Kayla Cockrum

Professor Bednar

Political Science 326

Final Policy Brief

December 5, 2012

Cyber Schools in Michigan: Stretching The Budget Too Far For Distance Education

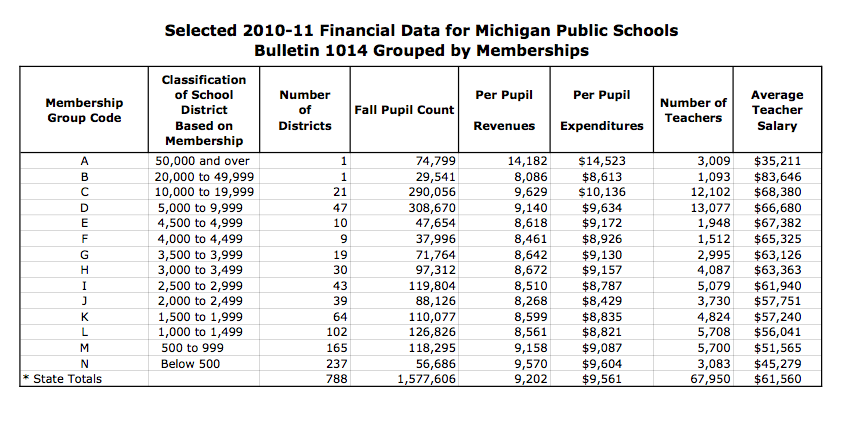
Finding the most cost and academically effective ways to educate students in Michigan is of utmost importance, as reflected by the vibrant debates in the House and Senate. Given the current K-12 education budget, it is already hard to provide Michigan students with an enriching public education. However, cyber schools could make this even harder as taxpayer dollars allotted for public schools are diverted to cyber schools. To make this problem worse, evidence has not shown that cyber schooling is an academically effective method of education at the K-12 level. The state government is supporting these cyber schools when they may provide a subpar education to the students of Michigan.

Senate Bill 0619, recently passed in Michigan, provides for an expansion of cyber schools. The act amended the Revised School Code by repealing the previous limit of only two cyber charter schools and only 1,000 cyber school students in Michigan. The number of cyber charter schools will now expand from two to five until December 2013, and to 10 until December 31, 2014. After this date, the number of cyber charter schools may not exceed 15. The state government is responsible for financing the majority of public education, including cyber schools. The governor should consider that budgets are already tight for Michigan public schools, and the fiscal impact that the expanding number of cyber charter schools will have on the public school system is difficult to predict. While cyber schools may provide another option for students and their parents, the state should repeal the law due to these fiscal and academic concerns.

When examining the current policy on cyber schools, it is important to consider the two main components of this policy problem: the misuse of limited state funds and poor academic standards. Taxpayer dollars will be allotted to the private corporations who administer these cyber schools while public schools will continue to struggle with limited funding. Cyber schools are run as businesses, and profits come before the education of their students. A cyber education does not compare favorably to a traditional education. Even research that suggests there may be some advantage to cyber schools has been based solely on the study of adults, so these studies cannot be used to suggest that cyber schools will be effective at the K-12 level. By looking at other states like Pennsylvania, Michigan might be able to better assess the effectiveness of cyber schools. The following evidence will support my argument that Senate Bill 0619 should be repealed due to the negative fiscal and academic impacts. The merits of cyber schooling will also be shown, but they do not outweigh the challenges, which will make up the counterargument. The two main challenges that outweigh all benefits are the misuse of public funds and the poor academic standards. Cyber schools just do not provide enough to their students to be a worthwhile taxpayer cost.

There are many economic issues to consider when examining Senate Bill 619 such as the amount of public funds and resources that public schools will lose, the funds that could be wasted on a subpar education, the allocation of public funds to private corporations, and the negative consequences on an education system that result from diverting public funds to cyber schools. Senate Bill 0619 expands the number of cyber schools in Michigan, which gives students options, but it could be a subpar option with a negative fiscal impact. The Senate Fiscal Agency presents a summary of the bill that addresses the uncertainty regarding the fiscal impact: “There is no way to forecast the potential change in enrollment that might occur as a result of this legislation.  Each additional pupil in membership will cost the State at least the minimum amount of per-pupil funding, which will be $6,966 in FY 2012-13” (Senate Fiscal Agency). Cyber schools could prove to be very costly for the Michigan education system.

The current policy enforces a two percent cap on the number of students who can enroll in cyber schools, but even this could have a large, negative fiscal impact. According to state Superintendent of Public Instruction Mike Flanagan, the number of cyber schools expands until it is capped at two percent of the Michigan student population (MDE). This may seem like a small number, but when put into perspective by using enrollment statistics from the Common Core of Data, one can see how cyber schools could produce a serious negative externality: they take per student dollars from public schools. Considering that there are about 1,577,606 public school students and public schools receive near $7,000 for each student, this would result in a loss of over 200 million dollars for the public school system as these dollars are diverted to cyber schools (CCD). 200 million dollars would provide a lot for public schools like more teachers, textbooks, and other supplies.



(MDE 2012)

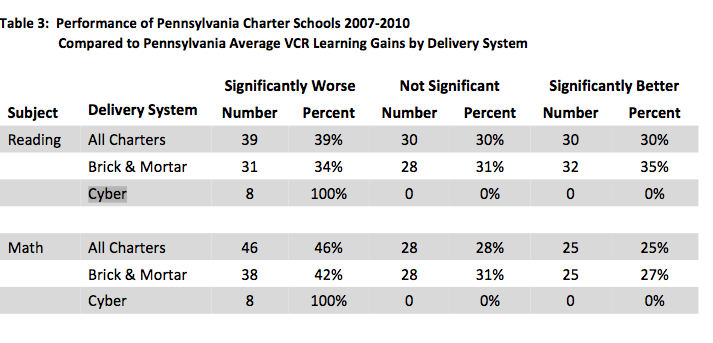
With 1,577,606 students enrolled in Michigan public schools, 20 million books would give each student at least ten new textbooks. Average teacher salary in Michigan is reported to be $61,560, and if these public funds were not allocated to cyber schools, Michigan public schools could afford to hire over 3,200 more teachers (MDE). As the number of teachers in Michigan increases, the class size in Michigan public schools decreases. Smaller class sizes provide more opportunities for each student to gain personal attention, which will contribute to an even more enriching education. Michigan could also use these additional funds to purchase textbooks for their students. Assuming each book costs around ten dollars, 200 million dollars could also be used to purchase 20 million books for Michigan public schools.

The governor needs to support policy that puts taxpayers dollars in the hands of those who can provide the best education to Michigan students. As the Michigan Education Association President Steven Cook said, “Our state leaders should tread very lightly when deciding whether to divert scarce educational resources into virtual schools. And they should tread very lightly before turning our kids into guinea pigs for corporate education experiments” (MEA). There are tight state fiscal constraints on public schools, and cyber schools could make providing a good education even harder. While I recognize that cyber schools provide another option for students, it’s important to realize that positive results from cyber schools are not guaranteed and are costly to public schools- a negative externality of taking away their funding.

Not only are funds being taken from public schools, but taxpayer dollars are being allotted to out of state, for-profit corporations that administer the cyber schools. Legislative Analysis of Senate Bill 619 shows that opponents of the bill do not support the mixing of education and profit-making: “Michigan taxpayers do not want their tax dollars used to enhance profits for a few corporations based out-of-state, at the expense of their neighborhood school” (Cleary 9). Taxpayer dollars are public funds, and public funds should be going toward traditional public schools. A *New York Times* article examines the profit-making part of cyber schools as well. The article looks at one Pennsylvania public school is failing, but “by Wall Street standards, though, Agora is a remarkable success that has helped enrich [K12 Inc](http://www.k12.com/)., the publicly traded company that manages the school. And the entire enterprise is paid for by taxpayers” (Saul). These cyber schools are first and foremost businesses, and they are not accountable to citizens, parents, or the state, which makes it hard to trust that they will ensure a quality education.The cyber school mentioned above, Agora, is reported to take in a profit of about 72 million dollars in one school year. The New York Times spent several months examining cyber schools, especially one corporation, K-12 Inc., and “a portrait emerges of a company that tries to squeeze profits from public school dollars by raising enrollment, increasing teacher workload and lowering standards” (Saul). As state education budgets are being slashed, these for-profit schools will not benefit the students or the taxpayers of Michigan. For-profit schools are more interested in profits than educating students, and their CEO’s are taking our tax dollars as a bonus (Saul). Tax dollars should not be used to support private companies when public schools desperately need the money to provide resources for their students. With a focus on profit rather than education, the students are also not receiving the best education available. Cyber schools are businesses that know how to attract cliental, but while this form of education has a lot of appeal, the cost to the public education system is much higher than the benefits.

Diverting funds from public schools to cyber schools does not make for a great education system. Kathleen Ellis, a doctoral student at Alvernia College, provides a detailed description of the merits and challenges of virtual schools (Ellis). Parents are opting to send their children to cyber schools instead of home-schooling them, because the funding burden shifts from the individual family to the taxpayers. While this is great for these individuals, the local districts and residents have no input on whether or not these public funds should be allotted to cyber schools when they are the ones who suffer as a result of losing their resources to cyber schools. The state government is helping a few but hurting many by not repealing Senate Bill 619. Ellis’s close study of Pennsylvania’s cyber schools leads her to conclude that “school systems need to maximize the utility of the funds available; diverting public school money from servicing the majority of the public school population is not in a system’s or its students’ best interest” (Ellis 149). While a few many benefit from cyber schools, Michigan should consider the negative externality that cyber schools would have on the public school system. Pennsylvania’s experience with cyber schools has shown that diverting taxpayer dollars from public schools is not the benefit the majority of the students. Based on her study, the best educational policy would incorporate the benefits of cyber school- Internet research, email access, and online communication- into the traditional public school system. It is not necessary to rely on cyber schools to provide these options to our students.

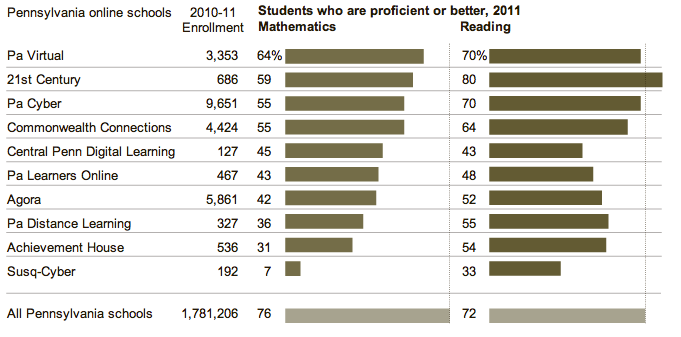
The governor should see that the bill should be repealed due to state fiscal constraints and the negative externalities that cyber schools will cause in relation to traditional public schools. If it were to be repealed, I would recommend proposing policy that allowed students to take some of their classes online through the public schools. This would allow students to have their options, but it would not hurt the public schools fiscally. Another option would be to allocate less state dollars to cyber school students than to traditional school students. An amendment was proposed in the Senate by Senator Hoon-Yung Hopgood last year to only pay Internet-based public cyber schools half the amount of state school aid for each student who attends (McHugh). His amendment failed at the time, but it would have provided some relief fiscally. However, cyber schools present more than a fiscal problem. The best solution would be to repeal the act completely due to the poor academic performance that is also associated with public schools.

While I have acknowledged the fiscal dilemma, there is also the poor performance of students in cyber schools to consider when making a policy recommendation. My research strategy for building a case is to present data from other states that have had virtual school systems for a longer period of time. Pennsylvania provides an excellent case study to show how the challenges of cyber schooling can often outweigh the benefits. A study on online schooling in Pennsylvania conducted by the Center for Research on Educational Outcomes from 2004-2008 showed how online students had fallen behind the traditional students in terms of test scores. “Cyber charter students have significantly smaller gains in reading and math than those of their traditional public school peers” (CREDO). In both mathematics and reading, the students in all 8 cyber schools had significantly worse test scores than their traditional counterparts, which can be seen below.

(CREDO 2011)

While traditional schools were found to produce the highest test scores in Pennsylvania, the study also showed that cyber schools in Pennsylvania were performing worse than brick and mortar charter schools as well. Cyber schools proved to be the worst method of educating Pennsylvania students. Michigan should repeal Public Act 129 of 2012 to ensure that our students do not fall behind in math and reading like the cyber school students in Pennsylvania.

An article in the *New York Times* also shows how Pennsylvania online students fail to be as proficient in mathematics and reading as their traditional student counterparts. The chart below shows how several different cyber schools perform significantly worse than the average Pennsylvania traditional public school.



(Saul 1)

While one of the school’s above, Agora, is trading well on Wall Street, their students are

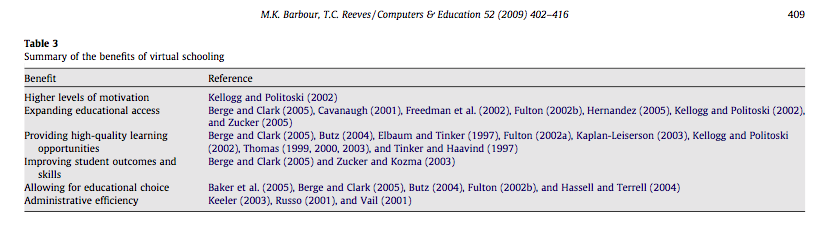
performing very poorly. “Nearly 60 percent of its students are behind grade level in math. Nearly 50 percent trail in reading. A third do not graduate on time. And hundreds of children, from kindergartners to seniors, withdraw within months after they enroll” (Saul). These numbers are eye opening, and Agora is not even the worse cyber school in Pennsylvania. Agora is able to profit near two million dollars whether the students fail or succeed to meet grade level proficiency (Saul). Losing students would result in loss of revenue, so it’s not a stretch to consider that a profit-centered business would pass students just to maintain a steady stream of revenue. There is no reason to believe that the disaster that occurred in Pennsylvania could not happen in Michigan. The Governor should carefully examine this case study as it shows how the possible it is that many of the opposition’s fears could manifest.

The data shows that online schooling can have benefits at the adult-level, policy on K-12 education should not be based on this research. There is not enough achievement data on cyber schools at the K-12 level to say that cyber schools benefit students.Students at this level are in a developmental stage, and data shows that they need some form of in person, classroom education. Education professionals understand the importance of this contact. When deputy superintendant of Memphis City Schools Irving Hamer Jr. was asked why he opposed cyber schools, he stated: “The early development of children requires lots of interaction with other children for purposes of socialization, developing collaboration and teamwork, and self-definition” (Saul). It is necessary that the governor consider how important in person contact with a teacher is to a student’s academic achievement. Cyber students miss out on the opportunity to develop a relationship with their teachers, and by losing out on that mentorship experience, they are at a disadvantage in comparison to traditional, public school students.

Supporters of Public Act 129, which increases the number of cyber charter schools see this change in policy as giving parents and students more choices. The government wants to provide more options to parents, so that they can decide with their student what is best. But the government should not offer a subpar choice to students. During the Bush Administration, there were events during Charter School Week where the government praised charter schools, especially cyber schools, because they provided options with students (Thomas). However, by passing this act, the government is supporting an option that the data does not support. The best interpretation of the data is that it is inconclusive. The U.S. Department of Education also has a National Education Technology Plan Technical Working Group that supports the use of innovative technologies in education. There are three areas of the plan that show the benefits of online education: Assessment: Measure What Matters, Executive Summary*,* Productivity: Redesign and Transform (National Education Technology Plan Technical Working Group). Incorporating technology into a traditional classroom can be very beneficial, as it gets students familiar with computers, which they will most likely be working with in their professional lives after school. However, technology should not be the mode of education. Technology should be something students are educated on in their traditional classrooms. A student cannot receive a beneficial education by just sitting in front of a computer screen.

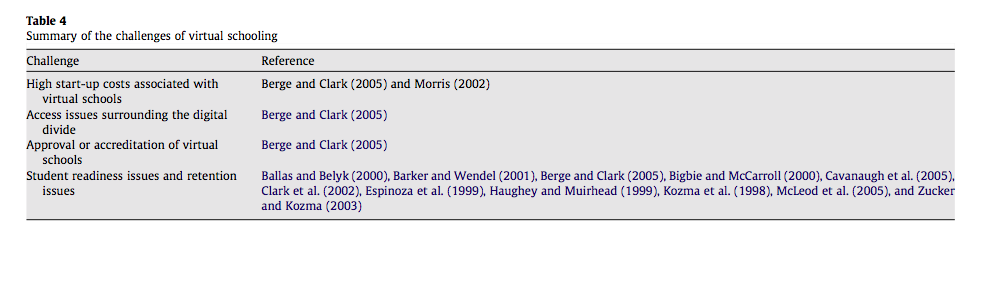
The U.S. Department of Education Strategic Plan for Fiscal Years 2011-2014 also presents federal government support of innovative technologies. NEED TO GO DEEPER INTO THIS AS WELL. While the federal government states that technology should be used in the classroom, this should not be interpreted as support of eliminating the classroom entirely (Duncan).

Michael Barbour and Thomas C. Reeves, “The Reality of Virtual Schools,” presented the advantages and disadvantages facing cyber schools in a very unbiased way. While they acknowledged the benefits of providing parents and students with options, the disadvantages outweighed the benefits of cyber schools (Barbour). Below you can see the benefits that they found of virtual schooling such as higher levels of motivation, expanding educational access, providing opportunities, and choice:



(Barbour 409).

Below you can find a chart that outlines the challenges that they found in regards to cyber schools:



(Barbour 411).

The challenges such as access issues surrounding the digital divide, approval or accreditation of virtual schools, and the readiness and retention issues listed greatly outweigh the choice benefits that were detailed above. Barbour and Reeves also see that despite the benefits of cyber schools that they found, adults are the only ones that have been proven to benefit from cyber school: “Over the past decade, there have been numerous studies that have shown that the only students that are typically successful in online learning environments are those who have independent orientations towards learning, who are highly motivated by intrinsic sources, and who have strong time man- agement, literacy, and technology skills. These characteristics are ones that are typically associated with adult learners” (Barbour). While it is easy to equate adult success to success at the K-12 level, this is not a logical leap that the Michigan state government should be making.

In conclusion, my policy recommendation would be to repeal Public Act 129 of 2012, also referred to in this policy brief as Senate Bill 619. While the idea of increasing options is enticing, the advantages of cyber schools do not outweigh the challenges. Cyber schools have a negative fiscal impact as they divert Michigan taxpayer funds from public schools and to big, for-profit corporations. Students are also performing poorly in cyber schools, which can be seen if the governor looks at the poor test scores of cyber schooled students in Pennsylvania. Repealing the act completely is the best recommendation that I can make to the governor. The misuse of limited state funds and the poor academic standards provide two valid arguments to show that the deficiencies of cyber schools outweigh the benefits.

Works Cited

Barbour, Michael K., and Thomas C. Reeves. "The Reality of Virtual Schools: A Review of the Literature." *Elsevier* (2008): Web. 04 Nov. 2012.

CCD. The Common Core of Data. "State Profiles Home Page." *State Profiles Home Page*. National Center for Education Statistics, 2010-11. Web. 24 Sept. 2012.

Cleary, Mary Ann. “Legislative Analysis: Expand Cyber Schools.” *House Fiscal Agency.* 20 Feb. 2012. Web. 19 Nov. 2012.

CREDO. "Charter School Performance in Pennsylvania." *CREDO*. Stanford University, Apr. 2011. Web. 24 Sept. 2012.

Duncan, Arne. *U.S. Department of Education Strategic Plan for Fiscal years 2011-2014.* U.S. Department of Education. 2011. Web. 17 Oct. 2012.

Ellis, Kathleen. "The Realities of Virtual Schools: Cyber Charter Schools: Evolution, Issues, and Opportunities in Funding and Localized Oversight." *ERIC World's Largest Digital Library of Education Literature*. Educational Horizons, 2008.

McHugh, Jack. "2011 Senate Bill 619: Repeal Restrictions on Public "cyber Schools" - Michigan Votes.” Mackinac Center for Public Policy, n.d. Web. 24 Sept. 2012.

MDE. “2010-2011 Bulletin 1014.” *Michigan State Board of Education.* June 2012. Web.

4 Dec. 2012

MDE. “ Snyder, Flanagan address cyber charter school legislation.” *Michigan Department of Education.* 3 May 2011. Web. 4 Dec. 2012

Michigan Education Association. "Cook Cautions Legislators to 'tread Lightly' on Cyber School Movement." *Michigan Education Association*. N.p., 7 Dec. 2011. Web. 19 Nov. 2012.

National Education Technology Plan Technical Working Group. *U.S. Department of Education*. N.p., Nov. 2010. Web. 17 Oct. 2012. <http://www.ed.gov/technology/netp-2010 >.

Saul, Stephanie. "Lagging in Performance: Pennsylvania Online Schools." *NYTimes.com*. The New York Times, 12 Dec. 2011. Web. 24 Sept. 2012.

Senate Fiscal Agency. Michigan. State Senate. "0619: Summary As Enacted - Cyber School Revisions." Senator Patrick J. Colbeck, 25 June 2012. Web. 24 Sept. 2012.

Thomas, David. *Archived: Bush Administration Celebrates Charter Schools Week*.

U.S. Department of Education, 5 May 2004. Web. 17 Oct. 2012.