



BILL SUMMARY

Ed Omnibus and On-line Education Allowed at All Schools SF 475

April 12, 2017

Status of Bill: On House Calendar
Committee: Education 13-7 Passed Senate on March 21, 33-15
Lead Democrats: Representatives Steckman and Nielsen
Floor Manager: Representative Wheeler
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Background

SF 475 makes several changes to Education programs, and establishes some working groups or taskforces. The major change in the bill is that it eliminates the current on-line pilot program at two school districts. Through that pilot project, the CAM and Clayton Ridge school districts are allowed to provide on-line education courses through two private for-profit providers, K-12 inc. and Connections Academy. They are also allowed to have other students open enroll to their district from around the state. SF 475 would now allow **ALL** school districts in Iowa and non-public schools to have on-line education programs and allow any student to open enroll. The current cap on how many students can open enroll to an on-line school is eliminated.

Current Virtual Schools Iowa Annual Report

Based on survey information from students attending the on-line schools at CAM and Clayton Ridge, the January 2017 Department of Education Annual Report on Virtual Schools does not show the best results of the pilot programs. First of all, CAM only had 33% of the students fill out the survey while Clayton Ridge had 27% students participate in the survey. According to the report, "The percent of students proficient in reading, math, and science both districts' online programs decreased this school year, and the decreases in performance were substantial. Just over half of students that attended either of the programs during the 2014-2015 school year chose to attend again during the 2015-2016 school year. Of high school students, the percent on-track for graduation ranges from a low of 58% for third-year high school students at Iowa Connections Academy (IACA) to a high of 80% for fifth-year-plus students at IACA."

The report goes on to state that to better find out why students are leaving the on-line schools, the survey would be better to ask why they terminated their enrollment. Also, when asked who taught them in their class, the top response from the students (73%) was mom and dad.

Here is the link to the latest January 2017 Department of Education Annual Report on Virtual Schools:
<https://www.educateiowa.gov/sites/files/ed/documents/Virtual%20Schools%20Legislative%20Report%20January%2015%202017.pdf>

Reports of How On-Line Education is Doing from Around the Country

Nationally, the following news clips show that on-line learning have not yielded the best results from around the country as well, including some issues with accountability.

A few highlights include:

- 1- July 8, 2016- CA settles \$168.5 million lawsuit against K-12 Inc.

“All children deserve, and are entitled under the law, to an equal education,” said Attorney General Harris. “K12 and its schools misled parents and the State of California by claiming taxpayer dollars for questionable student attendance, misstating student success and parent satisfaction, and loading nonprofit charities with debt. As my office continues an industry-wide examination of for-profit academic institutions, this settlement ensures K12 and its schools are held accountable and make much-needed improvements.”

“As part of the settlement, which is subject to court approval, K12 will provide approximately \$160 million in debt relief to the non-profit schools it manages—“balanced budget credits” that were accrued by the schools as a result of the fee structure K12 used in its contracts—and will pay \$8.5 million in settlement of all claims. In addition, K12 has agreed to implement significant reforms of its contracts with the CAVA Schools, undergo independent reviews of its services for students with disabilities, ensure accuracy of all advertisements, provide teachers with sufficient information and training to prevent improper claiming of attendance dollars, and change policies and practices to prevent the kinds of conduct that led to this investigation and agreement.”

<https://oag.ca.gov/news/press-releases/attorney-general-kamala-d-harris-announces-1685-million-settlement-k12-inc>

- 2- In 2013 and 2014- multiple shareholders filed lawsuits against K-12 Inc. for misleading investors about the academic performance of its students, teacher to student ratios and enrollment.
<https://cyberschools.wordpress.com/2014/05/09/k-12-settles-one-lawsuit-and-another-is-filed/>
- 3- In April 2016, the National Education Policy Center released their 2016 Virtual School Report. Relevant Highlights include:
 - The school performance measures for both virtual and blended schools indicate that these schools are not as successful as traditional public schools.
 - While the average student-teacher ratio in the nation’s public schools was 16 students per teacher, virtual schools reported more than twice as many students per teacher- 35 students per teacher. Virtual schools operated by for profit EMOS (education management organizations- ie K-12 Inc, Connections Academy, etc...) had the highest ratio – 44 students per teacher.
 - School and Student performance lags well behind traditional brick and mortar schools.
 - Here is a link to the Press Release that accompanied the report:
http://greatlakescenter.org/docs/Policy_Briefs/Miron-Virtual-Schools-2016.htm
- 4- -There should be audits conducted of virtual schools- to determine the actual per-pupil expense so that we can determine an appropriate reimbursement- not waste taxpayer dollars for the profit of the provider.
 - Accreditation- to ensure that there are not abuses, traditional public school accrediting should be applied to virtual schools.http://greatlakescenter.org/docs/Policy_Briefs/Glass_VirtualLearning2011.htm
- 5- Executive Salaries at K-12 Inc. in the millions:
<https://cyberschools.wordpress.com/2015/08/26/executive-salaries-at-k12-still-in-the-millions-after-lost-bonuses/>
- 6- Students in Online Charter Schools fall behind their peers in brick and mortar schools.
The synopsis from this report- <http://www.freep.com/story/news/local/michigan/2015/10/27/online-charter-school-students/74679050/>
A powerful quote from the release above- **Overall the results show that while online charters may be a good fit for some students, the schools “are not serving them very well when it comes to academic growth,” said Lynn Woodworth, a research analyst with the Center for Research on Education Outcomes (CREDO) at Stanford University. For some students, the effects are so negative “it’s as if they had not gone to school,” said Margaret Raymond, director of CREDO.**
- 7- <http://www.npr.org/sections/ed/2015/02/02/382167062/virtual-schools-bring-real-concerns-about-quality>
This article points out big quality divides between providers- highlights that K-12 Inc, is the biggest provider, Connections Academy is the 2nd largest.

- 8- This San Jose article highlights the experience of a student with special education needs- it appears that often students in need of special education services find those available through virtual academies grossly inadequate.
<https://dianeravitch.net/2016/04/20/san-jose-mercury-news-online-charter-schools-are-a-failure/>
- 9- This article, Entitled Online Schools Score Better On Wall Street Than In Classrooms- from Dec. 2011, does a good job of highlighting educational concerns and taking the position that additional oversight is necessary: <http://www.nytimes.com/2011/12/13/education/online-schools-score-better-on-wall-street-than-in-classrooms.html>

Highlights and articles provided by ISEA.

BILL SUMMARY

Division 1: Online Education

The following current restrictions on Iowa's On-line Education programing are **eliminated**:

- Eliminates the current on-line pilot project of the two school districts, thus, ANY school district is allowed to hire a private provider for an on-line program, or develop their own.
- Eliminates the current cap on students that can open enroll. The current cap is eighteen one hundredths of 1% of the statewide enrollment of all pupils. That cap currently statewide is 873 students, and there is a 1% cap on individual school districts that can open enroll through on-line learning to the two school districts.
- Eliminates the one-year waiver that school can receive to participate in on-line learning.

Report (Same Requirements of Old Report)

- Eliminates the current report. The New Report includes the following:
 - A. Student achievement and demographic characteristics.
 - B. Retention Rates.
 - C. The percent of student's active to participate in extracurricular activities.
 - D. Academic proficiency levels consistent with requirements applicable to all school districts.
 - E. Academic growth measures including one of the following:
 1. Entry and exit assessments in math and English for elementary and middle school, including science for high school.
 2. State required assessments that track year to year improvements for academic proficiency.
 - F. Academic mobility, including the following:
 1. Reason for a student newly enrolling.
 2. Reason for terminating enrollment.
 - G. Student progress towards graduation including a measurement of progress shall account for specific characteristics of students, including age, and course credit and content.

On-line learning programs are required to provide a supervised teacher licensed under Chapter 272, and the school may provide courses by a private provider or through developing their own program. They have to do all of the following in terms of instruction:

1. Monitor and verify full-time student enrollment, timely completion of graduation requirements, course credit total and course completion.
2. Monitor a verify student progress and performance in each course through a school-based assessment plan that includes submission of coursework and security and validity of testing.
3. Conduct parent-teacher conferences.
4. Administer assessments required by the state to all students in a proctored setting and that follow state law.

The bill allows any school district to provide on-line courses by private providers who open enroll with no statewide cap on the amount of students. Since this division takes effect on July 1, 2017, it is after the March 1 deadline to

open enroll students for the 2017-18 school year. Thus, open enrollment for on-line programs, unless a student receives a specific waiver allowed by law, would not happen until the 2018-19 school year.

They could do this for **two subjects if less than 10 students “typically” register for the course**, and it is not offered by the state run, Iowa Learning On-line program. The specified subject may be provided by the school district or school if, as per under current law, **all** of the following conditions are met:

- A. The course content is provided through an online learning platform by an Iowa licensed teacher with online learning experience.
- B. The course content provided is aligned with school district or school standards and is rigorous and high quality, and the department shall annually evaluate the quality of the courses and ensure that coursework is aligned with the state’s core curriculum and core content requirements and standards, as well as national standards of quality for online courses issued by an internationally recognized association for kindergarten through grade twelve online learning.
- C. The course is not offered by the initiative pursuant to this section, or the course offered by the initiative lacks the capacity to accommodate additional students.
- D. The course is the **sole** course per semester that the school district or school is providing instead of the initiative pursuant to this subsection.

The bill allows DE to waive those requirements at its discretion, for additional on-line courses, if a school district or school that proves to DE that made every reasonable effort to comply with 256.11 (5). The specified subjects under 256.11 (5) is the minimum program to be offered and taught for grades nine through twelve. The current on-year waiver required for a school district to participate in on-line programming is eliminated.

The bill eliminates the old appropriations to Iowa Learning On-Line program (code clean up).

(SEE: Division 5 related to On-Line Learning cocurricular or extracurricular activities.)

Fiscal Impact:

The Fiscal Note states that it is not possible to determine how many districts may choose to offer open enrollment online, or at what cost, as districts will be able to contract with both private and public institutions.

Division 2: Career Technical Education (CTE) Concurrent Enrollment

Currently, concurrent enrollment classes are allowed to be taken by high school students at a community college. They are allowed to be courses that supplement, not supplant, high school courses required to be offered. These courses receive supplementary weighting for these pupils attending a community college-offered class or attending a class taught by a community college-employed instructor.

SF 475 would allow concurrent enrollment for CTE courses, **AND notwithstanding** the supplanting language for a high school course. It allows a school district to develop a sharing agreement (concurrent enrollment) with a community college to allow a community college instructor to teach one or more classes in one of the six Career Technical Education (CTE) service areas. This would be allowed and assigned additional weighting if a school has less than five students in the class and the district has less than 600 students. The supplementary weighting, as per current law, would have to be approved by the School Budget Review Committee. The Six CTE service areas created in HF 2392 from 2016 are:

- 1) Agriculture, food, and natural resources;
- 2) Arts, communications, and information systems;
- 3) Applied sciences, technology, engineering, and manufacturing, including transportation, distribution, logistics, architecture, and construction;
- 4) Health sciences;
- 5) Human services, including law, public safety, government, public administration, and education and training; and
- 6) Business, finance, marketing, and management.

Fiscal Impact:

According to the Fiscal Note, in FY 2019, the new CTE exception may generate up to \$146,949 for schools that already have CTE agreements through supplementary weighting in the school aid formula. This amount includes State aid (\$129,419) and property taxes. This is the maximum possible amount that may be generated for those school districts, and the total amount generated may be lower if all school districts do not participate. The total estimate for FY 2019 is between \$116,500 and \$180,400 in state aid depending on the number of students in classes. Property tax impact would be between \$15,000 and \$23,000. There would be no impact to FY 2018 since concurrent enrollment agreements are already set for next year.

The Fiscal Note explains that there are currently there are 41 courses across 26 school districts with less 600 students offering CTE courses. The Fiscal Note then estimated how many classes could go over the threshold of five students in the next year, and added 24 districts that are within a 30-minute driver to a community college that could be added. School districts that do not currently have CTE concurrent enrollment classes will most likely be unable to start new school district campus CTE classes before 2020. By that time, according to the note, 49 more school districts could be eligible. The total then would be 99 school districts by 2020.

Division 3: Student Health Working Group

The original bill completely removed the health screenings requirement for students to attend school. Instead, as passed the Senate, the bill requires a workgroup to be formed. It would be formed by the Department of Public Health and the DE to review state-initiated student health requirements that would include, but not be limited to, dental and vision screenings, blood lead testing, and immunizations. Recommendations are required to be provided to the General Assembly by December 31, 2017. Currently in SF 475, the Student Health Group includes **two members** of the following:

- A. DE.
- B. The Department of Public Health
- C. The Iowa Association of School Boards.
- D. The School Administrators of Iowa.
- E. The Iowa School Nurse Organization.
- F. The Iowa Dental Association.
- G. The Iowa Optometric Association.
- H. The Area Education Agencies.
- I. The Iowa academy of Family Physicians.

Fiscal Impact

According to the Fiscal Note, the DE and the Iowa Department of Public Health report that due to budgetary restrictions, they do not plan to offer mileage reimbursement or lunches for the working group's meetings. Due to this, there is not expected to be a fiscal impact.

Division 4: Taskforce on AEA Essential Services

DE is required to convene a task force to identify and review essential AEA functions. They are to complete a comprehensive list of functions and services in order of priority ranking offered by the AEA's. Currently in the bill, the following members are included in the taskforce:

- A. Four from the DE including the Director or designee, appointed by the director.
- B. Three from the school administrators appointed by the school administrators of Iowa.
- C. Three from area education agencies who are appointed by the area education agencies.
- D. Three from Professional Educators of Iowa (PEI) appointed by (PEI).
- E. Three representing teachers who would be appointed by the Iowa State Education Association.
- F. Three representing school boards appointed by the Iowa Association of School Boards.
- G. Three individuals who will be appointed by the Iowa advocates for choice in education.
- H. Four legislative members who would be appointed as exofficio members from the four caucuses.

Fiscal Impact

Due to the cost of providing meals and support and staffing to the 26 member taskforce, the Fiscal Note estimates the total cost of the task force at \$6,315.

Division 5: Open Enrollment Extracurricular Fee, and Cocurricular or Extracurricular Activities

If a student participates in cocurricular or extracurricular activities, the **district of residence** may deduct the cost of those activities. They cannot deduct general administrative, overhead, or other indirect costs. The deduction cannot exceed the lesser of the actual cost of providing the activities OR up to 15% of the state cost per pupil for the previous school year.

“ALSO NEW,” (related to On-Line Learning), a student participating in open enrollment to receive on-line instruction, is allowed to participate in cocurricular or extracurricular activities sponsored by the **district of residence**. They have to comply with eligibility requirements.

Fiscal Impact:

Under Division 5, the Fiscal Note states that the district must consider the complete prorated cost for the student’s participation in the activity and may charge whichever is lesser – 15.0% or the prorated cost of the activity. For FY 2018, 15.0% of the cost per pupil would be \$988.65. This provision will also affect districts that have students who are open-enrolled for the purpose of receiving online education, who are included in this section. Since it is not possible to determine how many students open enrolling may choose to return to their resident district for the purpose of cocurricular or extracurricular activities, the fiscal impact cannot be determined.

Division 6 Biliteracy Seal

The DE Director is required to develop and administer a seal of biliteracy programs to recognize students graduating from high school with demonstrated proficiency in two world languages. Participation by the school, school district or non-public school is voluntary. DE will work with stakeholders to determine proficiency and develop a sticker to be affixed to the student’s diploma. Participating school or school district is required to notify DE of students who have qualified.

Fiscal Impact:

None.

Division 7 Limitation on DE “Guidance”

Similar, but according to DE, NOT conflicting language was in both flexibility in spending bills passed earlier by the House. DE claims that the language will not require them to do anything differently. It requires them to not issue guidance or rule inconsistent with statute or imposes binding obligations. The division does not apply to declaratory orders, or a statement required by federal law or a court order. Per the bill, guidance issued by the department is not legally binding.

This division, and only this division, takes effect upon enactment. The rest of the bill takes effect July 1, 2017.

Fiscal Impact:

None.

TOTAL FISCAL IMPACT OF THE BILL:

Due to Division 4, there would be a fiscal impact of \$6,615 in FY 2018. For FY 2019, the fiscal impact for Divisions, 1 and 5 cannot be determined. The estimate for Division 2, is between \$116,500 and \$180,400 in FY 2019. The property tax impact would be between \$15,000 and 23,000.