

# United States Senate

WASHINGTON, DC 20510

October 10, 2018

The Honorable Gene Dodaro  
Comptroller General  
U.S. Government Accountability Office  
441 G Street, N.W.  
Washington, D.C. 20548

Dear Mr. Dodaro:

We write to ask that the Government Accountability Office (GAO) examine policies and practices related to student experiences, supports, and outcomes at full-time virtual charter elementary and secondary schools.

Virtual charter schools enroll a small but growing percentage of elementary and secondary school students nationwide. In the 2016-17 school year, there were 429 virtual schools in 27 states, enrolling just under 300,000 students.<sup>1</sup> Seventy-six percent of those students were enrolled in fully virtual, charter schools – many of which are growing exponentially. For instance, GOAL Academy in Colorado, a full-time virtual charter school, only served 170 students in 2009, but in 2017, it served 3,764 students.<sup>2</sup>

Research on virtual charter schools shows that students attending such schools perform much worse than their peers receiving in-person instruction in traditional, brick-and-mortar public schools.<sup>3</sup> A 2015 CREDO study reported that students in virtual charter schools experience 180 fewer days – a full school year – of learning in math and 72 fewer days learning in reading compared to peers at traditional public schools.<sup>4</sup> In addition, the student to teacher ratio can be astronomically higher in many of these schools. For example, the average ratio is 45 students to 1 teacher in virtual charter schools – compared to the national average ratio of 16-to-1 in traditional public schools – but some virtual charter schools report ratios of closer to 275 to 1.<sup>5</sup>

Despite these negative outcomes, most states distribute funding to virtual charter schools as they would to brick-and-mortar schools. And yet, there is limited information on how operators allocate those public dollars to educate students and manage company operations. This is especially problematic as the majority of virtual charter schools are either explicitly operated by

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<sup>1</sup> Miron, Gary, Christopher, Davidson, Caryn, and Shank. "Full-Time Virtual and Blended Schools: Enrollment, Student Characteristics, and Performance." National Education Policy Center. July 2018.

<sup>2</sup> Herold, Benjamin, and Alex Harwin. "A Virtual Mess: Inside Colorado's Largest Online Charter School." Education Week. June 20, 2018. Accessed July 18, 2018. <https://www.edweek.org/ew/articles/2016/11/03/a-virtual-mess-colorados-largest-cyber-charter.html>.

<sup>3</sup> Woodworth, James L., M. E. Raymond, K. Chirbas, M. Gonzalez, Y. Negassi, W. Snow, and C. Van Donge. "Online charter school study 2015." Credo Center for Research on Education Outcomes (2015).

<sup>4</sup> Credo Center for Research on Education Outcomes, 2015

<sup>5</sup> Credo Center for Research on Education Outcomes, 2015

or connected to for-profit companies that have perverse incentives to minimize the cost of instruction and student supports in order to boost their bottom line.<sup>6</sup>

Accountability models, funding formulas, and attendance policies were created for brick-and-mortar schools, and yet, state funding and accountability policies have not kept pace with the growth of virtual charter schools. States and districts have yet to identify models that will effectively measure student participation and attendance rates in online schools. As a result, it is difficult to determine how many students these schools are serving and how much funding they should receive. For example, in Ohio, Electronic Classrooms of Tomorrow (ECOT) concealed attendance numbers as well as student participation and graduation rates for years before the state and local regulators acted. Moreover, there is almost no research on whether virtual charter schools meet student needs, especially for students who require specific accommodations, including English learners and students with disabilities.

In addition to concerns about accountability, virtual charter schools also lack transparency. A recent report by the Center for American Progress found that K12 Inc., the largest for-profit virtual school operator, spent over \$20 million on compensation for the top six executives in fiscal year 2017.<sup>7</sup> Moreover, the company spent almost \$37 million on advertising.<sup>8</sup> Unfortunately, similar data is not available for other for-profit, virtual charter school operators since K12 Inc. is the only publicly traded company with available records specific to these schools. This lack of transparency makes it impossible to know how virtual charter schools and their affiliated management companies spend public dollars.

In order to better understand the reforms needed to ensure student success with the growth of virtual charter schools, we request that GAO study the student experience at these schools. Specifically, we ask that GAO:

- Examine how virtual charter schools recruit students, compensate recruiters and enrollment advisors, target particular student groups, and discuss the education program with families to determine if the school is a good fit for students' needs and circumstances.
- Identify if there is a relationship between the rate of growth of particular virtual charter schools and their academic performance.
- Analyze if there is a relationship between the rate of growth of a particular virtual charter school with recruiting tactics, recruiter compensation, and advertising.
- Examine the cost structure of virtual charter schools and how such structure may or may not take into account or incentivize stronger student outcomes. Examine students' access to live teachers and other support staff, such as school counselors.

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<sup>6</sup> Miron et al., 2018

<sup>7</sup> Center for American Progress report, report forthcoming

<sup>8</sup> Center for American Progress report, report forthcoming

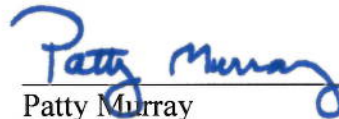
- Examine the vendor relationships between charter school authorizers, virtual charter schools, and their management companies and whether there is a trend of conflicts of interest between vendors and charter school leadership or oversight bodies.
- Examine student outcomes at virtual charter schools, including outcomes for subgroups of students including major racial and ethnic groups, English learners, students with disabilities, and low-income students.
- Examine the additional supports and accommodations available to English language learners, students with disabilities, and students who are significantly behind grade-level.
- Examine the academic rigor of courses, including the criteria used to gain course credit, required assignments, and the level of academic performance required for a passing grade and graduation.
- Compare the processes and methods that virtual charter schools use to measure attendance and participation with the amount of time students spend performing course work.
- Identify the amount of federal, state, and local funding virtual charter schools receive.

Thank you for your attention to this important issue. Please contact Allie Kimmel with Senator Murray or Leah Hill with Senator Brown with any questions regarding this request.

Sincerely,



Sherrod Brown  
United States Senator



Patty Murray  
United States Senator