

## REVISE CYBER SCHOOLS

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**Senate Bill 619 as passed by the Senate**

**Sponsor: Sen. Patrick Colbeck**

**House Committee: Education**

**Senate Committee: Education**

**Complete to 12-5-11**

### **A SUMMARY OF SENATE BILL 619 (S-1) AS PASSED BY THE SENATE 10-27-11**

To expand the current provisions of the law governing cyber schools, Senate Bill 619 (S-1) would amend the Revised School Code (MCL 380.552) to do the following:

- Delete the limit of two on the number of contracts that may be issued for schools of excellence that are cyber schools.
- Delete the requirement that cyber school students previously be enrolled in public school.
- Require a cyber school to offer *any configuration of grades K through 12* or all of those grades (rather than requiring a cyber school to offer *all* of grades K through 12).
- Require that an applicant for a cyber school contract demonstrate experience delivering a quality education program that improves student academic achievement (rather than requiring that the cyber school demonstrate experience in serving urban and at-risk student populations through an educational model involving a significant cyber component).
- Delete the provisions that (1) limit enrollment in a cyber school to 400 pupils in the first year, (2) allow a cyber school subsequently to add one pupil for each enrolled student who is identified as a dropout, and (3) limit maximum enrollment to 1,000 pupils.
- Delete a prohibition against issuing a cyber school contract after January 1, 2015.
- Specify that a school of excellence that is a cyber school can sell any of its course offerings to other public schools.

In particular, and as amended by the full Senate, the bill would allow a school of excellence that is a cyber school to make available to other public schools for purchase, any of the course offerings that the cyber school offers to its own students.

The bill is tie-barred to Senate Bills 618, 620, and 621, so that it could not go into effect unless all of those bills are also enacted into law. [Note: Senate Bill 618 would make changes in the Revised School Code concerning the formation, operation, and termination of public school academies, urban high school academies, and schools of excellence, and would allow school districts to contract with other entities for the provision of teachers. Senate Bill 620 would amend the Revised School Code to provide for the organization and administration of "conversion schools." Senate Bill 621 would

make changes in the State School Aid Act concerning the provision of state aid for the instruction of nonpublic students by public schools.]

## **FISCAL IMPACT:**

By eliminating a number of restrictions on cyber schools, including the cap on the number of cyber schools, the bill would likely result in an increase in State School Aid Fund expenditures as the number of cyber charter schools proliferates and the enrollment in cyber schools rises.

Lifting the cap on the number of cyber schools that may open would tend to increase expenditures in the State School Aid budget. In determining pupil membership counts, the State School Aid Act provides for an alternative blend for new public school academies (PSAs) – including cyber schools – during their first two years of operations, averaging the Fall (October) and supplemental (February) counts in the current school year, rather than the standard 90-10 blend (90% of the Fall count and 10% of the supplemental count in the prior school year) used in existing districts and PSAs. This difference typically results in a slightly higher pupil membership count for the new PSA or, in this case, the cyber school.

Eliminating the requirement that cyber school students be previously enrolled in a public school would tend to increase statewide pupil counts, as many nonpublic school pupils and home schooled pupils not previously enrolled in a public school could now become public school pupils enrolled via a cyber charter school. For example, in a February 2010 evaluation of cyber charter schools in Wisconsin, the Legislative Audit Bureau (LAB) reported that the number of home-school students rose annually between 1984-85 and 2002-03, the first year cyber charter schools were authorized. From 2002-03 to 2007-08, the number of home-schooled students declined 9.1%. The LAB reports that this drop is likely due, in part, to the availability of cyber schools as an option to parents and students. During that same period, enrollment in cyber schools grew from 257 to 2,912, while the number of cyber schools increased from 4 to 15.<sup>1</sup>

Pennsylvania, another state with a robust cyber school environment, experienced similar enrollment patterns as well, with homeschooled enrollment dropping amid an expansion in the number of cyber schools and a significant increase in cyber school enrollment. Since 2000-01, the year before a major increase in cyber school enrollment, homeschooled enrollment in Pennsylvania has dropped by nearly 12%. After homeschooling was authorized in 1988, homeschool enrollment steadily increased through 2000-01, a year with a substantial growth in the number of, and enrollment in, cyber schools.)

Similarly, nonpublic school enrollment in Pennsylvania has declined in recent years as cyber schools have expanded, falling 10.4% since 2007-08, according to data from the Pennsylvania Department of Education. The increased availability of cyber schools could partially, but not entirely, explain this reduction in nonpublic and homeschooled students. According to data from the Pennsylvania Department of Education, enrollment

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<sup>1</sup> See, *Virtual Charter Schools: An Evaluation*, Wisconsin Legislative Audit Bureau, Report 10-3, February 2010, <http://legis.wisconsin.gov/lab/reports/10-3full.pdf>.

in cyber schools in Pennsylvania grew to approximately 28,000 students during the 2010-11 school year (based on the October 1 count date). Since 2007-08, overall charter school enrollment has increased 32.1% while cyber school enrollment has increased by 40.9%, while the state experienced declines in enrollment in traditional school districts, public schools, and total enrollment. Over the last four years, cyber schools account for a greater share of charter school enrollment, public school enrollment, and total enrollment in Pennsylvania. While overall public school enrollment has declined, it accounts for a greater share of total enrollment since 2007-08.

The extent of this potential impact, resulting from SB 619, is not known. According to data from the Center for Educational Performance and Information (CEPI), about half of the students enrolled in the two existing cyber PSA schools did not have a public school enrollment record for FY 2009-10, the year before the cyber schools began operations, suggesting that cyber schools are an attractive option for students not enrolled in a public school. (While current law requires that cyber schools only enroll students previously enrolled in a public school, it does not specify the point in time a student had to have been a public school student. This would permit students on a shared-time basis and students who were at one point enrolled in public school to enroll in the cyber schools even though they were not enrolled in a public school in the year immediately preceding the year in which they enrolled in a cyber school.)

For state aid purposes, the State School Aid Act provides that the per pupil foundation allowance for PSAs (including cyber schools) is equal to the foundation allowance of the school district in which the PSA school is located, subject to a maximum PSA foundation allowance of \$7,110.

School Aid expenditures would also be affected depending on the physical location of the cyber school and the location of the school's students. If a cyber school is located in a school district with a higher foundation allowance, overall School Aid expenditures would increase, to the extent that students previously enrolled in a district with a lower foundation allowance now enroll in the cyber school with a higher foundation allowance. Conversely, if the a cyber school is located in a school district with a lower foundation allowance, overall school aid expenditures would decrease to the extent that students previously enrolled in a district with a higher foundation allowance now enroll in a cyber school with a lower foundation allowance.

The bill would also have an impact on traditional school districts and other PSAs, to the extent that students from those schools now enroll in a cyber school. Districts would lose foundation allowance aid and other categorical aid to the extent that former students now enroll in a cyber school. For FY 2010-11, the two existing cyber schools drew students from 228 school districts and PSAs.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.