



**Colorado Department of Education Status Report Regarding:
The November 2006 Performance Audit**



**Prepared for the
Colorado Office of the State Auditor**

July 18, 2008



COLORADO DEPARTMENT OF EDUCATION

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Dwight D. Jones
Commissioner of Education

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July 31, 2008

Legislative Audit Committee
Colorado Office of the State Auditor
200 East 14th Avenue
Denver, CO 80203

Vodde -
Asst Comm -
Finance

Dear Legislative Audit Committee,

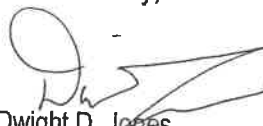
Thank you for inviting the Department to provide a status report related to the Online Education, Department of Education Performance Audit, November 2006. Enclosed you will find the following: (1) an updated status report reflecting the advancements made which are tied back to the 2006 Audit Report. (2) a copy of our 2006 – 2007 Online Education Summary Report.

I will be in attendance at your Legislative Audit Committee Hearing on Monday, Aug. 18, 2008 at 2 p.m. to provide an overview of our current status of the online program. In addition, we have provided a notebook to the Legislative Audit Committee staff containing additional documentation you might want to review. Also, Pamela Ice, Director of online learning; Vody Herrmann, Assistant Commissioner of school finance; Richard Wenning, Associate Commissioner; and Robert Hammond, Deputy Commissioner, will be joining me that afternoon to assist in answering any questions.

The Department's online learning unit officially began duties on Oct. 1, 2007, as set forth in SB 07-215. In the past 10 months, we have made significant strides in addressing the recommendations outlined in the 2006 audit. While we continue to make progress, I believe you will be pleased with what has transpired since we last presented to the committee.

Please let me know if you require additional information.

Most sincerely,


Dwight D. Jones
Commissioner

cc: Robert Hammond, Deputy Commissioner of Administration and Operations
Ken Turner, Deputy Commissioner of Learning and Results
Pamela Ice, Director of Online Learning
Vody Herrmann, Assistant Commissioner of School Finance
Barbara Medina, Assistant Commissioner of Innovation and Transformation

Colorado Department of Education Status Report Regarding: The November 2006 Performance Audit

Recommendation No. 1:

The Department of Education should strengthen its oversight, awareness, and reporting of online school performance by:

- a. Analyzing performance data for online students on an ongoing basis and comparing with performance statewide. This information should be reported to the State Board of Education on an annual basis.
- b. Working with underperforming schools and districts to assess the causes of poor performance by online students and schools, and developing policies and guidelines to improve the performance of online students and schools.

Current Status:

- a.b. The Department will analyze performance data for online students and programs and will compare them with performance statewide. The General Assembly enacted SB07-215, concerning online education programs. The bill required the Department, on or before January 1, 2008, to promulgate rules for the establishment of quality standards for online programs. The State Board adopted the permanent *Rules for the Administration, Certification and Oversight of Online Programs*, including quality standards, in March 2008. The standards include, among other areas, student academic performance and improvement; course completion measurements; data analysis, management and reporting, and program evaluation and improvement.

The Rules for the Administration, Certification and Oversight of Online Programs require authorizers of multi-district programs to possess adequate resources and the capacity to oversee the multi-district program. An authorizer may be, according to SB 07-215, "a school district, any group of two or more school districts, a board of cooperative services (BOCES), or the State Charter School Institute."

The Authorizer of a Multi-District Online Program must include in its application for certification for operating and monitoring the online program a plan including but not limited to: student academic credit policies consistent with the Authorizer; student achievement and attendance policies, including the monitoring of graduation and dropout rates as well as course completion rates; and data development analysis and reporting. Thus the authorizer will monitor the Online Program's analysis of their data and the authorizer itself will analyze the data in order

to assess the Online Program's degree of meeting the Quality Standards. Then that same data will also be analyzed by the Department in order to prepare the Annual Summary Report of Online Programs.

The Authorizer of an online program is required to submit an annual report to the Unit of Online Learning (UOL). The report shall include, but is not limited to: how the quality standards have been satisfied by the online program; ratio of adults to students in the online program; the number of highly qualified teachers in the online program; annual budget of the online program; current student accountability report data for the online program; and current CSAP data for the online program.

The information for 2006-07 was reported to the State Board at the February 2008 meeting. A copy of the report is attached. The annual report for 2007-08 will be a more inclusive report with more comprehensive input from the Online Programs themselves. The template for the online programs to complete is posted on the UOL website and will be interactive on September 1st so that the programs can input data and descriptive language online. This annual report will be summarized and reported to the State Board of Education in February 2009.

There are additional guidelines such as the "Definitions" document which defines the types of online programs according to national definition, state statute and CDE Rule. This document is also posted on the UOL website.

The application for certification, completed by applicants for multi-district certification, requires that both the authorizing district and online program thoroughly examine their capacity, structure and program. During the first submission round, in April of 2008, a re-submission of the application was required of some programs because of areas that were found to be "below expectations" by the reviewers. The staff of the UOL personally met with the programs to address these areas of weakness and determine avenues for improvement. The staff continues to meet with programs to provide technical assistance in assessing and remediating causes of poor performance.

The Unit of Online Learning provides support for the online programs and conducts trainings and workshops designed to improve the performance of online schools and programs. For example, the UOL provided a workshop to online program administrators which addressed CDE auditing requirements for online programs and also addressed statutory requirements for health screenings and immunizations for all students. In August, 2008 the UOL is sponsoring a two-day workshop for online teachers which will focus on best teaching practices. The workshop includes key note and breakout sessions by a national leader in professional development for online teachers. There are also hands-on lab

sessions and other breakout sessions targeting best teaching practices and led by master online teachers.

Recommendation No. 2:

The Department of Education should strengthen its oversight of school districts to improve the performance of online schools by:

- a. Adhering to all State Board of Education rules for accrediting and monitoring school districts.
- b. Working with the General Assembly to seek authority for intermediate penalties such as imposing fines on school districts as part of the accreditation process.

Current Status:

- a. The State Board of Education adopted revised Accreditation Rules in May 2008 which result in the improved monitoring and accrediting of school districts. The revised rules emphasize results with a focus on student longitudinal growth along five points of accountability for districts: Student Results – Student Achievement Level (Status) and Growth; Student Results – Student Achievement Level (Status) and Growth Gaps; Student Results – Post-Secondary Readiness (ACT and Graduation Rate Performance); District Improvement Planning and Compliance with assurances, including safety and finance. The Department of Education is using rubrics to assess the need for district service and support from the Department. The rubrics ascertain district performance in a manner that is transparent and defensible across the state. All districts will be reassessed this fall of 2008 under the new Accreditation Rules.
- b. Although the Department disagrees with imposing fines as part of the accreditation process, the Department is available to assist if the General Assembly makes such a determination.

Recommendation No. 3:

The Department of Education should clarify the definition of at-risk students for use in evaluating student academic performance by:

- a. Reviewing the statutory definitions of at-risk and high-risk students and determining whether one or a combination of the existing definitions of at-risk students could be used for purposes of assessing academic performance. If so, the Department should designate that definition or combination of definitions for use in evaluating student academic performance.

- b. Working with the State Board, and the General Assembly as needed, to develop a new at-risk definition if the Department concludes that none of the existing definitions of at-risk or high-risk students, alone or in combination, is adequate.
- c. Including in its accreditation indicators a requirement for school districts to set goals, to establish processes to improve the performance, and to specifically track and report on the academic progress of at-risk students, as defined through this process.

Current Status:

- a. Various requirements within SB07-215 provided the Department with the tools to establish more accountable procedures related to student performance and improvement, monitoring, and reporting of on-line students. The establishment of the Unit of Online Learning and adoption of the *Rules for the Administration, Certification and Oversight of Online Programs*, with included Quality Standards, Definitions, Application Criteria for Multi-District Online Programs, and Certification of Multi-District Online Programs has set forth a framework that will assure school districts that authorize online programs have the capacity to administer the program and have more accountability in the oversight and implementation of the programs.

For state and federal accountability purposes, we examine achievement growth and status by disaggregating data by free and reduced price lunch eligibility and race/ethnicity categories as required by the U.S. Department of Education.

Additionally, the State Board is required to examine the feasibility of incorporating the Quality Standards that have been adopted by the State Board into the provisions of the Educational Accreditation Act of 1998.

- b. There was considerable discussion regarding the need for an additional at-risk student definition during testimony and discussion of SB 07-215. In addition, the Online Education task force established by the State Board discussed this issue. Neither the General Assembly nor the task force determined that a new definition was needed. If this topic resurfaces for further discussion, the Department is always willing to work with the General Assembly
- c. The Accreditation Rules clearly relate to “all students” within a school district. In fact, the definitions section defines “All Students” as every student regardless of gender, socio-economic level, at-risk status, racial, ethnic, or cultural background, exceptional ability, disability, or Limited English Proficiency.

Through the school districts’ and State Charter School Institute Accreditation Contracts, local boards and the Institute Board agree, pursuant to Rule 2.01(4)(g), to set “Goals and strategies to improve All Students’ academic

achievement and to identify and reduce consistent patterns of low academic achievement and discrepancies in academic achievement related to gender socio-economic level, at-risk status, racial, ethnic, or cultural background, exceptional ability, disability or Limited English Proficiency.

In addition to requiring districts to sign accreditation contracts attesting to these assurances, CDE examines student achievement in terms of (1) individual longitudinal growth using Colorado's Growth Model, (2) annual achievement levels, (3) achievement and growth gaps, and (4) postsecondary readiness measured with ACT composite scores and graduation rates. To understand the performance of students placed at risk, CDE disaggregates all of this performance information by Free and Reduced Price Lunch eligibility and race/ethnicity categories. CDE does this as part of a new annual results review of all school districts based on a consistently applied rubric.

Recommendation No. 4:

The Department of Education should strengthen and clarify the role of teachers in online schools by:

- a. Working with the General Assembly to define the role of online teachers to ensure that teachers play the primary role in teaching and assessing students.
- b. Working with the State Board of Education to develop and implement regulations that provide schools and school districts guidance on conducting the in-person evaluation of online students required by statute. The regulations should clarify what activities are considered to be in-person evaluations for purposes of compliance with the statute.
- c. Enhancing the accreditation process to ensure that school districts employ qualified teachers for all subject areas and grades taught in each school. This should include adding a specific indicator to the accreditation requirements relating to the employment of qualified teachers and ensuring that the accreditation review process assesses districts against this indicator.

Current Status:

- a. SB07-215 defines the role of online teacher and this definition was reiterated in the Rules for the Administration and Oversight of Online Programs. An additional document, "Definitions of Online Program" further clarifies the role of the teacher. This document will be used by the CDE auditors to audit online programs beginning with the 2008-09 school year.
- b. The entire section of 22-33-104.6, C.R.S. was repealed. This section contained 22-33-104.6(3)(d) which stated: ".....The district coordinator and site coordinator shall collaborate to ensure that the child meets in person with the site coordinator for an evaluation; except that, if a charter school provides the on-line program, the site coordinator shall have sole responsibility to ensure the child meets in person with the site coordinator." The language was not

incorporated into SB07-215 under article 30.7; therefore, the Department does not believe any action is necessary.

- c. The Department disagrees that it should enhance the accreditation process by including a specific accreditation indicator relating to the employment of licensed educators and ensuring that the accreditation review process assesses districts against this indicator. School districts are required by statute to employ licensed and qualified teachers, unless a district or charter school has received waivers from the State Board. Through the accreditation process, the Department already asks each school district to affirm that it complies with all laws and regulations, which would include teacher licensing requirements. However, it is the responsibility of the local school district to ensure compliance with all statutory requirements.

Recommendation No. 5:

The Department of Education should improve the accuracy of its human resources database by:

- a. Implementing a process to verify data reported by school districts, possibly using a sampling or risk-based approach or identifying and investigating anomalies.
- b. Using the verification process recommended in part “a” to identify districts that have not reported data correctly and conducting outreach to these districts.
- c. Imposing the penalties required by statute for noncompliance with data reporting requirements.

Current Status:

- a. Human Resource edits regarding online and other specialized school teachers and staff for the 2007-08 collection were analyzed and refined to increase reporting accuracy. Data and Research, Federal Programs and Online Learning Units coordinated efforts to ensure that online teachers were reported accurately to determine required Highly Qualified Teacher status. The coding changes to the Human Resource collection reduced the percentage of online teachers not included in the HQT analysis from 7.6% in 2006-07 to 0.5% in 2007-08.

As of July 2008 the 2007-08 Human Resources collection and the Highly Qualified Teacher procedure have just been completed and SAR verification is just beginning. The cross-unit review will again take place after all three 2007-08 processes are finalized, but prior to January 1, 2009. Edits for the 2008-09 will be strengthened and other actions will be taken as needed, given the results of the 2007-08 collections and the cross-unit verification.

- b. The Department offers periodic training on data reporting that all school districts may attend. A series of Human Resources trainings were conducted in

November and December 2007. Focused outreach was provided to any district identified as requiring assistance with their 2007-08 Human Resources submission and approval process. An additional 27 online teachers were reported in 2007-08 compared to 2006-07, many as a result of new coding options and increased training and assistance. 2007-08 School Accountability Report mockups for online schools will be evaluated for data inconsistencies and technical assistance provided as necessary.

- c. The Department has a history of proactive edit modification and increased technical assistance rather than punitive measures against districts which have misreported. Cross-unit reviews are conducted yearly and, if indicated, technical assistance and training is amplified. Penalties have not yet been assessed. Again the cross-unit review may or may not surface a need for such action.

Recommendation No. 6:

The Department of Education should improve its oversight and management of the alternative education campus designation process by implementing written policies and procedures that:

- a. Clearly state the qualifying criteria a school must meet to be designated as an alternative education campus and require applicants to provide documentation with the applications that demonstrates that they meet the criteria.
- b. Establish an academic performance reporting system that stipulates when and how often schools designated under the 95 percent high-risk category must report student performance data and which unit of the Department should receive and review such data.
- c. Define "severe limitations" for purposes of designating schools as AECs.
- d. Establish a renewal cycle that stipulates how frequently schools must re-apply or renew their applications for AEC designation and maintain documentation that justifies the approval of AEC status for each school that receives the designation for a pre-determined period of time.
- e. Require the Department to review applications for reasonableness and investigate any data that appear questionable.

The Department should also modify the application form to reflect parts "a" through "c", above.

In addition to developing written policies and procedures, the Department should correct provisions in the State Board of Education rules that conflict with the statutory requirements relating to alternative education campus qualifying criteria.

Current Status:

- a. The Department has modified the application a district must submit for a school to be considered as an alternative education campus and all districts requesting this designation began using the modified application form in the 2007-08 school year. The modified application form allows elementary schools that meet the criteria to apply for this designation. Modifications to the application include a section that clearly states that a narrative and supporting documentation must be attached describing the alternative accountability measures, initial baselines, annual benchmark targets and timeframes for demonstrated accomplishment of the annual benchmarks.
- b. Because Colorado is a local control state, each school district accredits its schools and the Department accredits each school district. Each school district should have on file a school accountability plan for each of its schools. When requesting AEC status included in the application is their measurement based on their school accountability plan. If the school has not demonstrated accomplishment of the annual benchmarks agreed to with their school district, the school district in which the school is located shall be required to submit a school improvement plan pursuant to Section 22-7-609, C.R.S.
- c. Schools may have students that have severe limitations that preclude appropriate administration of the CSAP. It would be difficult to predetermine what those severe limitations might be and may cause schools to be inappropriately excluded from the designation. The Unit of Data and Research provides data to the review team that was reported by each of the schools applying for the designation in various data collections. The data is used in reviewing reasonableness of information included on the application form. Only certain items in the application can be substantiated through data collection within the department. Also enlisted in the cross-unit review are regional managers that visit the school districts and schools so they are able to also verify if a school and the information would be reasonable. However, the cross-unit review of the information provided will allow data to be reviewed more fully and questioned if it appears to be unreasonable.
- d. Schools are required to apply annually for renewal of the AEC designation, which was established this year for all applicants. The Department determined that student enrollment and school statistics can change significantly from year-to-year and anything beyond an annual renewal may allow districts to receive the designation that cannot meet the criteria.
- e. A cross-unit review of applications, which previously had not included the Unit of Data and Research, has been implemented this year to include them to assure a thorough review of the applications is completed annually including the regional managers who helped review the applications previously. Rules

changes related to any conflicts between the rules and statute will be drafted for State Board of Education consideration this year.

Recommendation No. 7:

The Department of Education should work with the State Board of Education to strengthen safeguards for preventing conflicts of interest by:

- a. Developing and implementing a formal code of conduct that includes conflict-of-interest policies requiring annual disclosure of real and potential conflicts of interest. The code should also provide guidance on what constitutes a conflict of interest and when board members must recuse themselves from discussion and voting on items.
- b. Including the code of conduct recommended in part “a” above, along with applicable statutes in the orientation provided to new board members and offering refreshers to current board members on a periodic basis.

Current Status:

- a. Beginning with the State Board Annual Retreat held on August 29, 30, 2007 and continuing until November 2007, the State Board dedicated a significant amount of time to developing a code of conduct, the final version of which is attached hereto (“State Board Code of Ethics”). The State Board appointed a subcommittee consisting of Vice Chair Bob Schaffer and Board Member Elaine Gantz Berman to represent the board at several meetings with the state board’s attorney, Tony Dyl, Esq., of the Office of the Attorney General. Mr. Dyl drafted the provisions and discussed each provision with the subcommittee and eventually with the state board in its entirety. Emphasis was placed on the conflict of interest section throughout these meetings. The State Board unanimously approved the State Board Code of Ethics at the November 11, 2007 regular board meeting. Subsequently, on at least six occasions, the State Board members recused themselves from voting on a given issue in keeping with the Code of Ethics. *Please see Section VI. pp. 2-3 of the State Board Code of Ethics for the provisions on conflicts of interest.*
- b. The State Board Code of Ethics incorporated all statutes applicable to state board members contained in the Colorado Revised Statutes. Since the adoption of the Code of Ethics, in March 2008, Ms. Jane Goff representing the 7th Congressional District joined the state board. As part of the initiation process, the director of state board relations prepared and provided Ms. Goff with a packet of materials which included the Code of Ethics, and specifically discussed the conflicts of interest provision with her. Ms. Goff will be attending a training for new board members provided free of charge by the National Association of School Board Executives on July 17-18 in Washington, D.C.

Ms. Elaine Gantz Berman, who joined the board in February 2007, also availed herself of this training in July of 2008. One of the primary focus points of this training is ethics and specifically conflicts of interest. The State Board's attorney will periodically review the Code of Ethics with the State Board.

Recommendation No. 8:

The Department of Education should improve oversight and monitoring of school districts through the accreditation process. As part of the annual accreditation review of school districts with online schools the Department should enhance its procedures to ensure that:

- a. Public education monies are not used to fund private or religious education.
- b. School districts comply with requirements set forth in statute and regulation regarding safety standards, course requirements, and student documentation.
- c. School districts follow standards for online teachers as discussed in Recommendation Number 4.
- d. School districts have adequate procedures to monitor their schools that include requiring schools to use contracts for goods and services that contain provisions for the school to monitor the contractor's performance; for either party to terminate the contract; specifying the source and amount of funds provided under the contract; detailing the services the contractor will provide; and explaining any restrictions on how the funds provided by the school may be used by the contractor.

Current Status:

- a.- d. The Unit of Online Learning has implemented all of the requirements of SB07-215. The application and process of certification of multi-district online programs completely addresses all requirements of statute. The standard Memorandum of Understanding between the local district and the Online Program also addresses safety requirements for physical facilities, contracts and other statutory requirements for the document.

The applicants for certification of multi-district online programs must address how they meet the Quality Standards adopted in Rule by the State Board of Education. The Quality Standards include fourteen areas that are used to measure the programs and authorizer. Monitoring of the online programs will also occur with the submission of the Annual Report as required by statute and Rule.

In addition, the Unit of Online Learning will work with the Office of Regional Educational Services to insure that the district accreditation process incorporates online education and the performance of online programs.

Recommendation No. 9:

The Department of Education should place Vilas school district on accreditation probation and closely monitor the district to ensure that both the district and Hope Academy comply with requirements set in statute and regulation including requirements for student safety, course requirements, and student documentation. If Vilas does not correct all accreditation problems, the Department should revoke Vilas' accreditation in one year as permitted by State Board rules.

Current Status:

Vilas School District was placed on accreditation probation in December 2006 and is still on probation status as of July 29, 2008. However, since then, significant changes have occurred in Vilas School District. Beginning with the 2008-09 school year, Hope Online Academy Charter School (Hope) is no longer chartered by Vilas School District. This change will allow Vilas School District to better focus on their locally administered online program. Douglas County School District is now the chartering authority for Hope. Many of the issues related to the accreditation of Vilas School District centered on their lack of capacity and administrative processes regarding the necessary oversight of Hope. Douglas County School District has the capacity and structure in place to appropriately administer, monitor and oversee the operations of Hope's expansive online program. Based on actions that we've already seen Douglas County School District take to date, we have reason to believe that it has the capacity to provide oversight and support to Hope.

Recommendation No. 10:

The Department of Education should define the term "complete educational program" in State Board rules or work with the General Assembly to develop a statutory definition. The Department should also establish rules that clearly define what circumstances permit one school district to establish schools or other learning facilities within the boundaries of another district. Furthermore, the Department should work with the General Assembly to determine the safety requirements that should apply to facilities, such as learning centers that may not meet the definition of either a school or a child care facility.

Current Status:

The term "complete educational program" has been defined in the *Rules for the Administration, Certification and Oversight of Online Programs* (1 CCR 301-71), adopted by the State Board of Education in March of 2008. Section 2.03 of the Rules includes the definition in its entirety. Safety requirements for all physical facilities are addressed in the Quality Standards and in the application for certification. The standard Memorandum of Understanding between the local district and the Online Program also addresses safety requirements for physical facilities.

Rules for the Administration, Certification and Oversight of Online Programs (1 CCR 301-71) (2.03)

- 2.03 This definition of “complete educational program” is applicable to all public school educational programs that derive their support, in whole or in part, from moneys raised by a general state, county, or School District tax.
- 2.03.1 “Complete Educational Program” means for the purposes of § 22-32-109(2) C.R.S., only, a sequential k-12 program of instruction, managed and operated by a local school district, for the education of a child that is intended to qualify for per pupil revenues under the Public School Finance Act of 1994 and, for children under seventeen years of age, qualifies the child by his or her attendance to be in compliance with Colorado compulsory school attendance laws.
- 2.03.2 For purposes of § 22-32-109(2) C.R.S., the term "Complete Educational Program" shall exclude an online education program as defined by rule 2.10 and which is not delivered in a Learning Center as defined in rule 2.06.
- 2.03.3 For purposes of § 22-32-109(2) C.R.S., the term “Complete Educational Program” shall also exclude a Learning Center as defined by rule 2.06, which is operating in the district pursuant to an MOU negotiated with the district, or pursuant to an order of the State Board of Education under rule 10.07.

Recommendation No. 11:

The Department should develop a system to log, route, monitor, and resolve complaints. The Department should also use complaint data in its accreditation process as a quality indicator and as a means to identify needed changes in statute or regulation.

Current Status:

The Unit of Online Learning documents complaints and provides follow-up by seeking additional information. Most complaints are about issues that must be resolved by the authorizer. Being a local control state, as noted in statute (§ 22-30.7-101(f) (g) C.R.S.), the Department does not have jurisdiction to bring resolution to concerns that must be addressed by the online program and the local district. The Unit of Online Learning monitors the interaction between the

complainant and the authorizer or online program in order to determine the nature of the resolution.

Recommendation No. 12:

The Department of Education should evaluate the current methodology for funding online education and explore other options to minimize the effect of online schools on state and local funding. The Department should consider the funding options discussed above and work with the General Assembly to propose statutory changes if needed.

Current Status:

SB07-215 maintained the funding levels for pupils enrolled in online programs for FY2007-08, consistent with prior years, funding them at the on-line per pupil amount, with certain restrictions placed on enrollment. Beginning in FY2008-09, open enrollment is permitted in on-line programs and a new funding structure creates single-district on-line program funding based on the districts' per pupil revenue and multi-district on-line program funding based on the on-line funding rate. The effect of this statutory change is not necessarily intended to "minimize the effect" of on-line schools on state and local funding.

The Online Advisory Board, under the charge given to them in SB07-215 ("to make recommendations regarding the appropriateness of existing policies and statutory requirements concerning Online Programs") is currently researching the funding issue and will be prepared to make recommendations this fall.

Recommendation No. 13:

The Department of Education should ensure that public K-12 education funds are accurately disbursed by:

- a. Working with the General Assembly to clearly define what is an online program that should be funded at the online PPR rate.
- b. Defining the term "substantially completed" for online funding purposes.
- c. Developing clear and comprehensive criteria for the documentation required to demonstrate student attendance in an online school and ensuring that Department auditors use the criteria during count audits to determine the appropriateness of funding of all students.
- c. Establishing a more comprehensive risk-based approach to scheduling its pupil count audits. The Department should include factors such as rate of growth, the existence of new programs such as online schools, and reports of other administrative problems, as indicators of risk.

Current Status:

- a.b. SB07-215 designated between a single-district online program and a multi-district online program. Single-district online programs are funded at the district's per-pupil funding amount and multi-district online programs are funded at the online-per-pupil funding amount. All of the statutory requirements regarding prior year enrollment in a public school and substantial completion of courses in at least one semester for pupils enrolling in an online program have been repealed. Open enrollment in online programs is now permitted.
- c. The Rules for the Administration and Oversight of Online Programs clearly define enrollment, attendance, and validation of student documentation required for funding purposes under 8.0 Standardized Process for Documenting Students Enrolled in an Online Program. Auditors will use the criteria established in rule.
- d. The audit schedule is based on the largest districts being audited every year, mid sized districts audited every other year and small districts audited every three to five years. Online audits posed significant challenges with the restrictive statutory language prior to SB07-215. Now, with open enrollment and the elimination of the requirements to look at prior year enrollment histories of students enrolling in online programs, the audits of online programs should be completed more timely. This should allow audits for all school districts to be completed more timely. When the audit unit identifies a significant change, such as significant growth in a particular school district, the audit unit does work the district into its audit schedule as soon as possible.

Recommendation No. 14:

The Department of Education should determine how to comply with the statutory requirement to adjust funding for students who transfer from a brick-and-mortar to an online school during the year or consider seeking a statutory change to eliminate the requirement.

Current Status:

SB07-215 addressed this recommendation, so no further changes are needed. Specifically, Section 22-33-104.6 is repealed in its entirety and SB07-215 does not add language to re- institute this requirement.

Recommendation No. 15:

The Department of Education should increase accountability for online education by restructuring how it oversees online schools. At a minimum, the Department should assign a staff member or unit to serve as a centralized expert and resource for online education. In addition, the Department should work with the General Assembly to evaluate options for increasing accountability for online schools. These options include:

- a. Authorizing the Department to directly accredit online schools that serve students from multiple school districts.
- b. Authorizing the Department to review and approve the establishment of new online schools that plan to serve students from multiple school districts.
- c. Creating a virtual district within the Department that operates in a manner similar to the Charter School Institute by approving and operating online schools that serve students from multiple school districts.

If the Department takes a more direct role in approving and overseeing online schools, it should consider establishing methods to identify online education costs to serve as a basis for determining an appropriate funding level for online schools.

Current Status:

- a.b. The Department has complied with SB07-215 by staffing the Unit of Online Learning. This Unit specifically supports online education efforts in Colorado school districts. The Unit of Online Learning promotes best practices, offers training and technical assistance to multi-district, single district, and supplemental online programs. The Unit of Online Learning also provides oversight and review of applicants seeking multi-district certification and summarizes the annual reports required on all programs.

This Unit, however, has only been funded for a two-year term ending in July 2009. In order for the Colorado Department of Education's Unit of Online Learning to continue to provide support and oversight for Colorado's online programs, the General Assembly must appropriate moneys to the Department to be used by the Online Division for the Purposes of SB 07-215, pursuant to § 22-30.7-107(4)(a) C.R.S.

- c. In the Legislative declaration of SB07-215, the General Assembly finds and declares that SB07-215 specifically states that the state has a role in ensuring quality oversight of on-line programs, but the state should not replace a school district or an authorizing entity in directly administering on-line programs.

Recommendation No. 16:

The Department of Education should consider seeking a statutory moratorium on the establishment of new public online schools until the recommendations from this report are implemented and any statutory changes in the Department's role are enacted.

Current Status:

Instead of setting a moratorium, SB07-215 now regulates the process and creates an environment for new programs to be established. The Quality Standards and the CDE Rules for the Administration and Oversight of Online Programs provide a concrete platform for building an online program and for accountability in all areas.

Summary Report of the Operations and Activities of Online Programs in Colorado Year 2006-2007

(Report Delivered by the Online Advisory Board to the State Board of Education, February, 2008)

Students and parents in Colorado recognize an online program as being a viable and desirable educational choice. The best online programs offer rigorous, standards based courses with strong academic and technology support systems and have highly effective teachers. These programs demonstrate collaborative relationships with local districts and have solid associations with all stakeholders. Nationally, there has been dynamic growth in enrollments in online programs and this growth has also been seen in Colorado online programs.

On a national level, Online Programs fall into three categories:

- An online school or cyber school generally offers full-time online education leading to grade-level promotion and a high school diploma.
- Supplemental programs offer part-time online education in partnership with local schools.
- Hybrid programming involves online courses with onsite support, or onsite courses with significant online integration. The term "hybrid" usually involves a face to face component in a physical location.

In Colorado, online programs are further classified as being multi-district or single district. Single district online programs may only enroll students who are residents of the district, with the exception of ten additional students which may be residents of other districts. Upon enrollment of more than ten students from other districts, the online program is classified as a multi-district online program and must apply for certification from the Colorado Department of Education. This Summary Report will address single district and multi-district online programs as well as supplemental online programs.

CDE records indicate that during the 2006-2007 school year there were eleven authorized online programs including one authorized by the Charter School Institute. Programs were equitably distributed so that parents and students in elementary, middle school and high school had at least eight different programs from which to choose. Enrollment figures varied from two district online programs that enrolled less than sixteen students to the 3,804 students enrolled in Hope Online Learning Academy Co-op. This resulted in an overall enrollment in authorized multi-district online programs of 8,870 students in kindergarten through 12th grade. For the purposes of this report, and because of the manner in which SAR and AYP data is collected and reported, the data may be separated by school range (elementary, middle, high school) within a given online program.

Supplemental online program student information reflected on Student Accountability Reports and other data collections would be included with the brick and mortar school in which they are enrolled. There are twenty-six local districts which have reported that they are providing supplemental courses for their own district students. Colorado Online Learning supplemental online education provider reported a 2006-2007 enrollment of 1235 students from ninety-three districts and five other states. There are other supplemental programs that provide courses to Colorado students on a tuition basis, such as Brigham Young University, Apex Learning and Aventa Learning, but it is difficult to quantify those courses. The courses, which supplement the brick and mortar curriculum, are provided by the local district through a contract with the third party provider. Local districts report having a total of 620 students enrolled in

Supplemental courses, and this reporting could include those provided by a third party. Total enrollments for the 2006-07 school year were about .0134% of the total 794,026 pupil count.

Online programs have, in most cases, a mix of full time and part time teachers. Total staff data shows a wide range from one staff member at Las Animas RE-1, to ninety-four staff members at Colorado Virtual Academy. Of these staff members, Colorado Virtual Academy reports the highest number of teaching staff with sixty-nine being full time teachers and eight being part time teachers. Monte Vista Online Academy reported no full time teachers and eight part time teachers. The online programs have an average student to non-teaching staff ratio of 122:1, with LasAnimas A+ Distance Learning School reporting no non-teaching staff and Hope Online Learning Academy Co-op reporting twenty-eight non-teaching staff with a ratio of 166.4 students to staff member. The average student to teacher ratio for the online programs is 41.05:1 with Las Animas A+ distance Learning School reporting a ratio of 8:1 and Hope Online Learning Academy Co-op reporting a ratio of 151.44:1. Colorado Online Learning, a supplemental program, shows thirty teaching staff members and four non-teaching staff. They also indicate a student to teacher ratio of 17:1.

Student Accountability Reports show that of the twenty-six schools, thirteen were rated as "Low" in their academic performance, with eight being "Average" and none in the "High" or "Excellent" category. There are four schools with un-reportable data because of an enrollment of sixteen or fewer students. The SAR Growth Ranking shows a "significant decline" in twelve schools, a "decline" in five schools, "stable" in four schools and four listed as "un-reportable." The SAR Growth Ranking is determined by comparing individual student scores from one year with the next year's score. The ranking shows if students in a school have increased their scores, remain in the same range, or have declined after a year of further instruction. The net gain or loss in a school is reflected by a Growth Ranking of "Significant Improvement, Improvement, Stable, Decline, or Significant Decline."

The length of the school year for the online program averages 172 days with the shortest school year being that of Karval Online Education (150 days) and the longest being that of Colorado Distance & Electronic Learning Academy (193 days).

In the area of "safety and school environment", almost all programs require parent conferences with the exception of Hope Online Learning Academy Co-op, Monte Vista On-Line Academy, and V.I.L.A.S. Online School. Four of the online programs list "Conducts Home Visits" on the Student Accountability Report: Branson Alternative School, Connections Academy, Huerfano Re-1, and Karval Online Education. The reported percentage of student dropouts includes a high of 38.30% at Branson Alternative school and a low of 4.2% at Hope Online Learning Academy Co-op.

Most of the online schools made AYP in both Math and Reading with a few exceptions. At the elementary level, Colorado Virtual Academy did not make AYP Reading. Hope Online Learning Academy Co-op did not make AYP Math and Reading at the elementary level and at the middle school level. Vilas Online School did not make AYP Math at the elementary level. Karval Online Education did not make AYP Math or Reading at the high school level.

According to self-reported data for October count, the fall of 2007 showed both enrollment increases and decreases in online programs. The largest increases in the authorized programs were shown by Huerfano County Opportunity and Enrichment School which grew from 2 students in the 2006-07 school year to 42 students in the fall of 2007 and Colorado Distance and Electronic Learning Academy which grew from 71 to 317 enrollments. Several of the larger programs showed a decreased enrollment for the October count.

This report is a summary of self-reported information gathered from the data submitted for reporting requirements for the Colorado Department of Education. Attached documents contain data specific to the individual online programs.