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Cyber and Home School Charter Schools: How States are Defining New Forms of Public Schooling*

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Introduction

Cyber and home school charters are quietly gaining momentum across the country and are beginning to challenge traditional definitions of public schooling by delivering instruction absent the traditional "brick and mortar" school house. Cyber and home school charters have emerged within a wider charter school movement which in the last decade has quickly expanded to include 2,700 charter schools in 40 states and the District of Columbia, serving over 684,000 students (Center of Education Reform, 2003). The appeal of charter schools is apparent in the dynamic growth of the movement, yielding a 40% increase in enrollment in the last 5 years, from 1999-2003. A contributing factor to the increasing enrollment statistics is the outgrowth of nonclassroom-based charter schools. Over the last 5 years an estimated 60 cyber charters have come on-line in 15 states, which currently serve over 16,000 students and account for 2% of the national

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charter school student population (Center for Education Reform, 2003). Adding to the above figure the 52,000 students enrolled in home school charters in California and Alaska, and the total enrollment of nonclassroom-based charters increases to 10% of the national charter school student population.

Similar to traditional charter schools, cyber and home school charters are independent public schools created through formal agreement with a state or local sponsoring agency, designed and operated by parents, community members, and entrepreneurs, and allowed to operate free from most state and local regulations governing schools—including, staffing, curriculum, school calendar, resource allocation, governance, and school/classroom sizes (Finn, Manno & Vanoureck, 2000; RPP International, 2000; Center for Education Reform, 2000; Mullholland & Bierlein, 1995; Geske, Davis & Hingle, 1997). What sets cyber and home school charters apart from traditional schooling models is the non-classroom based instruction which students receive outside the confines of the traditional school house setting. Instruction is instead delivered through alternative mediums, including: parents as primary instruction providers, computer-based instruction using pre-packaged software programs, and teacher directed distance-learning or cyber learning where students receive either asynchronous or synchronous (real-time) instruction via the internet from a teacher or other instructor. Cyber and home school charters also differ from traditional charter schools in the type of students they enroll, serving primarily students who were previously privately home schooled, and drawing enrollment from wide catchment areas which cross district lines and may span an entire state.

This paper seeks to illuminate how these alternative charter school models are developing within the wider public school community and the charter school movement. Our primary focus will be on California and Pennsylvania, where recent public scrutiny of cyber and home school charters has prompted debate among policy makers, educators, and parents, who have begun to reconcile the objectives of an expanding school choice movement with the demands of public accountability. Our analysis will focus first on the salient policy issues that have surfaced in several states where nonclassroom-based charter schools are operating. In the second section, we trace the emergence of nonclassroom-based charters with a specific focus on how states are beginning to draw legal and regulatory definitions of both cyber and home school charters. Our discussion will also outline the important distinctions between the two nonclassroom-based schooling models. In the third section we present a comprehensive legal and regulatory analysis of recent legislative changes in California and Pennsylvania. The important legislative responses which have resulted from public debates in these states, have affected the daily operation of non-classroom based charter schools, and have challenged the viability of sustaining these alternative schooling models under the context of increased state accountability demands. The California and Pennsylvania context provide important lessons from which other states can learn. These policy lessons will help frame the policy recommendations which we advance in the final section of this paper.

The size and scope of cyber and home school charters in these states is important. Currently, California operates the most home school charters, numbering 119 and serving nearly 50,000 students—31% of operating charters and 30% of the total charter school student population (California Department of Education, 2003b). While Pennsylvania has

the most cyber schools with 8 schools in operation, serving nearly 4,700 students—8% of operating charters and 13% of the total charter school student population (Pennsylvania Department of Education, 2003).

The public and legislative debates that have surfaced in California and Pennsylvania have been prompted in part by widely publicized accounts in newspapers and other media outlets, that have reported on the questionable practices of some cyber and home school charters. The reports have detailed the mismanagement of public funds including profiteering and withholding of services to students; the questionable accountability practices that result in minimal oversight of teaching and learning processes; and the borderless student enrollment zones spanning entire states, that have resulted in both fiscal and accountability challenges for districts from which students transfer, as well as the schools where transferring students enroll.

In northern California, a recent report described how the operators of a home school charter charged their school a management fee of 37.5%, which amounted to a profit of over $500,000 from the $1.4 million in state revenue received by the school (Asimov, 2001a). In Pennsylvania, several reports have detailed how the state's largest cyber charter serving 2,700 students, was accused by parents of withholding services and materials, including computers, Internet access and learning materials (the *basic* tools for a virtual schooling model). The complaints prompted an investigation led by the Office of the State Secretary of Education, that later resulted in the school closing when the local sponsoring district revoked its charter (Raffeale, 2002; Henrie, 2003). And finally, in Pennsylvania, news outlets reported on how school districts across the state refused to forward tuition payments (per-pupil funding allotments) to cyber charters. The resident

districts' claimed that they should not have to pay for students who enroll in schools out of their district and thus out of their direct charge. These actions on behalf of the resident district of students, lead to the near insolvency of several cyber charters, and prompted the state to withhold aid from districts who refused to send tuition payments to cyber charters. What resulted was a statewide debate about who is ultimately responsible for funding cyber charter students (Chute, 2001a; Chute & Elizabeth, 2001; Trotter, 2001).

Salient Policy Issues

While the autonomous nature of cyber and home school charters may seem even more decentralized from the limited public authority which governs traditional charter and schools, they are still aligned with the common conception which has advanced the charter school movement. Like all charter schools, in exchange for their autonomy, cyber and home school charters are expected to promote and create new educational innovations, including new teaching and learning methodologies, new organizational and administrative structures, as well as new outcome-based and results oriented accountability programs. Yet, as this renegade schooling model continues to emerge, its sudden prominence may be quelled by policy makers and educators who have begun asking whether these new non-classroom based schooling models have gone too far in defining what is both innovative and permissible within a public school system.

To date, there has been little research that has focused on the issues that non-classroom based charter schools are raising.[1] But as these schooling models have expanded, charter advocacy centers, research clearinghouses, and education associations have begun to weigh–in on the issue and have published their own policy briefs outlining

some important issues (see Education Commission of the States, 2003; Center for Education Reform, 2002; American School Board Journal, 2002). Our analysis will draw upon these reports, as well as original data that we collected from state-level officials in several states. In addition, we also refer to informative public news accounts that have surfaced in major national newspapers and have investigated how nonclassroom-based schooling models have emerged. This recent work has prompted swift and strong action from state legislatures which have begun to adopt policies that monitor the nonclassroom-based charter school models. Legislatures in California, Pennsylvania, Ohio and Wisconsin have recently addressed issues concerning the public oversight of nonclassroom-based instruction and have adopted state-level policy changes aimed at increasing accountability within the emerging nonclassroom-based charter school model. These states, and others that are sure to follow, will continue to be challenged in their attempts to make more transparent links between the hazy lines of public accountability which have resulted from the devolution of public authority under the charter school model.

The following are the key issues which are emerging as states begin to create policies that define nonclassroom-based schooling models and account for how the alternative cyber and home-based charter schools will be held accountable under the public purview.

- ***Determining per-pupil funding for nonclassroom-based charter schools.*** State officials and educators are debating whether operating a cyber or home school charter merits per-pupil payments equal to traditional school students. While the facilities, staffing, and transportation costs are considerably lower for a student in a

nonclassroom-based setting, the costs for technology and learning materials needed for online or home-based instruction are still significant. The challenge for states is in determining the costs linked to new teaching and learning methodologies, new organizational and governance models, and the accountability mechanisms that nonclassroom-based schooling models are employing.

• ***Accountability of student performance and educational program quality.*** The decentralized charter status that grants charter schools wide levels of autonomy from state and local regulations, in conjunction with a non-traditional nonclassroom-based charter school setting, makes monitoring student performance and educational program quality, both difficult and costly. Reliance on parents as the primary instruction providers, as well as parent and student self-reporting of instructional progress, poses challenges in authenticating students' work and in measuring program quality.

• ***Defining enrollment boundaries and funding responsibility.*** Cyber and home school students enroll in schools across wide geographic boundaries, crossing district enrollment zones and spanning across an entire state. What results is an accountability challenge in determining whether the host district which sponsors the charter, or the student's resident district from which per-pupil payments flow, is ultimately responsible for overseeing a student's education.

• ***The influx of traditional home schoolers who are new to public education.*** Cyber and home school charters are predominantly serving students who were previously home schooled in a traditional private home school setting with minimal

public funding and limited regulatory oversight. The large influx of students new to the public school roles has resulted in an unexpected need for additional funding to meet the demands of the large enrollment growth. This funding issue is exacerbated when districts are hard pressed to send per-pupil payments to host districts across enrollment boundaries, and are limited in their ability to monitor whether the funds are used responsibly by cyber or home school charters.

The Emergence of Cyber and Home School Charters

The rapid expansion of nonclassroom-based charters has surpassed the ability of states to address important policy issues linked to the oversight, standards and accountability models which govern these non-traditional public schools. The process of defining how nonclassroom-based schooling models fit within a wider public school context, depends largely on understanding how teaching and learning, organizational and governance models employed by cyber and home school charters, have evolved within the context of existing legislative parameters

Defining Nonclassroom-based Schooling

Several states have engaged in the process of creating statutes that define nonclassroom-based charter schools. However, nonclassroom-based charters have surfaced in some states where both charter law and general education statues, do not expressly permit the schools to operate.[2] For example, only 10 of the 15 states in which cyber charters are operating have explicitly deemed the cyber charter school model permissible in state education statutes.[3] Interestingly, home-based or home school

charters are prohibited in 4 of the 10 states (Pennsylvania, Colorado, Minnesota, Nevada) where cyber charters are permissible. In addition, 27 of the 41 existing charter school laws, explicitly prohibit home school charters, and only two (California and Alaska) explicitly permit home school charters.[4] These emerging trends begin to reveal that some states are drawing distinctions among nonclassroom-based charters, and distinguishing between a home school and a cyber school model.

As nonclassroom-based charters extend to other states, the next step for policy makers is to identify the teaching and learning, organizational and governance models employed by nonclassroom-based charters, and address how they fit within the existing definitions of what is permissible under both charter legislation and general state education statutes. States that draw generic or loose definitions of nonclassroom-based schooling models, will be limited by vague or unclear expectations for both accountability in teaching and learning, and the oversight of how public funds are utilized. Drawing clear distinctions which define nonclassroom-based charter school models is an important first step in drafting legislative changes which will hold these schools accountable. Below we provide a detailed description of distinctions between the two nonclassroom-based schooling models. In addition, Table 1 provides an overview of how the cyber and home school charter models compare with a traditional school model.

Distinctions

A principle distinction between cyber and home school charters, is who delivers instruction, how it is delivered, and where it is delivered. Home school charter students

Table 1: Defining Cyber and Home School Charter Schools[5]

	Home-school Charters	Cyber Charters	Traditional Schools
Teaching and Learning	*Primary Source* • Parents *Supplemental Sources* • Resource centers • Third party curriculum • Paraprofessionals • Computer software • Support groups • Library • Tutors	*Primary Sources* • Computer software • Third party curriculum • External teacher (synchronously or asynchronously) *Supplemental Sources* • Parents • Teachers • Resource centers • Tutors • Library • Paraprofessionals	*Primary Sources* • Teachers • Directed classroom instruction *Supplemental sources* • After-school programs • Library • Tutors • Parents • Field trips • Extracurricular activities
Organizational Model	• Parent-directed instruction • Home-based setting • Individualized curriculum • Varied pedagogy • Parental oversight • Peer Involvement (voluntary) • Varied educational setting	• Computer-based instruction • Home-based setting • Tailored mass curriculum • Information/dissemination based pedagogy • Parent/Teacher oversight • Peer Involvement (varied) • Minimal site-based learning • Varied educational setting	• Classroom directed instruction • Mass curriculum • Group/cooperative-based pedagogy • Teacher and administrative oversight • Peer involvement mandatory • Site-based learning • Defined educational setting
Governance Model	*Immediate Authority* • Parents *Ultimate Authority* • Charter school board • Charter granting agency • State regulatory agency	*Immediate Authority* • Cyber School • Teachers • Third-party curriculum provider *Ultimate Authority* • Charter school board • Charter granting agency • State regulatory agency	*Immediate Authority* • Teachers • Administrators *Ultimate Authority* • Superintendent/district • Board of Education • State regulatory agency
Accountability Model	• Fiscal • Charter granting agency • Testing (if required) • Market driven parental choice	• Fiscal • Charter granting agency • Testing (if required) • Market driven parental choice	• Regulatory/Rule-based • Fiscal • Student attendance • Student outcomes: achievement testing • District oversight

depend on their parents as the primary instruction providers for the bulk of their academic program.. Lessons and instruction created by parents, or in conjunction with assistance from curriculum packages or consultation with charter school teachers, is delivered directly to students by their parents. Under the home school charter model, parents are the educators, while teachers serve as education consultants or coordinators. However, home school charter students may also participate in teacher or paraprofessional directed lessons at school resource centers. Formal lessons are common in science instruction, both because parents may lack expertise in the subject, and because it is not economically feasible to provide all families with expensive equipment. Formal lessons are also common in extra-curricular courses such as music, art, physical education, carpentry, and other subject areas. Resource centers are also used for computer laboratories, tutoring centers, parent-teacher conferences and primarily as stock rooms for the vast curriculum libraries and equipment collection that is provided to home school charter families.

In contrast, cyber charter school students rely primarily on computer-based learning and receive their instruction either synchronously or asynchronously. Synchronous instruction is delivered through the internet in a real-time virtual classroom environment by a teacher or paraprofessional who guides students through instructional units. In most cases, students can communicate directly with the teacher and other students during lessons, including the ability to ask questions and participate in interactive discussions. However, synchronous instruction demands expensive technology and teacher resources, making it the least common model for delivering instruction (KPMG, 2001). Asynchronous instruction—the more widely used

instructional delivery model—is usually in the form of pre-recorded lessons created by a third-party curriculum provider, or pre-packaged curriculum delivered via software packages, where students work at their own pace completing assigned tasks as well as assessments.[6] In some cases, students also attend resource centers where they participate in teacher-led lessons and then complete tasks on a computer. Yet, the majority of instruction is accessed from students' home settings. Resource centers are also used for proctored testing, parent-teacher conferences, and as curriculum and equipment stock rooms.

In both cyber and home school charters, families are required to communicate via email, phone or in-person with school officials (depending on school or state regulations). Families must also provide progress reports on the student's academic work including work samples, as well as a log of instructional hours which are used for attendance reporting. These limited accountability measures are a key issue that policy makers will encounter as they delineate the legislative parameters which can embrace the unorthodox schooling methodologies employed by cyber and home school charters.

The following section will take a closer look at nonclassroom-based charters in California and Pennsylvania. Our analysis aims to provide a better understanding of how cyber and home school charters have emerged within the legislative context in each state, and how schools are serving students in their nonclassroom-based settings. We will also focus on the recent legislative changes aimed at advancing stricter accountability of nonclassroom-based charters in California and Pennsylvania.

California's Home School Charter Schools

In California, home school charters emerged within a year after the California Charter Schools Act became law in 1992. As home school charters became operational a debate was sparked among state officials who argued whether promoting home schooling was an intended objective of the charter legislation (Little Hoover Commission, 1996).[7] Yet, within 5 years the home school charter model had expanded rapidly. In 1997 as the number of charter schools in California reached 100, home school charter students comprised nearly 50% of the 37,000 students enrolled in charter schools. The popularity of the home school charter model swept mostly rural areas of California, where many new schools with enrollments upwards of 1,000 students quickly became operational, serving an eager audience of formerly private home school families.

Expanding Definitions of Public Schooling

Home school charters in California have adopted a variety of instructional, organizational, and governance models, most of them uncommon in traditional public schools. Some home school charters operate independent study or correspondence programs where students work at their own pace completing assignments. The curriculum is provided by teachers who closely monitor students' progress through regular communication. Other home school charters operate a highly autonomous traditional home school model where parents as the primary instruction providers design and deliver instructional lessons to their children. Under the autonomous model, communication with teachers is limited to a monthly review of student learning records, comprised of parent created learning goals and student work samples that parents mail to teachers. Learning

records are also used to log attendance hours supplied by parents for the purposes of collecting state per-pupil funding grants.

The use of paraprofessionals to assist home school families in a variety of core subject areas as well as extra-curricular activities, is also a common offering to families. Paraprofessionals are used to assist in teaching subject areas which parents may find difficult to teach, or for extra-curricular activities that also serve as opportunities for home school students to interact and participate in group activities. Paraprofessionals are contracted by the school, often at the request of families, to provide instruction in science, art, physical education, computer education, music, dance, and many other areas. For example, Horizon Instructional Systems, one of the state's largest home school charters serving over 3,400 students, contracts with paraprofessionals who provide instruction in over 1,000 supplementary classes for students and families (Gaschler, 2000).

Traditional home school families flocked to the new publicly funded form of home schooling primarily because of the rich resources—computers, curriculum and materials, instructional support, field trips and extra-curricular services—that were offered to newly enrolled families.[8] The minimal accountability requirements common in the early years of California's highly decentralized charter school movement, was an additional selling point that attracted traditional home schoolers who were weary of aligning with a state entity. For example, recognizing that traditional home school families consider themselves to be the primary instruction providers for their children, home school charters have consciously adopted a "hands-off" approach to the technical delivery of instruction and have instead created an organizational model designed to

support parents as the teachers of their children. From the onset, home school charters were unlike any other public school, in that the primary role of teachers is not to teach, but rather to act as education coordinators or consultants for the families who enroll. In earlier research which examined home school charters in California, one home school charter teacher emphasized how the role of teachers was to equip the parents to be better teachers of their children and "not act like we're breathing down their neck or requiring production from them" (Huerta, 2000, p.185). In essence, the private schooling choices of families are being reinforced and expanded through the offerings of a public school system that promises minimal government intrusion (Huerta, 2000).

The minimal teaching demands on teachers, and the deference to parents as primary instruction providers, meant that home school charters could service large amounts of students with minimal staffing ratios. Early in the movement it was not uncommon to see teacher-student ratios as high as 1 teacher for every 150 students (Huerta, 2000). While home school charters do offer classes for students and their families to attend together, the courses are not intended as direct instruction for children, but rather as a supplement to instruction received at home. One teacher explains how "our classes are enrichment only…to support what parents are already doing. So they [the parents] are really doing all the hard work at home" (Huerta, 2000, p.184).

Accountability Concerns Surface

As the home school charter model has evolved, viable school models have adopted patterns that have proven successful in sustaining a nonclassroom-based schooling model. Such programs provide families with adequate learning materials and

services, counsel families who are challenged by the demands of home schooling, assess student needs with input from parents, maintain amicable and cooperative working relationships with their sponsoring district, and foremost, recognize the balance between autonomy and oversight which home school families cherish. Yet even among viable programs, important issues over accountability have surfaced, challenging the viability of a publicly supported home schooling model.

Over time, questions that have scrutinized the accountability structures of home school charters, have specifically focused on how public officials oversee the teaching and learning which occurs in private homes, as well as whether public funds are being used efficiently. Oversight of instruction in the home school charter model is challenging, considering that many families who enroll in home school charters can reside hundreds of miles from the school district in which a charter is sponsored, spanning wide geographic regions across both district and county lines. A common practice for home school charters is to operate satellite centers or annexes in regions where enrollment densities for their school are higher. Satellite centers are used as both office space for educational coordinators (teachers) that serve students in the respective region, and as stock depots for books and other learning materials. Yet, while satellites place both a physical building and school staff closer to students, the level of oversight may not be affected as parents are still the primary instruction providers. Amidst public scrutiny, home school charters have responded by providing additional services and increasing oversight. Their responses have included offering more classes to families, requiring additional contact hours, and more regular review of student work samples, and in some cases opening more satellite centers.

However, even as some of the above issues dealing with accountability of teaching and learning models have been addressed, public officials continue to be skeptical over school organizational and governance models that may lend themselves to profiteering, by districts, as well as non-profit and for-profit organizations who operate home school charters. Specifically, state officials have reasoned that the low overhead costs for operating a home school charter—inherent in the absence of brick and mortar facilities and the limited number of teachers and other services essential to traditional school settings—has resulted in a margin that invites profiteering by home school charter operators and their sponsoring districts. Since districts receive state per-pupil funding levels equivalent to that for traditional school students, officials have questioned how surplus revenues (money associated with the costs of operating a traditional school setting) are utilized.[9] Home school charters have responded by emphasizing that creating an infrastructure to serve home-based students demands new costs that are uncommon to brick and mortar schools, including computers, software, Internet access, curriculum and learning materials, and extra services that are provided to home school students. In the next section, we will explain how recent legislative changes prompted by concerns for stricter accountability and oversight of nonclassroom-based charters in California, have progressively begun to address specific issues that have directly impacted the daily operation of home school charter schools.

SB 399: Legislature Addresses Home School Charters' Questionable Practices

Home school charters emerged shortly after the California Charter Schools Act was enacted in 1992.[10] Within two years, 25% of the first 50 schools that were granted

charter status were operating home school programs.[11] Only 6 months after the charter legislation was enacted, Senator Gary Hart, the author of the original charter school legislation, was made aware of reports that several home school charters were offering parents cash payments and other gifts for enrolling in their school, as well as enrolling students who resided in districts that were several hundred miles away from the home district which sponsored the charter (Hart, 1995). These early reports and the actions taken by legislators, marked the beginning of a decade long debate that has focused on how the state should hold home school charters accountable under the public purview. While promoting home schooling was not an intended objective of the California Charter Schools Act, the popularity of the schooling model that serves a home schooling population where parents deliver the primary instruction, has challenged both law makers and educators in creating new statutes aimed at governing these schools. This section will provide an analysis of regulatory changes over the last decade, which have aimed to define nonclassroom-based instruction and create legislative boundaries that increase accountability and oversight of home school charters.

Senator Hart quickly responded to the early reports of legally questionable practices by authoring SB 399, which bolstered existing independent study regulations with the intent of providing stricter oversight of independent study programs in both traditional and charter schools. The new law addressed the two important policy concerns that had surfaced and imposed the following: (a) limited funding for independent study programs to students who reside in the home county or a contiguously adjacent county from which a funding apportionment is claimed for a student, and (b) restricted schools that offered independent study or "home study" programs, from providing services,

materials, or other "things of value" to independent study students and their parents, that were not offered to all district students (see California Education Code, § 51743.3). The new regulations were "not subject to waiver" and were applicable to all schools, including charter schools.

The new law was explicit in broadening the definition of independent study as it pertained to providing "things of value," to include students "characterized as home study or otherwise" [see California Education Code, § 51743.3 (a)]. Thus, the law directly limited the enticements that some home school charters were offering newly enrolled families. However, the law did not explicitly include "home study" in the provisions which outlined limitations on enrollment boundaries. Nor did the law define nonclassroom-based instruction or the different teaching, learning and organizational models that were subject to new "independent study" regulations. What resulted was gray or vague language that provided a loophole that allowed charter operators to continue capturing large enrollments of home school students from wide geographic regions which spanned the state, beyond contiguous counties. Had home school charters complied with independent study regulation which limited enrollment boundaries, their expansive enrollments would be jeopardized, resulting in the closure of many schools. Instead, home school charters identified their enrollment as "charter school average daily attendance" under the guise of the more permissive regulation (the California Charter Schools Act) that allowed for unrestricted statewide enrollment boundaries, rather then "independent study average daily attendance"[12] that would have limited enrollment according to SB 399 regulations.

AB 544: A Derailed Attempt To Increase Accountability in Home School Charters

Issues over how to hold home school charters accountable surfaced again in 1998 when Reed Hastings, a wealthy Silicon Valley entrepreneur and a self-proclaimed charter school advocate, sponsored a ballot initiative (known as the Hastings Initiative) that sought to eliminate the practices of home school charters in California. The initiative called for limiting ADA funding only to charter schools where primary instruction was provided in person by a certified teacher and employee of the school—a direct attack against home school charters where parents provide primary instruction.[13] The ballot initiative also aimed to lift the statutory cap of 100 charter schools set by the original legislation, impose stricter accountability measures by requiring all charter schools to exceed the academic achievement of comparable non-charter public school students, and lastly, require all charter school teachers to be certified or show proof of progress toward certification.[14] Hastings was concerned that the decentralized context of charter schools provided too many liberties to charters at the expense of strict accountability measures. His greatest concern was the loosely defined operations of home school charters. He was aware that home school charters were drawing too much negative attention to the movement, and they threatened the very existence of all charters. Hastings was also concerned that home school charters had veered too far from the spirit of the original legislation, so he acted to preserve the legitimacy of other charter schools whose educational settings were more traditional—mainly schools that were serving students in

classroom settings. He hoped that his initiative would increase accountability for all charters, while still retaining the freedoms afforded to them by the original legislation.

In an unprecedented move influenced by the public attention garnered by the ballot initiative, the Legislature moved the initiative directly to the floor for debate. What resulted was AB 544, a law that yielded to political compromise and spared home school charters, when legislators eliminated provisions that would have required primary instruction be given directly by certified employees of a charter school. The state bill however, did succeed in lifting the original imposed cap on charter schools from 100 to 250 for the 1998-99 school year and allowing the creation of up to 100 more schools in years thereafter. The new regulations also required all charter schools to hire certificated teachers as well as requiring students to participate in the state sponsored standardized testing program.[15]

SB 434: Revisiting SB 399 and Closing Loopholes

By late 1999, the California Legislature launched another strike (SB 434) against home school charters. This time the attack came from democratic state senators who learned of the loose attendance and instructional time accounting systems utilized by a growing number of home school charters across the state. In spring of 1999, home school charters served an estimated 22,000 students in 35 schools, which amounted to one-third of the state charter school student population (Gunnison, 1999). In the new bill, Senators called for the closing of all charter schools employing "home-based" instructional models. Their attack, however, was diffused in legislative debates after agreeing to concessions that again spared home school charters from elimination.

What resulted were new regulations that more broadly extend independent study statutory requirements to charter schools offering "home study," as well as other regulations aimed at increasing accountability of all charters. Specifically, SB 434 required all charter schools to: (a) provide the same amount of instructional minutes required of all public schools, (b) maintain contemporaneous attendance records and make them available for audit, (c) certify that charter school students have participated in the state testing program "in the same manner as other pupils attending public schools," and (d) comply with full independent study regulations if a school offers independent study or home study instructional programs (see California Education Code, § 47612.5). Legislators refocused their attention to independent study regulations that had already been applied to charter schools beginning with SB 399 in 1993. In attempts to eliminate the gray language that had been exploited as a loophole prior to SB 434, the new round of amendments now included explicit reference to "charter schools" in applicable subsections that referenced "things of value" and the limitation of enrollment to contiguous counties provisions. What appeared to be a duplication of an already existing statute was supported by newly appointed Secretary of Education, Gary Hart. In a letter addressed to the Senate he expressed how, "Unfortunately, a small number of charter schools (and school districts) had ignored these 1993 provisions of law. Simply put, SB 434 attempts to strengthen and clarify these provisions" (Hart, 1999).

The requirement that charter schools offering home study adopt full independent study regulations also required that home school charters meet student-teacher ratios equal to that in traditional schools within their home county. Lastly, the new law also required stricter accounting of student work for the purposes of calculating "time value"

of work, which is used in determining ADA.[16] These and the other changes outlined above resonated among home school charters and prompted the implementation of organizational changes in their home study programs. Colin Miller, a state official with the California Department of Education Charter Schools Office explains that in order to meet the teacher-pupil ratio requirements, home school charters began hiring additional staff. In addition, the limitations of enrollment boundaries prompted "large home school charters that were operating multiple satellite centers to react and apply for new charters according to their strategic need based on students who resided outside counties that shared contiguous borders with the home district of the original charter. In essence they converted their satellites to actual charter schools" (C. Miller, personal communication, January 1, 2003). Yet, while the law may have imposed more rule-based demands on home school charters, it still did not address issues directly linked to the oversight and evaluation of instruction designed by parents who were the primary instruction providers. However, by advancing rule-based compliance measures aligned with traditional definitions of effectiveness, the state moved closer to drawing a regulatory blue print for the public home school model which was evolving within the charter school movement.

SB 740: Defining Classroom-based and Nonclassroom-based Schooling Models

After SB 434 was signed into law in July of 1999, there was a heightened awareness of the presence of home school charters in California. Awareness also resulted from the multitude of popular press articles that began to appear soon after in newspapers throughout the state. The news articles provided well detailed accounts of home school charter operations, and served to better inform both citizens and lawmakers (see for

example, Haddock & Seligman, 1999a, b; Blume, 2000; Asimov, 2001a, b, c). As awareness grew, so did the number of home school charters. By June of 2001, officials at the California Department of Education estimated there were 93 operating home school charters serving over 30,000 students, more then twice the number of schools that were operational only two years prior when SB434 was approved (Asimov, 2001a). Thus, the increased awareness seemed to fuel the home school charter movement, despite the limitations imposed by SB 434.

However, the exposure also led to greater scrutiny from lawmakers, prompting yet another attempt to increase accountability and oversight of home school charters. The new campaign aimed to close a loophole that allowed home school charter operators to keep portions of state aid that is given to all schools for the purposes of funding teaching and learning related costs.[17] A vivid example was highlighted by the San Francisco Chronicle (Asimov, 2001a) in a news story that outlined the profiteering that was occurring at HomeSmartKids, a home school charter in the San Francisco Bay Area serving 300 students. The story detailed how the school's operators, a non-profit entity named HomeSmartKids Inc., was charging the school a "management fee" of 37.5 percent.[18] It was discovered that the husband and wife team who ran the non-profit company were keeping over $500,000 of the $1.4 million of state per-pupil funds. The story resonated among lawmakers and other state officials in Sacramento, and precipitated the President of the California State Board of Education to draft a proposal urging lawmakers to take action against "fiscal shenanigans" and increase accountability measures and oversight of home school charters (Asimov, 2001b).

Lawmakers responded immediately and began drafting SB 740, which aimed to match funding for home school charters to proportional levels of direct spending on teaching and learning related costs.[19] They emphasized how home school charters receive the same amount of state money per-pupil, yet their low overhead costs associated with minimal facilities and teachers, leave a wide margin from which unscrupulous operators could profit. In attempts to eliminate the potential for profiting and reduce funding levels commensurate with the reduced costs of providing a home-based educational program, the bill called for a 30% reduction in funding that would be phased-in over 3 years, beginning with a mandatory 10% cut during the first year. However, as the bill made its way through legislative debate, compromises in the language were adopted.

What resulted was new legislation that directly addressed vague language that had resulted from past amendments to the charter school law. Specifically, SB740 provides explicit definitions of what constitutes classroom-based and nonclassroom-based instruction, as well as the types of nonclassroom-based instruction that must file for ADA apportionment in accordance with independent study statutes. Classroom-based instruction requires students to be under the direct supervision of a certificated school employee, offer at least 80% of instruction at a school site, and require attendance of all pupils at a school site. Nonclassroom-based instruction is defined as instruction that does not meet the minimum criteria of what constitutes classroom-based instruction, which "includes, but is not limited to, independent study, home study, work study, and distance learning and computer-based education" [see California Education Code, § 47612.5 (e)].

The new law granted the State Board of Education authority to create new funding determinations for nonclassroom-based charter schools in accordance with levels

of spending on teaching and learning services. The law outlined funding reduction thresholds for home school charters, that reduced funding to 90% of ADA revenue apportionments for the 2001-02 fiscal year, followed by a reduction to 80% and then to 70%, in the subsequent fiscal years. The law also ordered the State Board of Education to create criteria for funding determinations, that would consider a charter school's expenditures on certificated teacher salaries and benefits, as well as teacher-pupil ratios. Schools that did not meet the specified criteria would be subject to funding reductions. The State Board of Education deliberated for more then 6 months on the development of permanent regulations that would be used to evaluate both budgets and expenditures of home school charters. In May 2002, the Board announced the new statutes that reduced funding allotments in accordance to SB740 regulations. Funding reductions of up to 30% hinged on the percentage of a charter school's "total public revenue"[20] used for expenditures on "certificated staff salaries and benefits" and "instruction related services," and would become progressively more stringent over time (see California Administrative Code of Regulations, Title V, § 11963.3).[21] Specifically, for the 2002-03 school year, eligibility for full funding required home school charters to spend at least 50% of their total public revenue on certificated staff and salaries (see Table 2).

Table 2

2002-03 Recommended Funding Levels for "Non Classroom-Based Schools* (by school expenditure targets)			
Recommended Funding Level	**70 Percent**	**80 Percent**	**Full Funding**
Percent of "total public revenues" expended on certified staff salaries and benefits	<35 Percent, or	35 to 50 Percent, and	>/= 50 Percent

Percent of "total revenues" expanded on instruction and related services	<55 Percent	>/= 55 Percent	

* Pursuant to California Administrative Code of Regulations, Title V, §11963.4
Source: Charter Schools Development Center (2002)

Eligibility for 80% of full funding required an expenditure of 35-50% of total public revenue on certificated staff and salaries, and also required expenditures of at least 55% of total public revenues on instruction and related services. A total expenditure of less then 35% on certificated staff salaries and benefits and less then 55% on instruction and related services, reduced funding to 70%, or less if additional circumstances warranted further reductions. For 2003-04, the spending thresholds become more stringent and demand increased expenditures at each level. For full funding eligibility, a home school charter must spend at least 50% of total public revenues on certified staff and salaries, as well as a minimum of 80% of "total revenue"[22] on instruction and related services (see Table 3). In addition to the above criteria on expenditures, full funding also requires that

Table 3

2003-04 Recommended Funding Levels for Non Classroom-Based" Schools*
(by school expenditure targets)

Recommended Funding Level	**No Funding**	**70 Percent**	**85 Percent**	**Full Funding**
Percent of "total public revenues" expended on certified staff salaries and benefits	<40 Percent, or	40 to 50 Percent, and	>/= 50 Percent, and	>/= 50 Percent, and
Percent of "total revenues" expended on instruction and related services	<60 Percent	60 to 70 Percent	70 to 80 Percent	>80 Percent

* Pursuant to California Administrative Code of Regulations, Title V, § 11963.4
Source: Charter Schools Development Center (2002)

a school maintain: (a) a pupil-teacher ratio that is no larger then that of the largest unified school district in the county in which the school operates, (b) a school-level conflict of interest policy, (c) and a listing of entities that receive $50,000 or more of a school's total expenditures in a single fiscal year. And lastly, for the first time, the state now requires charter schools to submit their financial audits not only to their sponsoring authority, but also to the state.

During the first round of funding determinations in the 2001-02 fiscal year, 53 of a total of 118 home school charters in California experienced a 5% reduction of their total funding.[23] In accordance with the criteria that determined the funding cuts, this figure revealed that nearly 45% of home school charters did not spend at least 50% of their total public revenues on certificated staff salaries and benefits. The funding reductions translated into an estimated $8.2 million in savings (California Department of Education, 2003b). In the second round of funding determinations for the 2002-03 fiscal year, the number of schools receiving full funding increased to 91 out of a total 119 home school charters. Of the remaining 28 schools, 11 received funding determinations of 80% of total funding, 7 schools received 70% of total funding, and 10 schools received drastic funding cuts, and received only 60% of their total funding. The latest funding reductions amounted to an estimated $32 million in savings, a 400% increase over the first year reductions (California Department of Education, 2003c).

The new round of funding cuts prompted two of the largest home school charters, Options for Youth and Opportunities for Learning, to strike back at the state with legal action. The schools serve a combined 8,200 students, comprising one-fifth of the entire

home school charter population. Their complaint challenges the SB 740 spending guidelines and calls for more objective criterion that account for individual spending patterns required of some school organizational models. Interestingly, the information from funding determination requests made by the schools reveals that more then 55% of the combined $37 million in state per-pupil funding given to both schools, was used for administrative costs, including nearly $250,000 in total salary for two administrators and over $4 million in profits for the private management company that operates Opportunities for Youth (The Associated Press, 2003). The complaint was thrown out of court after a preliminary hearing in late August 2003.

The impact of the recent funding cuts for home school charters is still not fully known. The drastic cuts for some schools is certain to have a profound impact that in some cases may lead to closure. Yet for those schools who have met the stringent regulations and have retained their full funding, it is unclear whether the new prescriptive expenditure guidelines demanding a higher proportion of spending on teachers and instruction, will lead to better teaching and learning, or increased accountability in the use of fiscal resources. Regardless, the descriptive expenditure information required of home school charters for their funding determinations, provides a new school-level perspective of spending and budget data that has never been required or available for either charter or traditional schools. One state official explains how "these new regulations are closing the data gap that has existed among charter and traditional schools, and will be helpful for us to better understand the charter school movement" (C. Miller, personal communication, January 1, 2003). This new data availability may serve to be useful for researchers in learning more about how home school charters use their

revenue, and for charter authorizers, who can use the information to understand how these schools operate and how to better hold them accountable.

Pennsylvania's Cyber Charter Schools

With the passing of Act 22 in 1997, the Commonwealth of Pennsylvania became the 27th state to authorize charter school legislation. Only six charter schools were approved for operation during the law's first year, but the number has grown steadily and has increased to 102 operating charter schools in 2003-2004 (Pennsylvania Department of Education, 2003). The Pennsylvania law is both permissive and restrictive. On the one hand, all but sectarian and for-profit individuals and organizations can initiate or convert an existing public schools to a charter. On the other hand, only a local school district, or group of districts has the ability to grant charters. As in many states, Pennsylvania charters are initially granted for a period of up to five years, at which point charters are renewable at the discretion of the chartering agency on the basis of the state's defined accountability criteria. According to the law, teachers, universities, parents, associations or any other charter applicant denied by local education agencies in the initial application or renewal process can appeal to the Commonwealth's Charter Appeal Board.

Unlike California, which has a decade long history of nonclassroom-based charter schools, the phenomenon is quite new to Pennsylvania. However, its short history has not kept local educators and parents from fully exploiting the decentralized freedoms offered to them under provisions of Act 22, and exploring innovative instructional delivery

models that have challenged traditional definitions of public schooling. Pennsylvania leads the cyber charter school movement with the highest concentration of these cyber charters. Of the 102 charter schools in Pennsylvania, 8 operate as cyber schools and serve over 4,700 students (13% of total charter school population). While the expansion of nonclassroom-based charters in Pennsylvania does not match the California experience—6 of the 8 cyber charters currently in operation did not begin until Fall of 2001 or after—the controversy that cyber charters have stirred has been equally prominent.

Pioneering Cyber Charter Schools Stir Controversy

The first cyber charter to open in Pennsylvania was SusQ-Cyber Charter School, created by 5 districts in Northumberland County, located in northeastern Pennsylvania. The school opened in 1998, shortly after Act 22 was enacted, with the intent of serving "highly motivated, independent learners" by using technology to deliver personal educational programs for students (Pennsylvania Department of the Auditor General, 2001). The school did not set out to serve home school students or draw statewide enrollment.[24] Instead, SusQ Cyber Charter School provides priority enrollment to students within 13 districts served by the Central Susquehanna Intermediate Unit, and has not expanded its technology-based learning program beyond its self-imposed enrollment cap of 118 students.

SusQ Cyber Charter School remained the lone pioneer of cyber charters in Pennsylvania, until Fall of 2000, when Western Pennsylvania Cyber Charter School opened its doors. The school's opening quickly garnered attention among educators and policy makers alike, as news that it was drawing enrollment from across the state and

serving primarily traditional home school families, set this school apart from any other public school that existed in Pennsylvania. During the school's first 2 months of operation, enrollment increased from an initial 250 students to over 500, surpassing the population of traditional school students in the Midland Borough District where the school operated (Reeves, 2001). In addition, over half of the students who enrolled, had been previously home schooled or attended a private school, and only 12 students resided in the Midland Borough District (Reeves, 2001; KPMG, 2001).

Upon enrolling, students were issued a personal computer, a printer, Internet access, pre-packaged curriculum in the form of computer software, and assigned a teacher (recognized as a facilitator) who is required to make weekly contact with students via phone (Reeves, 2001). The popularity of the cyber charter stemming from the services and materials that it offered, spread quickly around the state and within 9 months after its opening, enrollment had increased to over 1,100 students. While the organizational model, instructional delivery methods, and spike in enrollment of the cyber charter were certainly unorthodox for a public school program, a more important issue was the source of greatest controversy stirred by the Western Pennsylvania Cyber Charter School.

Only months after opening, the Western Pennsylvania Cyber Charter School faced a funding crisis, when over 70% of the nearly 105 school districts from which it drew student enrollment, refused to forward tuition payments to the school. In Pennsylvania, the home district of a student (district of residence) is required to forward per-pupil funding allotments to the student's new school of choice. In this case, the Western Pennsylvania Cyber Charter School had requested payments from 105 school

districts for over 500 students who resided in 22 different counties throughout the state (Chute, 2001a). School districts that lost student enrollment to Western Pennsylvania Cyber Charter School, were hard pressed to send their local per-pupil funding allotments to a cyber charter that was outside of their district.[25] What resulted was a budget shortfall of nearly $900,000, that left many bills unpaid at the school. The case of Western Pennsylvania Cyber Charter School triggered a larger debate among educators and legislators. The debate pivots on identifying who is ultimately accountable for both funding cyber charter students, as well as whether cyber charters which resemble a traditional home schooling model, are permissible under the Pennsylvania education statutes.

Who Is Accountable for Cyber Charter Schools?

Pennsylvania's Act 22 specifically prohibited the use of public funds for home schooling and made no specific mention of cyber schools,[26] nor included provisions or regulations specifically linked to the governance of cyber schools [see Pennsylvania Public School Code §1717-A (a)]. Despite this omission, two cyber charter schools, SusQ-Cyber Charter School and Western Pennsylvania Cyber Charter School, received charters from their local school districts to open their doors in September of 1998 and 2000 respectively. The new schools were greeted with distrust, skepticism, and a reluctance on behalf of school districts across the state, to pay cyber schools for students which they considered to be outside of their direct charge.

At the height of this tension in April of 2001, the Pennsylvania School Boards Association (PSBA hereafter) together with 4 of the state's school districts, filed a suit

against the state. The suit challenged the requirement that school districts pay to cyber charter schools the required local portion of per-pupil revenue, and challenged the state's interpretation that cyber charters were legitimate entities under the 1997 charter school law. Prior to the lawsuit, over $850,000 in state aid had been withheld from over 60 districts that had refused to pay the Western Pennsylvania Cyber Charter School (Trotter, 2001). The money was withheld in order to pay for the tuition owed to cyber charters, who had billed districts across the state.

The PSBA claimed that its objections to the cyber charter schools had nothing to do with an objection to distance education but instead centered around three basic premises (PSBA, 2001). The first objection was based on accountability and stemmed from provisions in Act 22, which indicate that only local school districts or, in the case of a regional charter, a cluster of school districts, have the authority to grant charters. As a result, in the case of a cyber school such as Western Pennsylvania Cyber Charter School, which was attended in its first year by children from 105 districts yet was approved by only one, school districts were being asked to pay for children's schooling in a program whose charter they had no voice in approving or monitoring. The financial burden, claimed the PSBA, was borne primarily by local taxpayers in all reaches of the state, while the accountability of these schools was not to these same taxpayers (PSBA, 2001).

The plaintiff districts' second objection focused on the drain in resources from local school districts. As stated above, the issue was, in part, one of accountability. Cyber schools serving students from across the state were not accountable to the student's home district, which was expected to fund students who choose to exit their local district and enroll in a cyber charter. The districts additionally questioned the needs and expenditures

of cyber schools that could operate without facilities and with small numbers of teachers, and which showed great variation in investments in curriculum development. Cyber schools, it was argued, could educate students at lower costs than traditional charter schools, yet were unjustly expected to be funded at the same level. Given perceived discrepancies in revenues and expenditures, questions were raised about how much these schools would be allowed to profit, particularly in the face of the financial burden on traditional public schools.

The last of PSBA's fundamental objections focused on the likeness that it perceived between cyber schools and home schooling. The two existing cyber schools provided instruction exclusively via the Internet which students accessed from their homes, and therefore lacked the physical classrooms, hours of direct instruction and adequate supervision required for compulsory attendance as referenced in Act 22. In addition, Act 22 explicitly prohibited the allocation and disbursement of funds to directly support home schooling [see Pennsylvania Public School Code, §1717-A (a)]. The PSBA argued that the cyber charter schools were in violation of both home schooling provisions in the Pennsylvania's Public School Code and the state's charter school law. Act 22 also stated, however, in the context of regulations for required instructional time, that nothing in the clause should preclude the use of computer or satellite linkages in the delivery of instruction [see Pennsylvania Public School Code, §1715-A (a)].

In spite of these and other concerns expressed through the filing of law suits by 23 districts across the state, the injunction requested by the PSBA was denied in late May of 2001 by Commonwealth Court Senior Judge Warren Morgan. Immediately following the decision, local districts approved another 5 cyber charter schools slated to open in

September of 2001. The continuation of the PSBA lawsuit as well as other complaints that were filed, spurred a reaction from the Legislature which introduced several bills that began debating how to hold cyber charters accountable as well as who should be responsible for funding students in cyber charters. In addition, in August of the same year, the Pennsylvania Department of Education, at the behest of the State Legislature, contracted with KPMG Consulting to conduct an evaluation of the quality, accountability, governance, and funding of Pennsylvania's cyber charters.

KPMG's Evaluation of Pennsylvania Cyber Schools

Mixed Reviews of Partial Findings. The KPMG report, released in October of 2001, provided the first comprehensive evaluation of Pennsylvania's cyber charters. The study included the 7 schools that were operating as of September, 2001. However, KPMG was unable to obtain full data from TEACH-Einstein Academy Charter School, the largest operating cyber charter serving over 2,700 students that accounted for nearly 60% of the total cyber charter student population.[27] KPMG reported that Pennsylvania had "created a climate of innovation to enable alternative forms of education to better serve its students," but it warned that "while innovation has the potential to lead to new and better ways of educating students, not all cyber schools have long-term viability" (KPMG, 2001, p.5). The findings received mixed reviews. The Pennsylvania Department of Education indicated that "the study shows what thousands of Pennsylvania parents already know: that cyber schools provide innovative education for students" (Chute & Elizabeth, 2001). On the other hand, the PSBA who was spearheading the continuing law suits against the state, was more skeptical of the report's findings on the basis that

students from TEACH-Einstein Academy Charter School—representing more then half of the state's total population of cyber charter students—were omitted from the evaluation. While the missing data may have weakened the overall research efforts, the information collected and evaluated from the 6 other charter schools was very comprehensive and provided a crisp picture of how these cyber charters operate.

Outsourcing Curriculum and Instruction. The KPMG study also found that all cyber charters contracted with third party curriculum providers for the delivery of curriculum and instruction to students. The authors explained how instructional time for students ranged from spending no time on-line, to 100% of their time on-line, depending on the curriculum students utilized. For example, the Calvert curriculum which is popular among traditional home school families, consists of textbook driven lessons and is dependent on parents as the primary instructors. In contrast, the A+ curriculum with its primarily focus on assessment, consists of software driven lessons and assignments, which are expected to be completed while on-line. The report detailed how the curriculum offerings of cyber charters provided "limited synchronous and authentic (e.g., project-based learning related to real life experience) learning opportunities or those involving a high degree of online animation or instruction" (KPMG, 2001, p.8).

The most popular third party curriculum used by nearly one-third of all cyber students, is the K12 Inc. program (KPMG, 2001). The K12 program is used by the Pennsylvania Virtual Charter School (PAVCS), which uses K12 materials exclusively. The K12 program was developed under the leadership of former U.S. Secretary of Education, William J. Bennett, and teaches a 'classic,' self-paced curriculum that is infused with 'traditional values.' K12 Inc., a for-profit entity, currently serves thousands

of private home school families in almost every state and is used either exclusively or in part by public cyber charters in Alaska, California, Colorado, Pennsylvania and Texas. The program includes activities for learning that occur, especially in the case of younger students, off-line and away from the computer, with students in the primary grades spending as much as 80% of their instructional time using books and hands-on activities. The K12 program requires that a parent be available to the student while the student works either on- or off-line (KPMG, 2001).

PAVCS also outsourcers virtually all curricular, operational, and management services to K12, Inc. In addition to all curricular and instructional materials, the company provides PAVCS with clerical support, a Chief Administrative Officer, an Assistant Head of School, a Director of Special Education, a Business Manager, a Director of Technology, and a Director of Instruction. KPMG (2001) reports that PAVCS' budget estimates a $7,015 cost per student,[28] which is slightly above the tuition contributed by each student's district and higher than cost estimates of any other cyber charter school, but it remains unclear how much profit is allowed K12 in this calculation.[29]

Educational and Fiscal Accountability. KPMG (2001) acknowledges that their research effort approached Pennsylvania's cyber charters in their infancy—5 of the 7 schools had been in operation only a few months—and the schools were still developing their organizational structures and their accountability methods. They found that in 5 of the 7 cyber charters the entire teaching staff is certified. In addition, all schools "appear to": (a) require students to take the PSSA (the state adopted standardized assessment), (b) be in compliance with the state's required instructional minutes provisions, and (c) have created a method for "authenticating student work" (KPMG, 2001, p. 7). However,

KPMG recommended that the Pennsylvania Department of Education more closely monitor accountability systems, including the authentication of student work, more frequent communication between school staff and students, proctoring of student exams by school staff, and closer review of attendance policies.

The study also reported on the controversial issue of funding and resource use in cyber charters. KPMG (2001) explained that cyber charters "may be a less costly form of education than traditional brick and mortar schools" because the schools rely more on parents for instructional delivery and guidance, and the schools also have fewer costs associated with "building maintenance, transportation and food service costs" (p.10). The study found that per-pupil costs ranged from $5000-$7000 ($6,200 average)[30], depending on whether the school provided a low or high service program.[31] In a direct reply to the ensuing controversy over how cyber charters charge a student's district of residence tuition payments, KPMG (2001) recommended that the state should: (a) impose a fixed funding amount for cyber charter students, (b) improve guidelines for communication between cyber charters and the districts from which they receive students, (c) improve school-level accounting and reporting procedures, including contracts with third party curriculum providers, and (d) prohibit the practice of engaging in "financial arrangements in exchange for cyber charter approval" (p.11).

New Data Informs the Debate. The results of the study provided real data for educators, policy makers, and judges and prompted a more informed debate among all parties who had weighed-in on the issue of cyber charters. The report also prompted more legal action against cyber charters, including a complaint filed by the Pennsylvania Department of Education in February of 2002, asking a state court to intervene in a

conflict regarding the funding of TEACH-Einstein Charter Academy, the largest cyber charter serving 2,700 students. The school, which was already being sued by over 100 school districts, was now the target of complaints from parents who alleged the school had not delivered on their promise to provide students with computers, Internet access and other learning materials (Rafaelle, 2002). Upon filing the complaint against the school, Secretary of Education Charles B. Zogby, stopped redirecting state aid from districts that had refused to pay tuition payments to TEACH-Einstein Charter Academy.

As the debate around cyber charters reached a boiling point, a seven-judge panel in a state court finally ruled in the PSBA case, originally filed in April of 2001. The court's ruling provided a partial victory for both parties by protecting the legality of cyber charters under Pennsylvania law, and also ordering the Department of Education to stop taking funds from districts that had refused to make tuition payments to cyber charters. The court explained how the Department of Education should have provided districts with due process and allowed them to challenge the validity of the tuition bills before redirecting payments to cyber charters (Spidaliere, 2002). Shortly after the court ruled, parties on both sides of the case announced their plan to appeal the decision. The PSBA would continue to challenge the legality of cyber charter schools, and the Department of Education would challenge the loss of its discretion in withholding subsidies from districts that refused to send tuition payments to cyber charters.

Act 88 Defines Cyber Charter Schools

In June 2002, amidst appeals and additional law suits being filed against school districts and the state, the Pennsylvania Legislature passed Act 88, an amendment to the

state's first charter school law. The changes in the law overwhelmingly aim to address concerns and omissions regarding cyber charters and include the state's first definition of cyber charter schools. The new law defines a cyber charter school as "an independent public school established and operated under a charter from the Department of Education and in which the school uses technology in order to provide a significant portion of its curriculum and to deliver a significant portion of instruction to its students through the Internet of other electronic means" (Act 88, § 1703-A).

Unlike traditional charter schools, which are granted charters by the state only in cases where petitioners appeal the decisions of local school districts, cyber charter schools may be granted charters only by the Pennsylvania Department of Education. The seven cyber schools whose charters precede the new state law will continue to serve students under the watch of their chartering district, but will have charters renewed only by the Pennsylvania Department of Education. No school district is authorized to grant a cyber charter, nor is any district responsible for monitoring a program in which student enrollment spans the state. In order to overcome previously problematic communication between cyber charters and districts, however, any district whose students attend the charter must be granted access to the school's charter application, annual reports, and list of students from that district in attendance at the school.

In order to further clarify the relationship between cyber charters and districts, Act 88 also details the responsibilities of school districts. Districts are required to make student records available upon request to the cyber charter in which a student enrolls. Districts are also required to provide cyber schools with reasonable access to the district's facilities, as well as with assistance in the provision of special education services as

needed. As if to speak directly to PSBA and the district lawsuits, the law also explicitly states that it is the responsibility of the student's resident school district to make payments to the cyber charter school. In the case that a school and a district disagree, for example, about a student's district of residence, the district must make the payment before the resolution of the dispute and then be reimbursed by the cyber charter should the dispute be resolved in the district's favor [Act 88, §1748-A (a) (2) (vi)]. In addition, Act 88 also includes a provision that orders the state to reimburse 30% of total funding for the 2001-02 school year to districts whose resident students are enrolled in cyber schools —approximately $1,900 based on an average payment of $6,300 per student. While the language in Act 88 is explicit in limiting the reimbursement to a one time payment, many districts are hopeful that it will be on-going.

It was previously mentioned that Pennsylvania's charter school law shows unusual flexibility in the rights of parties to apply for a charter. The law previously included teachers, parents, non-profit organizations, and universities, and excluded only sectarian and for-profit charter applicants. Act 88 adds corporations, associations, and partnerships as possible applicants [Act 88, §1745-A (a)], but continues to stipulate that no cyber charter may be funded or operated by a sectarian entity and that a charter may not be granted to a for-profit entity (Act 88, §1703-A). The latter may prove to be a contentious point given the comprehensive outsourcing nature of the state's cyber schools.

The new law seeks to address accountability concerns through criterion that outline important elements required for the charter application. In addition to new demands for traditional charter schools, Act 88 includes other criterion specific for cyber

charters. The following are included among the 16 detailed requirements: (a) a description of the manner in which instruction will be delivered and a requirement that progress be assessed by teachers, (b) an explanation of the types of technological and other materials to be provided, (c) a description of the methods in which a student's on- and off-line time will be monitored, and (d) an explanation of the methods to be used to ensure authenticity of student work.

The remainder of the Act focuses on evaluative criteria for cyber charters and closely resembles Act 22, replacing old language with language that refers to cyber charter schools explicitly. The law states that a cyber school will be held accountable for its ability to: demonstrate sustained community support; provide students with comprehensive learning experiences; develop students capable of meeting state standards as stipulated in Act 22; meet the goals outlined in its charter; and serve as a model for other public schools [see Pennsylvania Public School Code, §1745-A (f) (1)].

While authority and oversight of cyber charters has radically shifted to the state, it is not clear whether such action will result in quelling the contentious debate over the governance, accountability and funding of cyber charters in Pennsylvania. However, recent developments may provide a hint of how legislative changes may influence the decisions made by policy makers. Since the enactment of Act 88, one of PSBA's residual cases dissolved in October of 2002, when the Morrisville School District voted to revoke the charter of the TEACH-Einstein Charter Academy.[32] In addition, the state had an opportunity to exercise its new authority over granting cyber charters, when it recently rejected 5 petitions for new schools (Hendrie, 2003).

Conclusion and Recommendations

The experiences of California and Pennsylvania provide valuable precedent from which other states can draw important lessons. The recent legislative amendments in these two states has resulted in explicit definitions of cyber and home school charters, as well as expectations for accountability, standards and resource use. The recent precedent also indicates that as charter operators stretch the definitions of what is permissible under existing laws, nonclassroom-based schooling models will be tried in courts or reviewed by Legislatures to determine whether existing charter and general education statutes can embrace these alternative schooling models.

The responses from Legislatures and courts are beginning to formulate a regulatory blue print, which outlines the conditions for operation and the oversight mechanisms that nonclassroom-based charter schools will be expected to follow. In light of new demands, the continuing challenge for states will be in reconciling the freedoms guaranteed to all charters, with the responsibility of holding all public schools accountable.

The following recommendations are based on the experiences of California and Pennsylvania, as well as other states, in their attempts to define nonclassroom-based charter school models.

Per-pupil funding levels must reflect real costs of a quality nonclassroom-based schooling model.

Much of the debate around funding for nonclassroom-based charter schools has focused on the lower overhead costs associated with savings on,

teacher salaries and benefits, facilities and maintenance, transportation, food service and other services. Simply accounting for two funding categories—teacher salaries and benefits, and facilities and maintenance—begins to illustrate the vast differences in needs when comparing a nonclassroom-based to a traditional classroom-based model. For example, the costliest budget item in a traditional school model is teacher salaries and benefits, amounting to an average 56% of total expenditures (National Center for Education Statistics, 2003). Facilities and maintenance, in most cases the second highest cost, can amount to nearly 11% of a school's budget (National Center for Education Statistics, 1989). The limited provision of each of these resource categories in nonclassroom-based charters amounts to wide differences in funding needs.[33]

Early reports from Pennsylvania suggest that cyber charters indeed may not demand the same per-pupil expenditures as traditional schools. For example, Ronald Young, the director of the Western Pennsylvania Cyber Charter School, offered resident districts that were sending tuition payments, a reduction in the per-pupil payment from an average of $6,000 to $5,000 during the first year of operation. The offer also included further reductions, dropping to $4,500 for the second year, and then $4,000 thereafter. He explained that "funding should actually reflect the cost of doing business…no district should be charged more then it costs us" (Reeves, 2001). KPMG (2001) also reported that at least 2 Pennsylvania cyber charters provide refunds of unspent tuition payments to students' resident districts, when the payments received from some districts is larger then the budgeted per-pupil costs of the school.

Inherent in the discussion of differential funding levels for nonclassroom-based charters—as evidenced in California and Alaska[34]—is the assumption that current funding levels for traditional school students are adequate; thus funding for nonclassroom-based students should be proportionately less. Yet, determining the exact costs of nonclassroom-based schooling models entails a closer analysis that could account for additional costs over time. However, states have not engaged in the important process of costing-out a non classroom-based instructional program.

In determining an adequate level of funding, state officials should consider how the educational needs of individual students will be met through non-traditional teaching and learning methods. States should also consider how nonclassroom-based charters have adopted resource use patterns that require alternative financial reporting and expenditure levels, including: accounting (e.g. maintenance of student records, attendance logs and transcripts); accountability (e.g. determining what accounts for instructional time and how it is logged and evaluated, as well as evaluating the quality of nonclassroom-based instruction); and reporting of how per-pupil payments are linked to services provided (e.g. technology, learning materials, paraprofessional services, and third party curriculum and management service providers). After identifying benchmarks for a quality nonclassroom-based instructional program that meets both local and state level accountability demands, as well as accounting for costs of teachers and facilities, then a funding formula linked to these benchmarks can begin to more accurately identify the level of resources that is necessary.

Defining state and local-level accountability mechanisms for student performance and educational program quality must be consistent with expectations for all schools.

Accounting for enrollment, instructional hours, quality of instruction (delivered by parents, computer software, or distance learning), quality of student work, assessments, and level of contact hours between teachers and students, are all part of the accountability formula which begins to define a nonclassroom-based schooling model. A first step in creating a new accountability model that is aligned with nonclassroom-based schooling, is addressing the unique organizational models, as well as the different teaching and learning methodologies that nonclassroom-based charters employ.

For example, in California, student funding apportionment for home school charters is based on "time value" of student work rather then average daily attendance (ADA). Time value accounts for student work that is evaluated by a certificated teacher who makes a professional judgment of the work's quality, and then calculates a time value equivalent of the completed work. These factors create a new benchmark with which to calculate funding apportionment credit that shifts from "seat time attendance," to a system that is dependent on the amount and quality of work that a student produces. Thus, what results in an accountability structure that is better aligned with the teaching and learning methods employed by a nonclassroom-based schooling model.

Requiring "fact-to-face" or other form of communication between students and a certificated teacher is another important process in assuring greater accountability of program quality. Teacher-student contact can assure that teachers will direct instructional objectives, provide the curriculum necessary to complete learning objectives, and monitor student progress more closely. This type of student-centered and individualized educational program demands accountability mediums that may not be aligned with existing traditional school structures that rely on rule-based compliance such as "seat time" and instructional minute requirements, to account for and monitor the quality of an instructional program.

Delineating enrollment boundaries as well as a mechanism for outlining funding responsibility, are essential elements of an accountability model that defines who is ultimately accountable for nonclassroom-based charter students.

An accountability mechanism that determines who is ultimately accountable for students in nonclassroom-based charters and includes provisions that require an appropriate level of monitoring, will insure greater transparency in the public oversight of nonclassroom-based charters. As students cross district and county lines, students' resident districts are challenged in monitoring whether nonclassroom-based charters are providing a quality educational program for those students that resident districts are funding. Audited enrollment and attendance records of nonclassroom-based charters are necessary to ensure that local and state portions of per-pupil payments are forwarded by students' resident

districts to the nonclassroom-based charter that students choose. In addition, a policy that delineates geographical boundaries with manageable enrollment zones, can simplify oversight challenges which are exacerbated by borderless enrollment zones. This issue may prompt policymakers to consider a state-level approval and sponsorship of nonclassroom-based charters, as well as a funding system where the state portion of student per-pupil revenue comprises the larger share of funding.

The recent enactment of Act 88 in Pennsylvania takes important first steps in shifting both authority to grant cyber charters and monitoring these schools, from local districts to the state level. In addition, Act 88 also aims to open communication between cyber charters and students' resident districts, by requiring unfettered access to a school's charter application, annual reports, and attendance roles. While these important provisions address important concerns linked to the accountability challenges that resident districts have raised, the principle funding responsibility remains that of the districts.[35]

In California and Alaska, the funding dilemma is not as urgent because both states operate a more state-centered school funding system where the state and federal portion of per-pupil funding is greater then the local responsibility—71% and 76% respectively (National Center for Education Statistics, 2001). Thus, these states already provide a greater share of state per-pupil funding directly to schools. However, in Pennsylvania the funding issue is more salient because local revenues makes up nearly 60% of per-pupil funding, and districts are hard pressed to send their share of local revenues to cyber charters. Shifting to a state-centered

funding system for nonclassroom-based charters, where states are responsible for funding a larger portion of per-pupil revenue, will result in important fiscal relief for local districts. In addition, a state-centered funding system would provide a more stable source of revenue for nonclassroom schools and relieve schools from having to solicit the larger share of their per-pupil payments from students' resident districts.

State level funding must assist local school districts in meeting the funding demands posed by traditional home schoolers who are new to public education.

The large influx of students who are enrolling in nonclassroom-based charters has resulted in an unexpected need for additional state and local funding to meet the demands of a significant enrollment growth. Many districts are challenged in reallocating budgets to fund students who were not previously on the public school rolls—the majority of which were privately home schooled. For example, 2 county superintendents representing 22 districts in Pennsylvania, reported that they were billed $1.8 million by cyber schools throughout the state, for 303 students which reside in their districts (Rafaelle, 2001). Considering that nearly 60% of cyber charter students in Pennsylvania were previously home schooled, these districts were met with a potential budget shortfall of approximately $1.08 million required for funding the demand of new students who enrolled in cyber charters.

As stated in the previous recommendation, a state-centered funding system for nonclassroom-based charter students will relieve local districts of budget

shortfalls caused by enrollment spikes of nonclassroom-based students. States should consider taking full responsibility for funding, or providing partial subsidies to alleviate this funding challenge. In Pennsylvania, Act 88 has begun providing partial subsidies amounting to 30% of local per-pupil payments to the resident districts of cyber charter students. However, the one-time payment limited to the 2001-02 school year, does not provide sufficient funding to account for enrollment growth that is likely in the future.

Another solution that can assist districts, is limiting the number of operating nonclassroom-based charters and restricting enrollment to students already enrolled in public schools. For example, the State Legislature of Arizona recently instituted a pilot program that allows for the creation of 14 cyber schools—7 traditional public schools and 7 charter schools. In a proactive attempt to avoid the budget challenges that local districts have encountered in meeting funding requirements for nonclassroom-based students, the law explicitly limits student enrollment to students who "enrolled in and attended a public school in the previous school year" [see Arizona Public School Code, §15.808 (11) (b)]. In essence, the enrollment restriction will allow districts that fund cyber school students to draw per-pupil funding from existing budgets and provide a buffer for enrollment growth over time. In addition, limiting the number of Arizona cyber schools to 14, will allow for slow growth of cyber schools. The pilot program also includes provisions that outline a state sponsored evaluation of all the cyber schools that will analyze student achievement, effectiveness of instructional

programs, resource use patterns and cost-effectiveness.

Further research that examines nonclassroom-based charter schools is necessary in order to determine their effectiveness and long term viability.

This paper provides important insights into how nonclassroom-based charter schools are evolving within the charter school movement, as well as the wider public school community. Our description and definition of nonclassroom-based schooling, coupled with our in-depth regulatory analysis which traces how California and Pennsylvania are defining cyber and home school charters, provides a comprehensive perspective into the issues that the new schooling models are raising. However, more in-depth research and analysis are necessary to fully account for the overall effectiveness of cyber and home school charters.

As we mentioned earlier, existing research that examines nonclassroom-based schooling is limited. New research efforts will need to focus on school-level analysis that can assess the effectiveness of instructional programs, organizational and governance structures, resource use, and the accountability mechanisms that nonclassroom-based schools employ. Ultimately, new research will assist us in deciphering the viability of sustaining these alternative schooling models under the context of increased state and federal accountability demands.

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Endnotes

[1] For a descriptive case study of a home school charter in California see Huerta (2000). For a recent comprehensive evaluation of cyber schools in Pennsylvania see (KPMG, 2001). Additional studies have briefly examined the operations of cyber or home school charters (Miron, Nelson & Risley, 2002; Miron & Nelson, 2000; UCLA, 1999) however, to date, there is no comprehensive research study that has examined a wide sample of cyber or home school charters.

[2] The vague or non-explicit language pertaining to the operation of nonclassroom-based charters in both charter and general education statutes, has been interpreted by some charter operators to mean that nonclassroom-based charters are permissible until statutes say otherwise.

[3] The 10 states which have explicitly deemed cyber charter schools permissible are: Alaska, Arizona (pilot program), California, Colorado, Idaho, Nevada, Minnesota, Pennsylvania, Ohio, and Texas (pilot program). Cyber charters also operate in Kansas, Hawaii, Florida, New Mexico and Wisconsin (Education Week, 2002).

[4] The remaining 14 states are vague in terms of explicitly prohibiting or permitting the operation of home-based charter schools. This data was derived from careful review of the 41 charter school laws, and in some cases a review of general education statutes as well.

[5] The initial conceptualization of Table 1 was the responsibility of Chad d'Entremont. His insightful review of the main themes in this paper along with fruitful debate, were vital in making the distinctions that are presented in the Table 1.

[6] In their comprehensive study of cyber charters in Pennsylvania, KPMG (2001) found that "the vast majority of online instruction is asynchronous, that is, students work independently at their own pace" (p.4).

[7] Early debates on nonclassroom-based charters were centered on reports of abuses by home school charters, including the direct disbursement of public funds and other "things of value" to parents, the promotion of religious instruction, profiteering by districts who sponsored home school charters, and enrollment of students from wide geographic regions spanning the entire state.

[8] Early in the movement, several schools were disciplined by the State Department of Education for offering gifts or "freebies"—including VCRs, microwaves, cash payments and other material goods—to families who enrolled with home school charters. These illegal practices were addressed early in the movement in 1993 by SB 399, a bill which expressly prohibited such practices on behalf of schools serving independent study students (Little Hoover Commission, 1996).

[9] For example, early in the movement, it was common for sponsoring districts to charge oversight fees to home school charters. It was reported that some fees were as high as 20% of per-pupil funding grants. This posed an important conflict of interest issue, where the entity which was responsible for holding the charter school accountable was ultimately profiting from the school it sponsored (see Huerta, 2000).

[10] The California Charter Schools Act was enacted in 1992, and became effective January 1, 1993.

[11] While a variety of modalities of instructional delivery were identified among early nonclassroom-based charter schools in California—including independent study, distance learning, correspondence—the vast majority of these schools were recruiting directly from the private home school ranks and advertising their instructional programs as home study or home schooling (Little Hoover Commission, 1996).

[12] Schools in California receive most of their state funding based on student Average Daily Attendance (ADA). ADA is equivalent to days of actual student attendance divided by the number of instruction days in a school year. A school district's basic per-pupil revenue limit (basic state aid excluding funds from supplemental categorical programs) is calculated according to student ADA. The original California Charter Schools Act did not stipulate a definition for "pupil in attendance," nor did the law require students to receive direct or in-person instruction by a certificated teacher. In addition, enrollment boundaries were interpreted as unrestricted by specific language which read: "admission to a charter school shall not be determined according to the place of residence of the pupil, or his or her parent or guardian, within the state" [California Education Code § 47605 (d)]. These ambiguities would allow charter school operators to offer nonclassroom-based instruction without defining their instructional model as "independent study," and without complying to enrollment boundary limitations set by independent study regulations.

[13] For a more complete description of the Hastings Initiative and AB 544 see Huerta (2000).

[14] See Charter Public Schools Act of 1998, § 10 and § 47605 (1) (1) of the California Education Code.

[15] Prior to AB 544, the California Charter Schools Act of 1992 required all charter schools to "meet the performance standards and conduct the pupil assessments" required of all schools in the state. However, when the California Learning Assessment System (CLAS) was eliminated in 1994, all public schools were left without an assessment program until late 1997 when the state adopted the Standardized Testing and Reporting (STAR) program. Because the original legislation had explicitly referred to CLAS as the official state assessment, AB 544 amended the original language and added new general language which would require charter schools to meet "any other statewide standards authorized in statue or pupil assessments applicable to pupils in non charter public schools" [see California Education Code § 47605 (c) (1)]. The new language was prompted by the fact that very few charter schools participated in the interim voluntary assessment program after 1994.

[16] SB 434 changed apportionment credit from the traditional "seat time attendance" to apportionment based on "time value" of student work. Time value calculations are based on 3 factors: (a) weighing the objectives of an assignment given by a credentialed teacher, (b) the work submitted by students by specified due date, (c) and the judgment of a teacher who evaluates and calculates the time value of completed work. Together, these factors make-up an apportionment credit that is based on student work, rather then physical attendance.

[17] In 2001-02, the average expenditure per pupil in California was $6,683, which translates into an estimated $200.5 million in total funding for the estimated 30,000 students enrolled in home school charters (Legislative Analyst's Office, 2003).

[18] Recall that in 1999, SB434 limited a school board's ability to charge oversight fees of charter schools which they sponsored. In this case, the non-profit company which managed the HomeSmartKids was charging the school oversight fees, a practice which was not addressed in the 1999 legislation.

[19] Senator Jack O'Connell, the state senator who sponsored SB 740, was explicit in explaining that the bill was prompted by earlier reports of alleged fraud by home school charters, but "the capper was the June 10 article in The Chronicle" which reported on the HomeSmartKids Charter School (Asimov, 2001c).

[20] The state defines "total public revenue" as "all federal revenue, less any Public Charter School Grant Program start-up, implementation, and dissemination grant funds; state revenue; and local revenue from in-lieu property taxes [see California Administrative Code of Regulations, Title V, § 11963.3 (c) (1) (C)]. In 2002-03, the average "total public revenue" for all schools in California was $6,684 per pupil (Legislative Analyst's Office, 2003).

[21] Prior to the full approval of permanent regulations for SB 740, the State Board of Education released emergency regulations in order to implement the law during the 2001-02 fiscal year. During the first year,

cuts were limited to only 5% of total public revenue, and were based on whether a home school charter had expenditures of at least 50% on certificated staff salaries and benefits.

[22] The state defines "total revenue" as all revenue included in the definition of "total public revenue," in addition to all federal Public Charter School Grant Program start-up, implementation, and dissemination grant funds, and other resources [see California Administrative Code of Regulations, Title V, § 11963.3 (c) (2)]. In 2002-03, the average "total revenue" for all schools in California was $9,216 per pupil (Legislative Analyst's Office, 2003).

[23] For the first time since the California Charter Schools Act first passed in 1992, the information required in the funding determination request would allow state officials to accurately account for the number of charter schools that were operating a nonclassroom-based instructional program, as well as the number of students they served. In the 2001-02 fiscal year there were 118 home school charter serving 42,684 students, and in the 2002-03 fiscal the numbers increased to119 home school charters serving 49,580 students (California Department of Education, 2003a). Prior to SB 740, there was no official accounting of this type of information.

[24] In Fall or 2001, SusQ Cyber Charter School served 76 students in grades 9-12. Of the 76 students enrolled, only 2 had been previously home schooled, 1 had attended a private school, and 73 had attended a traditional public school (KPMG, 2001).

[25] In Pennsylvania, charter schools are funded by a process identified as "selected expenditures" which requires a school district to "determine its estimated total spending in the preceding school year and subtract from that figure its outlays for items such as nonpublic school programs, transportation services, facilities acquisition and other non-instructional costs. The resulting figure, divided by the school district's number of pupils, is known as the selected expenditure" (PSBA, 2001). This formula results in a payment of approximately 80% of total per-pupil expenditure. PSBA (2001) estimated the average per-pupil cost charged to districts was $6,300 for a student in a regular education program, and an additional $10,800 for a special education student.

[26] While not referring explicitly to cyber schools, Act 22 §1715-A(a) states that "nothing in this clause shall preclude the use of computer and satellite linkages for delivering instruction to students."

[27] As of Fall 2001, Pennsylvania cyber charters enrolled 4,732 students. The two largest schools, TEACH-Einstein Academy Charter School and Western Pennsylvania Cyber Charter School, enrolled nearly 80% of the total cyber charter student population. KPMG (2001) also reported that 56% of cyber charter students were previously home schooled, while only 33% had attended a traditional public school. In addition, 12% of cyber charter students were enrolled in special education.

[28] Information provided to KPMG was not independently audited. KPMG relied on school officials to provide information that was solicited for the purposes of writing the report.

[29] The budgeted costs per student appear unusually high considering the low overhead costs associated with operating a cyber charter school. KPMG (2001) reported an average cost per student of $6,480 for the 5 cyber charters which reported budget data.

[30] This figure is based on data for only 5 cyber charters that submitted budget information to KPMG.

[31] A high service program is identified as providing access to a variety of third party curriculum providers, higher staffing levels, additional learning materials, in addition to other services and materials. A low service program is identified as having limited access to third party curriculum providers, a limited offering of supplementary materials, and fewer student services.

[32] The school will remain open until it is granted an appeal hearing by the Pennsylvania Department of Education.

[33] Recall that in California, SB 434 required that home school charters meet student-teacher ratios equal to that in traditional schools within their home county. Thus, in the California context, the vast cost difference for supplying teachers to traditional schools compared to home school charters, is nullified.

[34] Similar to California, Alaska also limits funding levels for home school charters. The state reduces its portion of total per-pupil funding by 20% (total per-pupil funding includes approximately 70% state and 30% local revenues) for students enrolled in correspondence or home school charters. A correspondence study program is defined as a program where a student receives "less then three hours per week of scheduled face-to-face interaction" with a certified teacher in a classroom setting for each secondary course; and less then 15 hours per week in an elementary school setting (see Alaska Administrative Code Title 4 § 33.490).

[35] House Bill 1733, an earlier version of ACT 88 that was debated in the Legislature but failed to pass, called for full state control and oversight of cyber charters. The bill also would have relieved local districts from paying for cyber charter students, and require the state to take full responsibility of per-pupil payments.