citizens who submitted written testimony. This input was thoughtful and compelling and greatly helped the task force to improve this report.

The members of the public who wrote to and testified before the task force represented diverse interests and perspectives, and provided concrete examples of how online education had affected them. Written comments included letters that shared specific examples of how online education had served them or their families. People who spoke to us included students from online schools and their parents who explained

the reasons they were attracted to online schools and the benefits they found in these programs. They also included teachers and administrators from online programs who described how their schools function and the ways they use technology and other methods to personalize their teaching and connect with young people. District officials talked to the task force about the realities of implementing alternative programs, including stories of how online education allowed them to expand their offerings, as well as the challenges they face in determining how to fit their online education into existing funding and accountability structures, and how to meet the needs of students experiencing extraordinary circumstances.

EXECUTIVE SUMMARY

This interim report examines key issues related to online education. Task force members agree that 1) online education has become a viable element of Colorado's public education system, 2) the role of technology in educating our children will continue to grow, and 3) online education has significant potential to help students succeed. The primary focus of this report is on full-time online education in Colorado, offering a background of the issue and definitions for key terms, and addressing the following areas: benefits and challenges, accountability, access and funding. Also, the task force found several successful examples of online education and its positive impact on the lives of students and their families, and a sample of success stories are showcased throughout the report.

As a new and emerging enterprise, online education involves several commonly used terms that require clarification. The task force discussed and established definitions for the following key terms: Online schools, Supplemental online education programs, At-risk students, Learning centers, and Complete educational programs. *We also agreed that online education needs to*

be examined within Colorado’s policy and fiscal context: strong local control, a long tradition of public school choice, and the implications of constitutional and statutory provisions for education funding, are among the contextual factors we considered and discussed in this report.

Online education has many unique benefits, such as identifying and providing remedial education for students who are behind; meeting a variety of student learning needs and paces; providing a unique way of building teacher-student relationships; fostering flexible ways to learn; strengthening students’ knowledge of technology, and emphasizing personal responsibility. However, at the same time, online education also faces some unique challenges: building social skills and peer relationships; less direct teacher-student interaction and supervision; recruitment, retention and evaluation of online teachers; and coordination with students’ school districts of residence.

Accountability is at the front and center of reform efforts in education, and the task force agreed that, like all public schools, online schools must comply with appropriate procedures in the administration of public funds as well as with all applicable education, health, safety, and civil rights laws. Accountability for academic growth, operational accountability, and fiscal accountability are essential for ensuring high quality educational services, serving the public interest, and promoting the sector’s health. Of course, public school choice offers another layer

of accountability for alternative forms of education, since low quality will lead parents and students to “vote with their feet.” To ensure accountability, policymakers may need to adjust existing oversight structures, clarify

how to apply existing procedures and provide additional resources to strengthen the oversight of alternative programs like online education.

In terms of access, the task force discussed various barriers, and most importantly, the state’s restriction of funding for students previously enrolled in physical schools. This restriction may be limiting access to online education for dropouts or those likely to drop out, effectively preventing a potential remedy to the students who are most likely to benefit from the online education option. ***The task force recommends that the legislature remove the statutory denial of public funding for students who were not enrolled in public school in the previous year. Moreover, the task force supports expanding geographic access to online education through telecommunication infrastructure investments that will enhance educational opportunities and options throughout the state. In addition, we recommend that the state examine how supportive learning environments for at-risk students engaged in online learning, such as learning centers, can be encouraged, revisit its definition of a “complete educational program,” and clarify how to apply this term in the context of online learning and learning centers while promoting innovation.***

Colorado online schools are funded at a lower amount than physical schools. The lower online school funding can discourage districts from establishing full-time programs even if they might best serve a student’s needs. School districts have a disincentive to see a significant number of students choose online schools because their overall funding declines. At the same time, smaller school districts have an incentive to set up online schools that draw students from across the state, regardless of the reduced PPR, because the school raises revenues that the district would otherwise not have. ***The task force recommends that the online PPR becomes equal to the state average rather than the state minimum, or determine a constant and reasonable amount of state funding for online students regardless of their district of residence. Further***





study of education funding in general, and online education in particular, is necessary.

The task force recognizes that balancing education funding systems with accountability and student choice is a delicate, but necessary task. Our common interest of educating students can be overshadowed when systems become threatened by financial loss. We also know that there are some students who will continue to struggle in the traditional system undetected and thus never reach their full potential. Individualized learning through online delivery methods holds great potential for helping to close this gap. As we move forward, we offer concrete recommendations for taking bold steps to improve access, fuel innovation, strengthen accountability, and improve education funding models.

Specifically, the legislature should:

- Examine options for a state inter-district entity for online school accountability such as the Colorado Charter School Institute, Colorado Department of Education, or Boards of Cooperative Educational Services;
- Remove the current funding restriction that mandates enrollment in a public school in at least one semester of the previous year for online students; and,
- Provide the state PPR average for online students or a consistent and reasonable amount of state funds for online students regardless of the local share capacity.

In addition, the task force recommends the following:

- Consider multiple meanings of the term “at-risk,” including students who are behind academically, when comparing online student outcomes to students in physical schools and when evaluating the efficacy of schools in general;
- Define complete educational program

in a way that allows for innovation, and consider its application to online schools and learning centers;

- Clarify the application of rules and requirements for online learning centers in a way that does not discourage online schools from using learning centers to serve at-risk students;
- Encourage the sharing, documenting, and clarifying of performance indicators;
- Clarify the roles and responsibilities of online educators;
- Encourage state and/or district cooperation for the CSAP testing for online students;
- The State Board of Education should encourage partnering and collaboration between districts with the online option and those without their own online options so that funding can be negotiated between districts or could be taken from the district of residence; and
- Commission a study of why students leave their physical schools for online schools; a collaborative study to develop best practices for online education by engaging online education practitioners, the authorities that oversee them, and the families and students that choose online education; and a thorough review and analysis of recent innovation and performance in education throughout the state.

INTRODUCTION

This interim report of the Colorado State Board of Education Online Education Task Force (task force) examines key issues related to online education. Task force members agree that 1) online education has become a viable element of Colorado's public education system, 2) the role of technology in educating our children will continue to grow, and 3) online education has significant potential to help students succeed. The challenge facing our state is the need to develop online programs, schools, policies, and procedures that will enable these options to realize their potential for successful outcomes. The state, school districts, and school leaders must determine how to fit online education into existing structures, and decide when and how to adjust our education systems to help online education fulfill its promise.

A recent statewide performance audit of 12 online schools that focused its findings and recommendations on one online school, the Hope Online Learning Academy Co-Op (Hope), has heightened attention to online education. The report discusses various aspects of the current system in need of improvement and addresses central elements that the audit examined. The task force found shortcomings in the audit report. The audit staff themselves noted the limitations of their effort during the audit report hearing, and it is noteworthy that the legislative audit committee did not take any action in response to the report.

This task force report is not organized around the audit's findings and recommendations and it does not have the same emphasis. Because Hope's delivery mechanism, which has existed for only two years, has several characteristics that make it unique among the state's full-time online schools, the task force cautions policymakers to avoid making decisions about the entire online education system based solely on Hope's experience.

According to officials with Hope and recent media coverage, the assertion that many Hope students entered the school far behind grade level appears to be true. Further analysis is clearly necessary. It is possible that the rapid growth of Hope's enrollment, combined with low initial performance levels of its incoming students, produces low average CSAP scores that misrepresent the learning that takes place in these settings once they enroll. Audit findings and recommendations and the Colorado Department of Education's responses can be found in *Appendix A*.

Full-time online education in Colorado is the primary focus of this report. Supplementary online education – students accessing online education while simultaneously enrolled in a physical school – is also briefly discussed. While a thorough examination of supplemental online education's policy implications is needed, it is not included in the report because this issue was not addressed in the state audit. ***The task force recommends that a review of supplemental online education includes a complete analysis of resources, costs, funding, academic and remediation benefits, student demographics, and capacity potential.***

The report is organized in the following sections:

1. Definitions
2. Background
3. Benefits and Challenges
4. Accountability
5. Access
6. Funding
7. Recommendations

Our findings and recommendations are discussed in the sections on accountability, access, and funding and are also summarized on pages 22-23.



1. DEFINITIONS

Online education is a new and emerging enterprise and several commonly used terms require clarification. The task force discussed and agreed on the following definitions of key terms:

- Online schools
- Supplemental online education programs
- At-risk students
- Learning centers
- Complete educational programs

Online Schools

Online schools, or cyberschools, are a delivery system where students take their courses predominately over the internet - usually at home or a learning center. Colorado's online schools are currently administered by school districts or as charter schools operating with a specific charter or contract agreement. Taking advantage of the unique educational delivery of computer-based learning, under state law full-time online schools can enroll students regardless of where they live. This is a practical difference from any other educational delivery system in the state.

Supplemental Online Education Programs

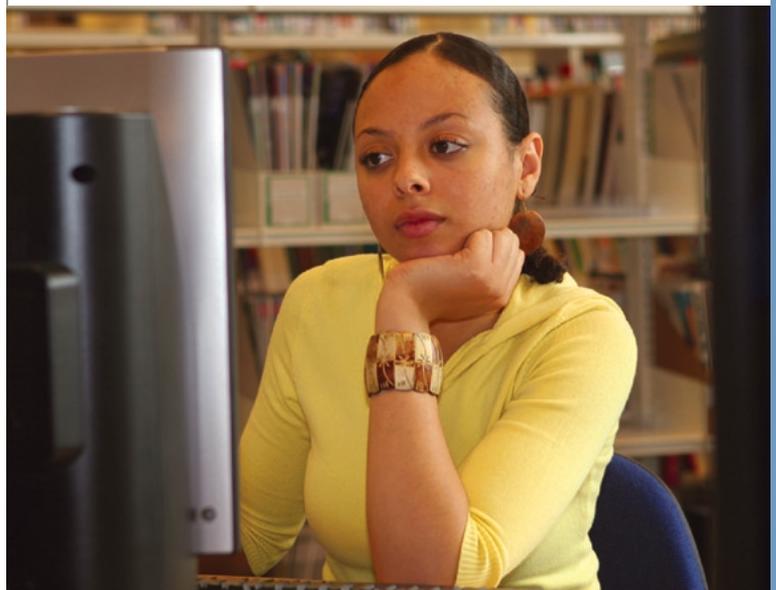
In supplemental online programs, students remain enrolled in a physical school while also taking a course or courses online as a supplement to the instruction they receive through traditional classes in their physical school. In Colorado, these two types of online learning are funded differently and are governed by different statutes and rules. For example, school districts decide which students take supplemental courses and from which provider, and such courses receive a state subsidy in addition to the district's Per Pupil Revenue (PPR).

At-risk Students

Online schools contend that their students are more likely to be at risk than students in physical

schools, and thus comparing their students' academic outcomes to statewide averages is an inappropriate measure of educational quality. In examining this contention, the state audit used a narrow definition of "at-risk" and found that online schools did not have a disproportionate share of at-risk students. Consequently, the auditor denied that online schools' student characteristics explained their lower scores on the Colorado Student Assessment Program (CSAP) as compared to statewide averages.

However, it is important to further explore the various definitions of this term. "At-risk" has several meanings in state law. In the School Finance Act, which is the only definition considered by the audit, "at-risk" means a student who is eligible for free lunch, defined as living with a family whose income is 130 percent or below the Federal Poverty Level (FPL). The School Finance Act provides more funds to



school districts relative to their share of enrolled free lunch-eligible students. But in some cases, "at-risk" refers to free or reduced lunch eligibility. A student is eligible for reduced lunch if family income is between 131 and 185 percent of FPL. It has also been proposed that the School Finance

Act consider reduced lunch-eligible students, and more recently the Act has included English language learners as a smaller component for determining the number of “at-risk” students.

Still, other sections of state law consider broader meanings of an “at-risk” student. The Colorado Preschool and Kindergarten Program (CPKP) lists eight “significant family risk” factors, any three of which deem a student eligible. These factors include: free and reduced lunch eligibility; homelessness; an abusive adult; drug or alcohol abuse in the family; parent under age 18 at the time of the child’s birth; a parent or guardian without completion of high school or equivalent; frequent family residence relocation, and a child’s poor social skills.

Students that are behind in school are also at risk of failing. For example, students who are behind their classmates in reading have difficulty learning the substantive material presented to them in text. Deficits in reading and mathematics make it harder for students to succeed later on in science, math, and other courses. As students grow, it is more difficult for school systems to remediate their educational needs. In high school, students who earn fewer credits are unable to graduate on time with their peers and become more likely to drop out. Students lacking the skills to comprehend the material before them or feeling stigmatized by their

underperformance become bored and alienated, making it harder for educators to help them catch up. *The task force argues that defining “at-risk” in an academic context has merit, and increased information about the academic status and educational outcomes of those served by online programs would be helpful to policymakers.*

The state is moving forward with the implementation of longitudinal measures of academic performance that reflect students’ growth toward proficiency. These measures will likely be helpful in both identifying students that are at risk and evaluating the efficacy of programs that serve them. In the online context, however, it is also possible that students will become attracted to online alternatives as their circumstances change. For example, a student who had performed well in school previously may become pregnant and start parenting. In this case, any change from past academic performance may not indicate a deficiency in the student’s program.

For purposes of establishing eligibility parameters for publicly funded online students, state statute (CRS 22-33-104.6 (7)) authorizes the State Board of Education to promulgate rules for “students whose parents or legal guardians remove them from school for extraordinary reasons and for students who are habitually disruptive or are otherwise at risk.” In implementing this statute, the State Board of Education adopted Rule 301-56, which has further definitions of “at-risk,” including habitually disruptive, habitually truant, or expelled from school. This list follows another list of extraordinary reasons for removal from school, which include teen pregnancy, teen parents, victim of a criminal act, or health or mental health conditions. The audit addressed none of these “at-risk” definitions in comparing online students’ CSAP scores to statewide averages.

All of the factors discussed above can put a student at risk of failing in school. The state should avoid condensing or choosing a single definition. Our commitment to helping all

James enrolled in the On Line Academy during the semester break as a mid-year Junior. He was passionate about pursuing a career as a professional dancer, and he could not continue his stringent training and workout schedule while attending his local physical school, which was unable to accommodate his special circumstances. James completed his junior year and earned an additional credit in spring. When he returned in fall, he said that he wanted to finish all his senior work by the end of the fall semester. We counseled with both James and his parents about the difficulty of such an effort and they fully understood that he would have to continue through spring semester if he was unable to successfully complete all the requirements for graduation. James completed all his work in early January with straight A’s, and has earned his diploma.



children succeed must build from our growing knowledge of all the obstacles that can affect student achievement. The application of the various “at-risk” definitions should reflect the specific context. For example, the factors in the CPKP program’s eligibility criteria are appropriate for early childhood education. Likewise, the application of “at-risk” definitions to online education should reflect all available and related online student information and utilize measures of growth toward proficiency whenever appropriate.

Learning Centers

A recent innovation in online education is the development of physical centers where online students can gather with adult supervision outside their home. These “learning centers” may provide an opportunity for online education for students who lack access to technology or a supportive home environment with ongoing parental supervision, and for children with single parents or families where both parents work during the normal school day. Learning centers may also enable peer and direct person-to-person interaction that can assist students with tasks or address their questions. The presence of adults may also enhance security for examinations through ongoing proctoring of students’ work.

However, learning centers raise questions when it comes to the application of existing laws and regulations, and there is no agreement on whether learning centers should be treated like schools. *The task force agrees that, as constituted now, learning centers are not a “complete educational program” under existing laws. The task force recommends that state policymakers examine how supportive learning environments for at-risk students engaged in online learning, such as learning centers, can be encouraged, while also accommodating Colorado’s traditions of local control and ensuring program quality and accountability.*

An alternative solution that state policymakers may want to consider would be to remove the

prohibition against district approval of “complete educational program” located within their boundaries.

Complete Educational Program

In looking at Hope’s online instruction, the State Auditor and others have raised significant concerns about whether Hope, a charter school with online delivery, was providing a “complete educational program” to its students. State law prohibits a charter school from providing students with a complete educational program unless the majority of its students reside in or adjacent to the district that authorized the charter school. Hope is chartered by the Vilas School District, which is located in the Southeastern corner of the state, and operating with its charter, Hope has established approximately 80 learning centers across the state.

State law, however, provides no definition of a “complete educational program.” The statute applying the standard of a complete educational program to charter schools predates the creation of significant online programs, and consequently the current regulatory framework is not suited to account for recent innovations, such as those occurring in online education. *The task force recommends that state law or rule specifically define “complete educational program” or clarify the application of this prohibition.*

2. BACKGROUND

Local Control

Colorado’s constitution and laws emphasize local control, and education governance and accountability structures, including online delivery, are viewed within this context. Local control does not mean that state or federal government lacks an important role, but their roles must fit within a system that emphasizes local control. In the constitution, “local” means the local boards of education of Colorado’s 178 school districts. Also, the constitution empowers

the State Board of Education with the supervision of the educational system, and this duty has been carried out in several areas, including:

- State accreditation of school districts
- Implementation of the CSAP and the School Accountability Reports (SAR)
- Establishment of 13 state model content standards, and
- Implementation of the federal education law, No Child Left Behind (NCLB)

These state-administered systems are balanced with strong local control. *Because few other states place such an emphasis on local authority for education delivery, the task force recommends that any comparisons with other states' online education systems should consider the degree to which those states' local control governance is similar to Colorado's.*

Public School Choice

In addition, Colorado has a long tradition of public school choice. For nearly 20 years, state law has allowed inter-district open enrollment, which means that a student can choose to enroll in any school district with available slots. About 43,000 students cross district boundaries to enroll in a public school of their choice outside their local district. For over a decade, the state has had a charter school law allowing innovative schools that parents and communities demand to meet particular learning needs. This year, more than 48,300 students are enrolled in charter schools. Also, many districts have intra-district open enrollment programs through which families can choose their preferred school within their local district. For example, in Denver approximately one third of students attend a school of their choice instead of their neighborhood school.

Nearly a decade old, Colorado's online education law builds on these public school choice options. About 8,236 students were enrolled in online schools in the fall of 2006. While online school enrollment has increased by 46% in the last

couple of years, from 5,638 in 2005-06 to 8,236 in 2006-07, the number of students enrolling in online schools lags the number of students that open enroll in physical schools or enroll in charter schools. It is also important to note, that Hope's enrollment growth accounts for 88% of total online school enrollment growth, as its student population grew from 1,516 in 2005-06 to 3,804 in 2006-07.

School Finance

School districts in Colorado are funded through a Per Pupil Revenue (PPR) formula that combines local property taxes with state funding to meet a base amount. The base amount is then supplemented with two main funding factors that take into consideration the size of the school district and the percentage of "at-risk" students. As mentioned previously, the state finance system defines "at-risk" according to their share of enrolled free lunch-eligible students. The current base amount is \$4,863.87 and with the amount given for factors, the state average PPR is \$6,359.11. After adding the factors, the state's lowest funded district is \$5,865.00, which is called the "minimum" amount. This is the amount that online schools receive for full-time online students and this dynamic will be analyzed in the funding section on pages 20-21.

Finally, state law restricts funding for online students by requiring them to have been enrolled in a public physical school for at least one semester during the previous year (State Board of Education Rule 301-56). This restriction allows for certain exemptions, but its constitutionality has been questioned from many people who argue that it may violate the constitutional requirement that education in Colorado be "thorough and uniform." This concept is discussed in the access section on pages 18-20.



3. BENEFITS & CHALLENGES

Task force members support online education and believe it will expand in various forms in the future to serve more students. Online education has many benefits but also faces many challenges. Benefits include:

- Identifying and providing remedial education for students who are behind in their learning
- Meeting a variety of student learning needs and paces
- Providing a unique way of building teacher-student relationships
- Fostering flexible ways to learn
- Adding significant education about technology, and
- Emphasizing personal responsibility

Identifying and Providing Remedial Education for Students Who Are Behind

Online education can employ continuous assessment and adaptive software to identify students' gaps in knowledge and skills. The flexibility of the online environment also allows the school to focus students' time on the subjects where attention is most needed. This combination of identifying specific personal learning needs and focusing instruction and student work to address learning gaps, can make online education highly effective for remediating students who are behind their grade level. It may be difficult in traditional school settings to focus a teacher's time and attention on a specific student, especially if that student's needs are different from the majority of the other children in a large classroom.

Meeting Different Student Learning Needs

Online education provides an education delivery method that supports a personalized education plan because the teacher's instruction and assessment focuses on each individual student. Research shows that children learn differently and succeed through differentiated instruction.

Online teachers develop learning plans that encourage students to advance and build on their strengths and weaknesses.

Meeting Different Student Learning Paces

Online students progress at their own paces. An online teacher can support a student who needs to spend more time on a particular topic, including review or remediation, but can also support those who are ready to advance. Online students who have an easier time with a concept or topic can accelerate their pace to attain mastery. This approach has the potential of eliminating the common dilemma most teachers face when trying to meet the various needs and accommodate the different learning levels in their class.

Teacher-Student Relationships

Online teachers have a unique understanding of their students because they can use technologies that many young people are already accustomed to. Technologies that support the relationships between students and their teachers include instant messenger, e-mail, electronic classrooms, and others. In addition to technology-based interaction, students meet with their teachers at workshops, field trips, proctored testing situations, and other gatherings. When they meet in person, teachers have an exceptionally strong level of understanding of and connection with their students. The teacher-student interactions can be more frequent, focused, and consistent than the experiences a student in a classroom of 24 or more students would likely have.

Flexibility

Another benefit of the online delivery method is flexibility for students. Students that have life situations that limit their ability to consistently attend school in the traditional setting typically need schedule flexibility. And there are many students who learn better during hours outside the traditional school schedule, as well as students who have health issues, family troubles, extraordinary personal commitments, or

extracurricular activities not supported by the traditional education system.

Technology Education and Personal Responsibility

Technology use and personal responsibility are two benefits of online education that may help students be better prepared for the workforce. The inherent nature of online education encourages personal responsibility in students, and online educators often nurture this asset. Students are responsible for scheduling their time, accomplishing their goals and doing so while managing their other personal commitments. To succeed, online students need to develop discipline that will benefit them in their postsecondary learning experiences as well as their employment opportunities. With technology expanding in all aspects of life, online students will also benefit from their expertise and experience in working with innovative technology. This could provide them with an important advantage in the future as emerging technologies are increasingly becoming an integral part of many industries and jobs.

Challenges of Online Education

Online education faces unique systemic challenges and it is important to hold a pragmatic and focused discussion to fully address each of them. Systems can be put in place that will benefit the educational community at large and better serve the online sector. Collaborative efforts among the different education sectors that promote academic achievement and support different learning styles can help students advance and unite the community. Solutions for online education must be innovative and creative just like the medium for which they are designed.

Social Skills and Peer Relationships

Some critics of full-time online education decry the lack of social activity and peer interaction for students. In traditional classrooms, students have opportunities to build relationships with their peers and these experiences can usually

help social skills development. Although online students do have opportunities to interact with their peers and build relationships through participation in chat rooms, workshops, threaded discussions, online clubs, social gatherings, and academic or community outings, they differ from those that take place in physical classrooms.

Teacher-Student Interaction and Direct Supervision of Student Performance

Online education may not be suitable for every student, although students should have an online learning experience prior to high school graduation. Some students learn best from a teacher that is physically in the classroom and who can instruct the student in person. Other students are able to comprehend satisfactorily in a computer learning environment where teacher-student interaction often times is far more direct, inclusive, and focused on the individual student. These methods of delivery may take the form of online presentations, white boards, phone conversations, and instant messaging.

Recruitment, Retention and Evaluation of Online Teachers

Because online teachers must have technological skills in addition to pedagogical and content skills, there is a concern about the adequate supply of quality online teachers. Over time, as online education matures, the challenge of attracting experienced and quality online teachers will decrease as online education is better understood, accepted, and supported. Retaining teachers in either setting, physical or online, is greatly affected by the amount of time they can focus on actually teaching. The more time teachers are required to spend on administrative work and report, the less time they will have for preparation and direct instruction.

The challenges associated with teacher evaluation vary, depending on the online school model. Administrators can observe teachers in their place of work, and it is also technologically feasible for teachers to be observed remotely



through administrative privilege on the platform in which classes are held. Moreover, it is very common for online students and their parents to provide feedback on teachers to school principals and other administrators. Online teacher evaluations have the potential to be more objective, frequent, and effective with the tools and approaches available in the virtual classroom.

Coordination with School District of Residence

Four main areas comprise online schools' challenges related to a student's school district of residence: First, online schools have struggled to gain access to student records. Second, often there is a generally adversarial relationship between the online school and the district of residence. Third, students sometimes need additional instructional or extracurricular support from the district of residence. Fourth, students need a coordinated way to take the CSAP.

Access to Data

To serve students, online schools require timely and accurate data. For students moving from one district to another, it may take weeks or months before their previous school provides their historical performance data to their new school. There are times when Individual Educational Plans (IEPs) for students with special needs are not forwarded or the information is incomplete. All schools would benefit from having immediate student data access at a centralized location. This would remove from the school of residence the burden of sending data, encourage consistency

in student data and records, and serve all students using any available public school choice option.

Relationship with School District of Residence

Partnering between districts with online schools and those without them is an optimal solution. Despite Colorado's tradition of public school choice, the relationship between online schools and a student's school district of residence is aggravated due to the state's competitive school funding environment. Because a district may lose funding when a student enrolls in an online school, districts do not have an incentive to cooperate with other districts' online schools. When the discussion moves from the loss of money to seeking answers regarding why the student is choosing to leave, then a constructive conversation can take place. The task force believes that it is in a district's interest to address its students' needs and choices. Healthy competition involves searching to provide the best education to all students, and while the tension resulting from this competition can be real in the current policy environment, the pursuit of improved outcomes underscores the importance of seeking beneficial relationships that serve all students' needs.

Support Services and Personnel

The ability of online schools to provide additional student support services beyond the teacher is likely to be related to a school's size and resources. Through economies of scale, online schools can add support personnel such as nurses, counselors, psychologists, advisors, and extracurricular activities. A new online school may contract these functions to local school districts and other educational units. Regardless

of the educational setting, students with special needs require and are entitled to appropriate services. The state, local school districts and other responsible entities will need to develop mechanisms to ensure that students with disabilities have equal access to alternatives such as online schools, and that when they enroll appropriate services are available to them. Meeting these needs poses significant funding challenges for online schools.

Facilitating CSAP and ACT Testing

It is essential to facilitate and ensure statewide testing of CSAP and ACT. Currently, several online schools combine efforts and staff to provide suitable testing environments for students throughout the state. Testing adds to the coordination complexities between the online school and the district of residence. It would be a significant improvement for the Colorado Department of Education to coordinate and establish state-authorized testing centers throughout the state, and it would be even more desirable to provide the CSAP as an online testing option delivered to specific

locations statewide, where the Colorado Department of Education could also proctor for online students.

4. ACCOUNTABILITY

Accountability is important for all public entities. In education, accountability instruments and their application have increased in recent years. Traditionally, educators have chosen to measure inputs to achieve “academic progress” rather than measure results or outputs. But in the last 15 years, public education has been shifting toward standards-based systems in which schools are accountable for outputs. Accountability can refer to the measurement and reporting of student academic progress; responsibility for the use of public funds; and compliance with applicable rules and regulations.

Online education provides a new opportunity to use output-based performance evaluation measures. But online education also raises questions about how to apply existing accountability systems and what additional accountability mechanisms are needed. Making accountability real involves determining at least three questions: who is accountable; to whom; and for what?

Online education is subject to all the accountability provisions covering public schools, but its delivery system and potential to serve large numbers of students who cross district boundaries poses some challenges. Concerns have been expressed about creating an additional level of accountability and an accompanying bureaucracy. Some argue that accountability and evaluation indicators should be applied equally to all schools, and the challenge for online education is to appropriately apply existing accountability measures in innovative settings. This can raise implementation questions, since accountability systems were designed for physical schools

There was a boy, a little small for his age. He went to a traditional brick and mortar school, had a difficult time completing his work and keeping his grades up. In spite of testing that showed he was a high-level thinker, this child was picked on by many of his peers, put down by some of the staff and teachers, because he didn't learn the way everyone else did. He left this school after a very traumatic incident, leaving him feeling abandoned and betrayed by the system that was supposed to protect him in his school environment. He enrolled in Branson School Online and found support and guidance; he found a system that seemed to work well for his learning style. Since the first year with our online school, he has had nothing but A's and B's on his report card. His self-esteem and confidence levels have soared and he is turning into a wonderful young man. As a family, we are indebted to the state of Colorado that allowed this option to be available to us when we needed it most.



operating under the auspices of a local school district, at a single physical site, with most students already enrolled in the local district – not for complex online schools.

Others contend that online education is different enough to require a distinct, and additional, approach to accountability. This perspective argues that the Colorado Department of Education and the existing accountability systems are ill-equipped to handle the unique aspects of online education. Concerns include that state accreditation and the associated interventions for entire districts are clumsy tools to apply to districts that are primarily comprised of students in online education. It is also difficult to make appropriate comparisons among schools, given uncertainty about the following:

- What constitutes a school when students, teachers, administrators, and technology can be dispersed across the state?
- How do personnel roles, responsibilities, and requirements change in online education for teachers, administrators, and other staff?
- To whom should online students be compared and how?

Accountable for What?

Accountability for online schools must cover several issues, which can be considered under the following categories:

- Accountability for academic growth
- Operational accountability
- Accountability through choice, and
- Fiscal accountability

Accountability for Academic Growth

Online programs should utilize assessment strategies in conjunction with CSAP that allow for the timely measurement of student ability and growth, with multiple measures of growth toward proficiency. In addition to CSAP,

ongoing assessment strategies with multiple tools will evaluate effectiveness and help schools modify instruction to maximize student learning. As a state, we should require that online schools use an instrument that measures academic growth and allows for appropriate school comparisons. A variety of assessments can fulfill these needs, including the Northwest Educational Association's MAPs assessment or similar exams.

Operational Accountability

Because of the constant application of technology, online education can facilitate the detailed tracking of students and their activity. This potential should enhance the accountability of the operational aspects of online schools. We believe that online providers and the Colorado Department of Education should work together to provide additional information to support detailed accountability. Online education should develop the capacity to track the following:

- Student attendance records
- Student demographic information by gender, age, race, nationality and more
- Curriculum and student performance information by subject, grade, semester and unit, and
- Individual learning plans

Accountability through Choice

Alternative forms of education, such as charter schools, online education, and alternative schools, are common options for parental choice and educational competition. If parents are not satisfied with the education their children receive, they can “vote with their feet” and move their children to another school. Or in the case of online schools, move the child's end of the “school” to a computer. The potential mobility of students among online programs could also generate new market forces in Colorado education, as well as increase complexity in student record management and educational finance.

Fiscal Accountability

Public funding requires “fiscal accountability.”

Fiscal audits of all Colorado school districts are performed regularly and audits of individual schools, particularly charter schools, also occur regularly. Innovative programs, like online education, can raise questions about the applicability of various audit requirements. *The task force believes that online programs require fiscal accountability and transparency that can induce public confidence.*

Statewide Measures of Academic Progress

In Colorado, several statewide accountability mechanisms address academic growth and school quality, including online schools, such as:

- Colorado Student Assessment Program (CSAP), which measures student academic performance with state model content standards in math, reading, and writing in grades 3-10, and science in grades 5, 8, and 10.
- School Accountability Report (SAR), which rates schools according to their CSAP scores and provides for remedies for schools with consistent unsatisfactory ratings.
- School district accreditation, which empowers the state to review districts in test scores, course offerings in all content standards, highly qualified

teaching staff, closing achievement gaps, improvement plans, school safety, community engagement, and financial solvency, among other areas. This process also requires districts to accredit their schools.

- No Child Left Behind, a federal law that measures school and district progress by student subgroups, including by race, income levels, special needs, and English language learners.

Accountable to Whom?

Four possible entities could each or in combination be responsible for holding online schools accountable:

- The Colorado Department of Education
- The Colorado Charter School Institute (CSI)
- Boards of Cooperative Educational Services (BOCES)
- Local school districts

These entities administer different levels of functions that can include inter-district programs and could be well positioned to hold online schools accountable. Tackling this responsibility would require additional resources. The state is also in the process of updating its accountability structures for all schools and these changes could create opportunities to enhance the ability of the various systems to address online education.

The Colorado Department of Education
The Colorado Department of Education is the state entity primarily responsible for strengthening accountability and overseeing the state's accountability mechanisms. However, the Colorado Department of Education currently lacks staff dedicated to online education. The legislature recently approved a new approach to longitudinal assessment and the legislature and the State Board of Education will likely revisit the





SAR's and the application of the NCLB requirements to Colorado schools. These potential changes should be designed to accommodate online education, and additional staff and resources should be pursued to support online education quality and determine how best to apply accountability measures to online education.

The Colorado Charter School Institute (CSI)

CSI is currently authorized and resourced to oversee charter schools only. Thus far, most online schools in Colorado are operated by districts, and not through charters, and the CSI oversees one small online school. Some sort of performance contract other than a charter may be an effective strategy to oversee online schools not operated as charters. The mission of the CSI includes serving statewide interests, fostering innovative schools, and overseeing schools focusing on the needs of at-risk students. These attributes, as well as its statewide presence, could be useful in overseeing online programs.

The CSI recently initiated an effort to develop quality indicators for online programs that will be used to oversee online schools it approves. Under the proposed quality indicator system, each online school will be evaluated by quality guidelines/indicators that address school accountability. These performance guidelines/indicators will have benchmarks by which schools will be measured and will be developed based on best practices. The guidelines/indicators will focus on the following evaluation areas:

1. Academic performance of the students

2. Vision and quality of the educational program
3. Documenting and using results to enhance academic performance
4. Organizational structure of governance and leadership of the program
5. Financial resources and support systems for the program
6. Communications and relationships with students, parents and the community, and
7. Commitment to continuous improvement

Boards of Cooperative Educational Services (BOCES)

In 2006, 23 BOCES across the state received restored state funding of \$10,000 each to address special education, professional development, and data collection and reporting. Online education is a new and growing issue that will require additional resources and careful deliberation, in order to design and implement effective strategies that hold schools accountable and foster quality. This could be done through additional BOCES or a statewide BOCES.

Local School Districts

Currently, all but one of Colorado's full-time online programs are overseen by school districts, either through charters or by operating programs. But districts' capacity to oversee such programs varies, and as programs increase in size and complexity, demands on overseeing entities will increase correspondingly. While small districts may appear to lack the necessary resources for overseeing large programs, district size is no guarantee of capacity. What matters is the ability and resources, including people with the proper knowledge and expertise, to implement oversight

effectively. To the extent that local districts serve as statewide authorizers of online programs, they must demonstrate the capacity to operate at this larger scale.

Districts may also be able to partner with other districts to provide assistance with the oversight of online programs. For example, Douglas County School District has contracted with Hope recently to help them develop policies and procedures to oversee their learning centers. Douglas County district leaders will help them develop systems to ensure higher standards in management and improve compliance with applicable rules, regulations and reporting requirements. This relationship could address shortcomings in capacity at Vilas, as alleged by the State Auditor.

Who is Accountable and how to Manage Multiple Layers of Authority

Many of the issues raised in the audit report emerged from complex relationships between the state, a local district, a charter holder, and multiple subcontractors operating across the state. The state does not have a clear or direct role in overseeing how a district works with a charter school under local supervision. The State Board of Education does address charter applicants who appeal their charter's denial by a local district and also rules on whether a district can maintain its "exclusive authority" to charter. However, other than district accreditation, and the application of all other education rules and laws, there is no clear role for the state to intervene when problems arise related to a district's oversight of an operating charter school. Similarly, when problems or conflicts occur in the administration of contracts between a charter operator and a subcontractor, it is not clear what authority, tools, and obligations a local school district or other charter authorizer has at its disposal to intervene in the situation.

It is clear that online schools, like all public schools, must follow appropriate procedures in the administration of public funds as well as comply with all applicable education, health, safety, and civil rights laws. Colorado policymakers may need to adjust existing oversight structures, clarify how to apply existing procedures and provide additional resources to strengthen the oversight of alternative programs like online education. As the 2007 state legislature considers various changes to education accountability, it will be important for lawmakers to include these ideas in their deliberations. The complexity of these issues, however, are likely to require a more detailed and deliberative discussion than can be accomplished this legislative session. A process should be pursued that allows for a thoughtful, inclusive, and effective strategy to address these issues.

5. ACCESS

Restricting Funding to Students Previously Enrolled in Physical Schools

Concerned about significantly increased online student enrollment and the associated state fiscal costs, the legislature several years ago limited state funding to online students who were previously enrolled in a public school and who had completed at least one semester (C.R.S. 22-33-104.6(4)). Statutory exceptions to this formerly included 135 funded student slots. The legislature eliminated those slots and authorized the State Board of Education to define and grant such exceptions for students who were removed from school for extraordinary circumstances. The exemptions remain in statute and rule, and approximately 300 students per year are exempt and allowed funding. Kindergarten and First Grade online students are also exempt from the funding restriction.

As mentioned in the report's at-risk definition section, the regulatory exemptions include students who are habitually disruptive, habitually



truant, expelled, pregnancy, parents, a victim of criminal act, or who have health or mental health conditions. Many students may benefit from online education because of circumstances that have forced them to drop out of physical school settings. Long-term health problems, pregnancy and parenting, or bullying are all possible factors that can lead a student to drop out of high school. The funding restriction may be limiting access to online education for dropouts or those likely to drop out, effectively preventing a potential remedy to the students who are most likely to benefit from that option.

Many in the education field argue that this restriction is unconstitutional because students are to receive a “thorough and uniform” public education, specifically that such a restriction violates the uniformity of students’ ability to enroll in the public school of their choice. The consequences of the statute represent discriminatory practices and the task force finds no credible rationale for denying students access to public educational choice. *The task force recommends that the legislature remove the statutory denial of public funding for students who were not enrolled in public school in the previous year.*

Improving Access for all Regions and Geographic Areas

Rather than denying access to online education, the state must focus on expanding it by encouraging the state’s telecommunication community to advance efforts and make this delivery method available to all communities. Some rural and mountain areas of the state lack high-speed Internet access, making service too slow for a successful education. Infrastructure that will enhance opportunities for online education options throughout the state is needed.

Learning Centers

For some students, traditional online education, in which the learning takes place in the home, is unfeasible because the student lacks necessary

technical, academic, or personal support in the home. Successful online education includes an expectation of adult supervision, which could be a family member, guardian, or a hired person serving as a teacher’s aide in the classroom.

To address this need, Hope established learning centers throughout Colorado. While the state audit pointed out alleged violations, failings, and areas in need of improvement for this new approach to online education, it neglected to recognize and address the value of this innovation. The Hope model was not specifically contemplated in 1998 when the online education statute was enacted. Ten years later, state policy should not respond to the problems associated with Hope in a way that forecloses the opportunity for effective learning center-based models to be realized. *The task force recommends that the state examine how supportive learning environments for at-risk students engaged in online learning, such as learning centers, can be encouraged while also accommodating Colorado’s traditions of local control and ensuring program quality and accountability.*

To adequately address these issues, the state will have to revisit its definition of a “complete educational program” and clarify how to apply this term in the context of online learning and learning centers while promoting innovation. Learning centers can provide a safe alternative environment for learning. *The task force also recommends a state study of this model, including performance tracking, development of best practices, and an examination of how to address concerns about local control. The task force recommends that the study also specifically examines the separation of religion and state issues raised in the audit.*



6. FUNDING

Full-time online schools are funded differently than other schools in Colorado. Unlike all other schools, online schools receive the minimum PPR amount, equal to the total program amount that the lowest funded school district receives. For the 2006-07 school year, that amount is \$5,865. This section will discuss the policy implications, incentives and disincentives resulting from this structure.

Estimated Costs of Online Schools

One consideration is how closely the funding level reflects actual costs. Over the past years, several studies have attempted to estimate the real costs of online education, resulting in a wide range of figures. These studies have

acknowledged that online schools have different costs than physical schools, some factors leading to higher costs and others leading to lower costs. For example, online schools have higher technology, Internet and computer costs, as well as costs to cover CSAP centers where online students complete the standardized test. Relative to physical schools, online schools have lower costs in the areas of facilities, transportation, materials, teachers, and administration.

Although such cost estimate studies have been conducted in states throughout the country, it is relevant to this report to address those covering Colorado. For this state, the studies have included a report to the governor's 2002-03 online education committee, another survey conducted by the Colorado Cyberschool Association, and a recent study completed by the consulting firm of Augenblick, Palaich, and Associates (APA). The per pupil cost estimates of these studies range from about \$5,700 to \$12,000. The study from 2002-03 projected that in Colorado the average cost of providing full-time online education ranged from about \$6,000 to \$6,800 per student. The APA study based its estimates on different quality levels, ranging between \$7,200-8,300 per pupil, depending on a range of quality and administrative variables.¹

Regardless of what the actual or estimated costs of full-time online education, the reality in this state (and some others) is that the per pupil funding amounts for online education and physical school education are determined by the legislature based on available resources. In Colorado, this amount is also subject to state fiscal requirements and restrictions - notably Amendment 23, TABOR, the six percent annual spending limit, and the Gallagher Amendment.

As with physical schools, online schools should spend their funds appropriately to best serve their students. The money does not follow a specific child. Just like school districts, economies of scale and additional funding provide for improved support and services

A 17-year-old North High School student, Andrew, was orphaned in August of 2005. He and his five siblings continued to live alone in their "Section 8 home," without adult supervision—the oldest was 20 and the youngest 12. Andrew began sleeping until noon every day and was subsequently kicked out of North High School, CLA, Emily Griffith and La Academia Inner City Parish School. He also had some troubles with the Law. Andrew's mentor, from Save Our Youth, was introduced to Hope Online in May of 2006 and decided to try online education as a last resort. Some incentives were put in place to get Andrew focused. The computer tested Andrew and, as you would expect, found numerous "holes" in his education. Andrew had to go back to 3rd grade and repeat four "teaching units" of arithmetic. He needed a lot of mentoring in the early going. He then worked hard to get through 4th, 5th and 6th grades. Just before Thanksgiving, after watching a Broncos football game, Andrew told his mentor that "for the first time he understood average yards per carry and pass completion percentage."

Andrew completed 7th grade before Christmas and 8th grade in January. He now is progressing quickly and needs much less mentoring or adult assistance. Andrew is rapidly filling in the holes in his High School education and will graduate in June with his age group. Recently Andrew took a practice test on Accu-Placer (a respected junior college placement exam), and he scored quite well. A few more educational holes to patch-up, using Hope Online, and then Andrew should be off to college.



within districts with online schools. When funding is not available, offerings, services and support are impacted.

Implications of Online Education Funding in Colorado

Colorado online schools are funded at a lower amount than physical schools, resulting in different incentives and disincentives. As more students transfer to online schools from physical schools, it can cost the state less. However, with relatively few of the state's students in online schools, the overall fiscal impact is minimal.

School districts have a disincentive to see a significant number of students choose online schools because their overall funding declines. Sometimes districts are unable to realize cost savings when students transfer out because they cannot make staffing adjustments to recover personnel cuts. Online school funding can also discourage districts from establishing full-time programs even if they might best serve a student's needs because of their lower amount. An exception to this would be if a district decides to establish or charter an online school that serves a relatively large number of students, such as Adams 12, which charters the Colorado Virtual Academy. Smaller school districts have an incentive to set up online schools that draw students from across the state, regardless of the reduced PPR, because the school raises revenues that the district would otherwise not have. Examples of this in Colorado are Branson, Vilas, Karval, and Monte Vista. Some districts, especially smaller ones, may conclude that the minimum funding amount is too low to cover the actual education costs. While a variety of changing enrollment scenarios are possible and individually can illustrate either beneficial or limiting consequences, the complex nature of Colorado's current school finance system precludes a concrete conclusion of the impacts to the state as a whole of such scenarios.

Legislative Considerations on Funding

The task force recommends the following

financial adjustments:

- Make the online PPR equal to the state average rather than the state minimum, or
- Determine a constant and reasonable amount of state funding for online students regardless of their district of residence.

Further study of education funding in general, and online education in particular, is required. This is part of a larger, long-term policy issue in Colorado. The state school finance interim committee looked at related issues in 2005. Potential systemic changes may be proposed in 2007 legislation and examined in a general analysis of the state education system. The current system is burdensome, inadequate, imprecise in following the student, and can be considered inequitable for individual students. In working to control for inequities in education funding, incentives and disincentives are created that sometimes work at cross-purposes with student choice or learning. A comprehensive review and changes are needed for improving the funding schema.

7. RECOMMENDATIONS

Through its public forum, written communications from the public, and feedback from community groups, the task force has learned of the need for innovation, access, alternative delivery models and advancement in education funding models. It is a delicate, but necessary task, to balance education funding systems with accountability and student choice. Our common interest of educating students can be overshadowed when systems become threatened by financial loss.

It is with great hope that, as a result of a more longitudinal focus on learning gains, fewer children will be left behind and neglected in their current settings. Even so, it is clear to this task force that there are some students who will continue to struggle in the traditional system undetected and thus never reach their full potential. The great potential of individualized learning as provided through the online delivery method may close this gap.

Further study of online education should be pursued to inform later policymaking. Many issues cannot be addressed adequately in the short-term, but should be considered after further study through an inclusive, transparent process. Issues requiring further examination include accountability and oversight, and funding of online programs. Specifically, the task force recommends:

- A study of why students leave their physical schools for online schools
- A collaborative study to develop best practices for online education by engaging online education practitioners, the authorities that oversee them, and the families and students that choose online education.
- A thorough review and analysis of recent innovation and performance in education throughout the state, to identify and replicate what works, describe and address what doesn't, and understand the factors and circumstances that help or hinder such reform efforts.

In addition to these issues requiring further study, the following recommendations should be considered immediately:

- 1) Consider multiple meanings of the term "at-risk," including students who are behind academically, when comparing online student outcomes to students in physical schools and when evaluating the efficacy of schools in general;
- 2) The State Board of Education rather than the legislature should define "complete educational program," do so in a way that allows for innovation, and consider its application to online schools and learning centers;
- 3) Clarify the application of rules and requirements for online learning centers in a way that does not discourage online schools from using learning centers to serve at-risk students;
- 4) Encourage the sharing, documenting, and clarifying of performance indicators;
- 5) Clarify the roles and responsibilities of online educators;
- 6) Encourage state and/or district cooperation for the CSAP testing for online students;
- 7) Examine options for a state inter-district entity for online school accountability such as CSI, the Colorado Department of Education, or BOCES;
- 8) Remove the current funding restriction that mandates enrollment in a public school in at least one semester of the previous year for online students;
- 9) Provide the state PPR average for online students or a consistent and reasonable amount of



- state funds for online student regardless of the local share capacity; and
- 10) The State Board of Education should encourage partnering and collaboration between districts with the online option and those without their own online options so that funding can be negotiated between districts or could be taken from the district of residence.

CONCLUSION

Education in Colorado is changing and improving in many ways. Online education is just one of the innovations that we see in our public school system. Technology is evolving rapidly and we shouldn't be surprised when educators adapt these new technologies for use in new types of schools. As with any new endeavors and new educational settings, challenges and concerns can arise.

Our responsibility is to protect and educate our children as well as we know how. Colorado taxpayers deserve a transparent and accountable governance structure that effectively oversees public institutions. And while our obligation is not to promote online education for its own sake or to foster change in our schools, as Colorado's leaders we need to address concerns about online education, but also need to avoid enacting policy that seeks to protect us from potential future challenges by stalling innovation and improvement today. We should strive to understand how online education operates and determine how we can help more students succeed while minimizing risk to children and the public interest.

Far too many children in Colorado are falling behind, feeling left out, and eventually dropping out of our schools. Online education has the potential to serve some of these students and online educators have begun to tap into that unmet need. Now we must move forward to help these efforts fulfill their potential.

APPENDIX A

State Auditor Recommendations and Department of Education Responses from the November 2006 Audit of Online Education:²

Recommendation No. 1:

The Department of Education should strengthen its oversight, awareness, and reporting of online school performance by:

- a. Analyzing performance data for online students on an ongoing basis and comparing with performance statewide. This information should be reported to the State Board of Education on an annual basis.
- b. Working with underperforming schools and districts to assess the causes of poor performance by online students and schools, and developing policies and guidelines to improve the performance of online students and schools.

Department of Education Response:

Partially Agree. Implementation Date: May 2007 for part “b” to begin any analyses required by the General Assembly if statutory direction and resources for such analyses are provided to the Department.

- a. Disagree. The Department of Education disagrees that it should analyze performance data for online students and report the results of the analysis to the State Board annually. The Department does not have responsibility to track or report on the performance results of individual groups of students. However, performance data for all students is reported through assessments, School Accountability Reports, and longitudinal reports.
- b. Partially Agree. If the General Assembly determines that additional analyses of online schools or students is needed and provides the Department the resources for such analyses, the Department will comply with the General Assembly’s direction. During the last two years, legislation has been introduced that would strengthen Department oversight, identify quality controls, and establish a review process and

procedures for implementing statewide online programs. Although the proposed legislation was unsuccessful, the Department is willing to work with the General Assembly on future legislation.

Recommendation No. 2:

The Department of Education should strengthen its oversight of school districts to improve the performance of online schools by:

- a. Adhering to all State Board of Education rules for accrediting and monitoring school districts.
- b. Working with the General Assembly to seek authority for intermediate penalties such as imposing fines on school districts as part of the accreditation process.

Department of Education Response:

Partially Agree. Implementation date: June 2007.

- a. Agree. The Department agrees that it will adhere to State Board rules for accreditation. In addition, the six-year Accreditation Contracts for all 178 school districts expire June 30, 2007. In anticipation of the renewal process, the Department currently is reviewing its existing Accreditation Rules and agrees that some changes are needed to improve the monitoring and accrediting of school districts. Rule changes may include removing the requirement that school districts be placed on accreditation probation after one year on accreditation watch to make the process more flexible.
- b. Disagree. Although the Department disagrees with imposing fines as part of the accreditation process, the Department is available to assist if the General Assembly makes such a determination.

Recommendation No. 3:

The Department of Education should clarify the definition of at-risk students for use in evaluating student academic performance by:

- a. Reviewing the statutory definitions of at-risk and high-risk students and determining whether one or a combination of the existing definitions of at-risk students could be used for purposes of assessing academic performance. If so, the Department should designate that definition or



combination of definitions for use in evaluating student academic performance.

b. Working with the State Board, and the General Assembly as needed, to develop a new at-risk definition if the Department concludes that none of the existing definitions of at-risk or high-risk students, alone or in combination, is adequate.

c. Including in its accreditation indicators a requirement for school districts to set goals, to establish processes to improve the performance, and to specifically track and report on the academic progress of at-risk students, as defined through this process.

Department of Education Response:

Partially Agree. Implementation date: June 2007.

a, b. Agree. The General Assembly has defined “at-risk” in various places throughout statute. The Department agrees to review the current statutes and work with the General Assembly to define “at-risk” as it relates to student performance. For the State Board to establish a definition of at-risk for this purpose may violate current statute or go beyond its jurisdiction.

c. Partially agree. The Department agrees through the accreditation process to support districts in setting goals for academically at-risk students and to track the academic progress of students but does not agree to require goal setting and reporting as part of the accreditation indicators. Additional resources would be required at the Department as well as at the local school districts.

Recommendation No. 4:

The Department of Education should strengthen and clarify the role of teachers in online schools by:

a. Working with the General Assembly to define the role of online teachers to ensure that teachers play the primary role in teaching and assessing students.

b. Working with the State Board of Education to develop and implement regulations that provide schools and school districts guidance on conducting the in-person evaluation of online students required by statute. The regulations should clarify what activities are considered to be in-person evaluations for purposes of compliance with the statute.

c. Enhancing the accreditation process to ensure that school districts employ qualified teachers for all subject areas and grades taught in each school. This should include adding a specific indicator to the accreditation requirements relating to the employment of qualified teachers and ensuring that the accreditation review process assesses districts against this indicator.

Department of Education Response:

Partially Agree. Implementation date: July 2007.

a. The Department agrees to work with the General Assembly to define the role of an on-line teacher and any special requirements. The Department agrees that it would be supportive of districts to clarify the role of the teacher in on-line education and to ensure that teachers play a primary role in both teaching and assessment in online education.

b. The Department disagrees that it should develop and implement regulations that provide schools and school districts guidance on conducting the in-person evaluation of online students required by statute. The Department believes that the statute is clear and that districts are provided guidance when requested.

c. The Department disagrees that it should enhance the accreditation process by including a specific accreditation indicator relating to the employment of licensed educators and ensuring that the accreditation review process



assesses districts against this indicator. School districts are required by statute to employ licensed and qualified teachers, unless a district or charter school has received waivers from the State Board. Through the accreditation process, the Department already asks each school district to affirm that it complies with all laws and regulations, which would include teacher licensing requirements. However, it is the responsibility of the local school district to ensure compliance with all statutory requirements.

Recommendation No. 5:

The Department of Education should improve the accuracy of its human resources database by:

- a. Implementing a process to verify data reported by school districts, possibly using a sampling or risk-based approach or identifying and investigating anomalies.
- b. Using the verification process recommended in part “a” to identify districts that have not reported data correctly and conducting outreach to these districts.
- c. Imposing the penalties required by statute for noncompliance with data reporting requirements.

Department of Education Response:

Agree. Implementation date: December 2007.

- a. The Department agrees that it will implement a process to verify data reported by school districts by conducting a periodic cross-unit departmental review of existing Human Resources, Highly Qualified Teachers, and School Accountability Report data and processes regarding online teachers and staff. The Department has already strengthened edits in the 2006-2007 collection by creating an error message that is generated if a particular school reports that it has no teachers. Edits regarding online and other specialized school teachers and staff will continue to be analyzed and refined to increase reporting accuracy.
- b. The Department agrees to use the verification process to identify districts that do not report data correctly and provide focused outreach to such districts. The Department already offers periodic training on data reporting that all school districts may attend. For example, in October 2006, the Department provided a series of trainings regarding the 2006-2007 Human Resources data collection, focusing on the integration of special education staff data into one comprehensive human resources collection. Another series of trainings will be provided for the 2007-08 collection as well. The Data and Research Unit is currently providing intensive one-on-one training to district human resources contacts who are responsible for reporting online school staff for the 2006-2007 collection.
- c. The Department agrees to impose the penalties required by statute for noncompliance

To Whom It May Concern:

My son is currently in his second year at Branson School Online, a 7th grade student this year. In the 3rd grade, he was tested and diagnosed with a perceptual learning disability, and an Individualized Education Program was established for him. Before enrolling in Branson, he attended two public brick and mortar elementary schools. The teachers at his previous schools did not adequately accommodate his educational needs, and he became more and more behind in basic skills and knowledge. Often, the guidelines in his IEP were only partially followed. Compounding my son’s learning difficulties was the fact that his visual-spatial learning style also was not properly accommodated. In addition, he endured unrelenting harassment and bullying from other students and, in some instances, was humiliated by teachers in front of his class.

In contrast, at Branson School Online, all of our son’s teachers, particularly his homeroom teacher and Special Education Coordinator, have provided superior support. My son is now performing at grade level, the gaps in his knowledge and skills have been eliminated, and his grades have improved as well as his ability to focus and stay on task, his ability to organize his time and his materials, and, most importantly, his self-esteem. All the items in his IEP have been properly addressed, and he continues to improve daily. I especially appreciate the way I am welcomed as part of his support team. I cannot praise the staff at Branson School Online too highly.



with data reporting requirements, although the Department has a history of proactive edit modification and increased technical assistance rather than punitive measures against districts which have misreported.

Recommendation No. 6:

The Department of Education should improve its oversight and management of the alternative education campus designation process by implementing written policies and procedures that:

- a. Clearly state the qualifying criteria a school must meet to be designated as an alternative education campus and require applicants to provide documentation with the applications that demonstrates that they meet the criteria.
- b. Establish an academic performance reporting system that stipulates when and how often schools designated under the 95 percent high-risk category must report student performance data and which unit of the Department should receive and review such data.
- c. Define “severe limitations” for purposes of designating schools as AECs.
- d. Establish a renewal cycle that stipulates how frequently schools must reapply or renew their applications for AEC designation and maintain documentation that justifies the approval of AEC status for each school that receives the designation for a pre-determined period of time.
- e. Require the Department to review applications for reasonableness and investigate any data that appear questionable. The Department should also modify the application form to reflect parts “a” through “c”, above. In addition to developing written policies and procedures, the Department should correct provisions in the State Board of Education rules that conflict with the statutory requirements relating to alternative education campus qualifying criteria.

Department of Education Response:

Agree. Implementation date: June 2007. The Department agrees to improve the alternative education campus designation process by developing and implementing written policies

and procedures that: (a) stipulate the qualifying criteria a school must meet to be designated and require applicants to provide documentation to support the application; (b) clarify that the Department will maintain documentation justifying the approval of schools as AECs and will review applications and investigate data that appear questionable; (c) establish an academic performance reporting system for schools designated under the 95 percent high-risk category; (d) establish a renewal cycle for schools to renew their AEC applications; and (e) define “severe limitations” for the designation process. The Department undertook an internal review of the AEC designation process in January 2006 which resulted in some procedural changes and modification of the application to clarify that schools must report on all three performance indicators required by statute. The Department also requested, in January 2006, student performance data for schools that had been previously designated. Revised rules to address conflicts between the rules and statute will be drafted for State Board of Education consideration in Spring 2007.

Recommendation No. 7:

The Department of Education should work with the State Board of Education to strengthen safeguards for preventing conflicts of interest by:

- a. Developing and implementing a formal code of conduct that includes conflict-of-interest policies requiring annual disclosure of real and potential conflicts of interest. The code should also provide guidance on what constitutes a conflict of interest and when board members must recuse themselves from discussion and voting on items.
- b. Including the code of conduct recommended in part “a” above, along with applicable statutes in the orientation provided to new board members and offering refreshers to current board members on a periodic basis.

Department of Education Response:

Disagree. The Department disagrees that a formal written code of conduct is needed. The State Board Office includes the code of conduct

found in Article 18 of Title 24, C.R.S., in Board members' orientation packets. The Board also engages in regular dialogue with its attorney regarding real or perceived conflicts of interest. Therefore, the Department sees no reason to change these practices, but will continue to seek new ways to strengthen safeguards for preventing conflicts of interest.

Recommendation No. 8:

The Department of Education should improve oversight and monitoring of school districts through the accreditation process. As part of the annual accreditation review of school districts with online schools the Department should enhance its procedures to ensure that:

- a. Public education monies are not used to fund private or religious education.
- b. School districts comply with requirements set forth in statute and regulation regarding safety standards, course requirements, and student documentation.
- c. School districts follow standards for online teachers as discussed in Recommendation No. 4.
- d. School districts have adequate procedures to monitor their schools that include requiring schools to use contracts for goods and services that contain provisions for the school to monitor the contractor's performance; for either party to terminate the contract; specifying the source and amount of funds provided under the contract; detailing the services the contractor will provide; and explaining any restrictions on how the funds provided by the school may be used by the contractor.

Department of Education Response:

Partially Agree. Implementation date: Unknown pending direction and resources from the General Assembly. The Department disagrees that it should enhance its accreditation procedures as recommended, unless directed by the General Assembly.

- a. Disagree. The current accreditation process already addresses the issue of using public funds for religious education by asking each school district if it complies with all applicable laws and

regulations. School districts currently have the ability to contract for educational services from private providers, including private schools.

- b. Disagree. The current accreditation process requires school districts to comply with state and federal statutes, as noted in the response to part "a" of the recommendation.

- c. Disagree, as noted in the response to Recommendation No. 4.

- d. Agree. The Department agrees that it could implement tighter standards and more direct oversight of online schools if directed by the General Assembly. The Department would require additional staff for implementation.

Recommendation No. 9:

The Department of Education should place Vilas school district on accreditation probation and closely monitor the district to ensure that both the district and Hope Academy comply with requirements set in statute and regulation including requirements for student safety, course requirements, and student documentation.

If Vilas does not correct all accreditation problems, the Department should revoke Vilas' accreditation in one year as permitted by State Board rules.

Department of Education Response:

Agree. Implementation date: December 2006. Discussions began with the district this fall to place the Vilas school district on accreditation probation.

Recommendation No. 10:

The Department of Education should define the term "complete educational program" in State Board rules or work with the General Assembly to develop a statutory definition. The Department should also establish rules that clearly define what circumstances permit one school district to establish schools or other learning facilities within the boundaries of another district.

Furthermore, the Department should work with the General Assembly to determine the safety requirements that should apply to facilities, such as learning centers, that may not meet the



definition of either a school or a child care facility.

Department of Education Response:

Agree. Implementation date: 2007 Legislative Session. The Department agrees that it will work with the General Assembly to develop a statutory definition of “complete educational program” and to determine what circumstances permit one school district to establish schools or other learning facilities or opportunities within the boundaries of another district, including under what circumstances a school district can contract for services within the boundaries of another school district. The Department also agrees to work with the General Assembly to define the term “learning center” to clarify the safety requirements that should apply to them.

Recommendation No. 11:

The Department should develop a system to log, route, monitor, and resolve complaints. The Department should also use complaint data in its accreditation process as a quality indicator and as a means to identify needed changes in statute or regulation.

Department of Education Response:

Disagree. Complaints are monitored and resolved when the Department has jurisdiction. Most complaints are about issues which can only be addressed by a local board of education.

Recommendation No. 12:

The Department of Education should evaluate the current methodology for funding online education and explore other options to minimize the effect of online schools on state and local funding. The Department should consider the funding options discussed above and work with the General Assembly to propose statutory changes if needed.

Department of Education Response:

Agree. Implementation date: June 2007. The Department agrees that it will evaluate the current methodology for funding online education and explore other options to minimize

the effect of online schools on state and local funding. The Department agrees to work with the General Assembly to propose statutory changes as needed.

Recommendation No. 13:

The Department of Education should ensure that public K-12 education funds are accurately disbursed by:

- a. Working with the General Assembly to clearly define what is an online program that should be funded at the online PPR rate.
 - b. Defining the term “substantially completed” for online funding purposes.
 - c. Developing clear and comprehensive criteria for the documentation required to demonstrate student attendance in an online school and ensuring that Department auditors use the criteria during count audits to determine the appropriateness of funding of all students.
 - d. Establishing a more comprehensive risk-based approach to scheduling its pupil count audits.
- The Department should include factors such as rate of growth, the existence of new programs such as online schools, and reports of other administrative problems, as indicators of risk.

Department of Education Response:

Partially Agree. Implementation date: June 2007.

- a. Agree. The Department agrees to work with the General Assembly to develop a better definition and clarity regarding online programs for funding purposes.
- b. Agree. The Department agrees to clearly define the term “substantially completed” for purposes of funding online schools and programs.
- c. Agree. The Department agrees to develop clear and comprehensive criteria for documenting student attendance in online schools. Documentation criteria were determined with the assistance of an “Online Advisory Committee” working with the Department. It is now evident that these criteria were not sufficient and need to be more clearly and comprehensively defined.
- d. Disagree. The Department already uses a risk-based approach in determining the audit schedule. The Department has determined that

the largest districts have the “greatest risk” in numbers of students that may be ineligible for funding.

Recommendation No. 14:

The Department of Education should determine how to comply with the statutory requirement to adjust funding for students who transfer from a brick-and-mortar to an online school during the year or consider seeking a statutory change to eliminate the requirement.

Department of Education Response:

Agree. Implementation date: 2007 Legislative Session. The Department agrees to seek a statutory change to eliminate the requirement. There is no good way to verify that such a change has taken place. The review of documentation and schedules for the entire year would be much more time consuming than cost effective. The Department believes there are many more students returning to brick-and-mortar schools from online programs throughout the year than those moving to online from brick-and-mortar.

Recommendation No. 15:

The Department of Education should increase accountability for online education by restructuring how it oversees online schools. At a minimum, the Department should assign a staff member or unit to serve as a centralized expert and resource for online education. In addition, the Department should work with the General Assembly to evaluate options for increasing accountability for online schools. These options include:

- a. Authorizing the Department to directly accredit online schools that serve students from multiple school districts.
- b. Authorizing the Department to review and approve the establishment of new online schools that plan to serve students from multiple school districts.
- c. Creating a virtual district within the Department that operates in a manner similar to the Charter School Institute by approving and operating online schools that serve students from

multiple school districts. If the Department takes a more direct role in approving and overseeing online schools, it should consider establishing methods to identify online education costs to serve as a basis for determining an appropriate funding level for online schools.

Department of Education Response:

Partially Agree. Implementation date: 2007 Legislative Session. The Department agrees with assigning a staff member or unit to serve as a centralized expert and resource for online education but would appreciate General Assembly support for hiring staff to specifically support online education efforts in Colorado school districts. The Department envisions such an effort as a supportive role to districts by researching and promoting best practices, offering training and technical assistance, and leading efforts to continually improve the use of technology in education. The Department agrees to work with the General Assembly to craft legislation to address the various issues regarding online programs and resources required to implement the legislation. The Department does not agree that it should evaluate the options in parts “a”, “b”, or “c”, above. The Department does not agree that it is appropriate for the Department to approve the creation of local Colorado district online schools or supervise their operations.

Recommendation No. 16:

The Department of Education should consider seeking a statutory moratorium on the establishment of new public online schools until the recommendations from this report are implemented and any statutory changes in the Department’s role are enacted.

Department of Education Response:

Disagree. The Department of Education does not agree it is the Department’s role to seek a moratorium on the establishment of local public neither online schools nor does the Department agree that a moratorium is warranted.



Endnotes:

¹ Augenblick, Palaich & Associates. *20/20: Costs and Funding of Virtual Schools*. October 2006. Available at: <http://www.apaconsulting.net/Flash/papers/Costs&Funding.pdf>

² State of Colorado, Office of the State Auditor. *Report of the State Auditor: Online Education, Department of Education, Performance Audit*. November 2006. Available at: <http://www.leg.state.co.us/OSA/coauditor1.nsf>



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