

SB1483 Testimony

The Equity Center is not opposed to expanded use of electronic courses. To the contrary, many of our members already use such courses to some degree or are looking at offering them as a means to provide course content or to reach students where traditional classroom education would be inefficient or ineffective.

However, the manner of provision can be ripe for abuse if appropriate and strong safeguards are not included in the legislation. We understand that a committee substitute is being offered and, since we have not had the opportunity to review the substitute, we would like to outline the following concerns and principles based on the introduced version of the bill.

- 1) This must not provide the equivalent of a voucher.** Regardless of how one feels about vouchers as a matter of public policy, it would be unconscionable to divert public dollars from public school students to private and home-schooled students at a time when massive reductions in funding are being considered for our public schools. The protections must be strict – for example, merely including language that a student must have been previously enrolled in a public school can easily be sidestepped by the brief enrollment of an otherwise-private student.
- 2) The accountability, both academic and fiscal, must be stringent.** Because the student is primarily off-site and the service provider is frequently not the school district in which the student resides, extra caution must be used to ensure that students are provided with an appropriate educational opportunity and are achieving the necessary learning outcomes.
- 3) The program should not be expanded faster than it can be administered and monitored.** We made that mistake previously with the rapid expansion of charter schools before the “pilot” program had even produced results. The taxpayers of Texas paid for that mistake with millions of hard-earned dollars wasted on ineffective or corrupt schools. Far worse, thousands of students and their families were victims of inadequate or incomplete education as a result of these failed charters. Not to mention that, in the light of recent budget and staff reductions at TEA, the agency will surely need additional trained personnel to administer and monitor these virtual programs, including the management of the standard financial agreements proposed in §30A.153 of the bill.
- 4) Funding for the programs should be tightly tied to costs.** If the electronic course program is badly conceived or administered, it is potentially a cash cow ripe for exploitation. Several entities offer “virtual education” for prices well below the reimbursement levels proposed in SB 1483 as introduced. As indicated in the following chart, based on the website of one such provider, they would charge less than \$1,000 for the electronic course content for six classes. Using the listed “volume discount” percentage and assuming they would make a profit of at least 20% at that price, the provider cost is only slightly more than \$500 for six courses.

(continued on reverse)

Independent Study Courses: Course Purchase								
Course Fee Per Month: 12 Month Payment Option								
	First Student		Sibling		12-Month Totals			
	Per Course /Month	Total Per Month	Per Course /Month	Total Per Month	12 Months Total	Minus 10% discount ¹	Price at Volume Discount ²	Less 20% profit
Buy 1 course	\$22.00	\$22.00	\$18.04	\$18.04	\$216.48	\$194.83	\$153.12	\$122.50
Buy 2 courses	\$19.00	\$38.00	\$15.58	\$31.16	\$373.92	\$336.53	\$264.48	\$211.58
Buy 3 courses	\$18.67	\$56.01	\$15.31	\$45.93	\$551.16	\$496.04	\$389.83	\$311.86
Buy 4 courses	\$18.00	\$72.00	\$14.76	\$59.04	\$708.48	\$637.63	\$501.12	\$400.90
Buy 5 courses	\$16.40	\$82.00	\$13.45	\$67.25	\$807.00	\$726.30	\$570.72	\$456.58
Buy 6 courses	\$15.67	\$94.02	\$12.85	\$77.10	\$925.20	\$832.68	\$654.38	\$523.50
¹ Additional 10% discount applicable on all courses paid up front.								
² Volume Discount: save up to 42% off the base course fee for Independent Study courses								

If this were combined with a poorly paid and poorly trained instructor “teaching” 30-40 students per class, an unscrupulous operator could make literally thousands of dollars per student in profit at the proposed mandatory reimbursement level.

The same provider also offers “teacher-supported” courses at a higher price.

Teacher-Supported Courses			
Grades	Per Course Fee		6 Courses
K-8	Full Year	\$450	\$2,700
	Semester	\$225	\$1,350
9-12	Full Year	\$750	\$4,500
	Semester	\$375	\$2,250

While the cost of the high school courses is only slightly below the proposed reimbursement rate, the price charged for an elementary or middle school program is barely more than half that. That potential for profit could provide an irresistible temptation.

5) Prevent “cherry-picking”. Even a legitimate school could game this system if point #4 is not properly done. Given the potential profit and the current fiscal pressures that districts are operating under, there must be safeguards against districts taking the least costly to educate students from their neighbors and being reimbursed at some “average” rate that doesn’t reflect the nature of the selected students. Not only would that waste taxpayers’ money by providing more taxpayer support than is needed, it could leave those neighboring districts as “adverse selection pools” of higher-cost students, for which they would be inadequately assisted by the current low levels of state support.

Once we have had the opportunity to review the committee substitute, we would appreciate the opportunity to review with the members of the committee whether these concerns have been sufficiently addressed.