

Executive Summary

Background

In August 2001, the Pennsylvania Department of Education engaged KPMG Consulting to review the quality, accountability, governance, funding structure and cost effectiveness of the following Pennsylvania Cyber Charter Schools:

- **21st Century Cyber Charter School (21st Century), Exton, Pennsylvania.** 21st Century is non-profit K-12 charter school that currently serves 61 ninth through twelfth grade students. 21st Century expects to expand its program to the elementary level by year five of its charter. 21st Century's student population represents 14 different counties and 30 school districts across the Commonwealth. Approximately one third of 21st Century's students are from the Philadelphia School District, the majority of whom are members of the Rock School of Ballet. The remaining school districts send between one and five students to 21st Century Cyber Charter School.
- **Midwestern Regional Virtual Charter School (Midwestern), Grove City, Pennsylvania.** The Midwestern Regional Virtual Charter School (Midwestern) is a non-profit school that offers a K-12 program to students from counties within the Midwestern Intermediate Unit (MIU IV). The curriculum for this school is limited to the American Education Corporation's A+nywhere Learning System (A+LS). More than half, 37, of the school's 68 students are from the New Castle Area School District while the rest are from other participating districts within the MIU IV.
- **PA Learners Online Regional Charter School (PALO), Pittsburgh, Pennsylvania.** PALO is a non-profit school that offers a K-12 program to students across the Commonwealth of Pennsylvania. PALO currently has students that are from 66 different school districts. Pittsburgh School District, which is sending 53 or 27% of students, has the highest student enrollment at this school. In collaboration with their parents and PALO staff, students enrolling in PALO develop an Individual Learning Plan built upon courses from a variety of 3rd party curriculum providers.
- **Pennsylvania Virtual Charter School (PAVCS), Norristown, Pennsylvania.** PAVCS opened its first year as a K-2 school with approximately 622 students representing 60 different counties across the Commonwealth. PAVCS was approved as a K-12 school and expects to expand its enrollment to serve middle and high school students by year four of its charter (2004). PAVCS outsources all operational and management services to K12 Inc. and Foundations, Inc.
- **SusQ-Cyber Charter School (SusQ), Milton, Pennsylvania.** SusQ is a non-profit school that offers a 9-12 program that limits enrollment to 5% of all high school students from the participating school districts within the Central Susquehanna Intermediate Unit (CSIU). The school's current student population, 76 students, represents 13 school districts. Student enrollment is generally distributed evenly between these districts, with Mid-West and Shikellamy School Districts having the

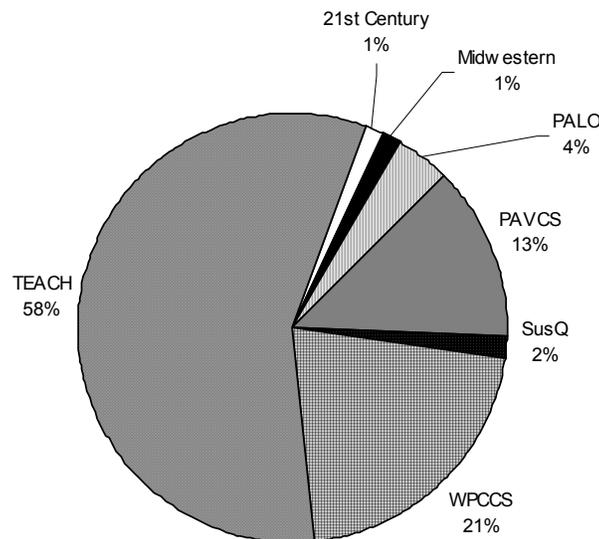
highest number of students attending SusQ (12 students). In collaboration with their parents and a SusQ staff, students develop a course completion schedule that is based upon their previous academic records. All students take the majority of their coursework from the school's primary curriculum provider, Keystone National High School.

- **Western Pennsylvania Cyber Charter School (WPCCS), Midland, Pennsylvania.** Western PA is a non-profit school that offers a K-12 program to students across the Commonwealth of Pennsylvania. The student population represents 217 school districts across the Commonwealth. While the students are distributed somewhat evenly across the districts, six districts have more than 20 students enrolled in WPCCS.¹ Pittsburgh has the highest enrollment in this cyber school with 51 students. In collaboration with their parents and WPCCS staff, students enrolling in WPCCS develop an Individual Learning Plan that may include courses or supplemental instruction from a menu of third party providers.
- **TEACH Charter School (TEACH), Morrisville, Pennsylvania.** Due to inadequate information received by TEACH Charter School, we were unable to conduct a thorough and comprehensive review of the school. TEACH was only available for an interview with one school representative. As a result, the information included is limited.

¹ Enrollment data includes 106 students enrolled after September 24, 2001.

Student enrollment varies throughout the Pennsylvania cyber charter schools. 58% of Pennsylvania students attending cyber schools are enrolled in TEACH.²

Pennsylvania Cyber Charter Enrollment-By School



Source: KPMG Consulting Review, September 2001

The findings of this review will provide the Department of Education, members of the General Assembly, school districts and parents with an assessment of the current system and recommendations for Pennsylvania schools that may be interested in establishing future cyber schools.

Project Objectives

The primary objectives of this review were to:

- Determine whether a clearly defined and robust accountability system is in place to support the achievement of quality education;
- Verify the existence of a viable cyber school governance structure;
- Determine the cost reasonableness of a cyber charter school; and
- Provide recommendations regarding cyber charter schools funding alternatives

² All schools, except TEACH, provided student enrollment data to KPMG Consulting as of September 24, 2001. TEACH provided enrollment reports that ranged from 2693-2713 students. The enrollment reports did not include the date they were run. An enrollment figure of 2713 students was used for this analysis.

Work Plan

To complete the Pennsylvania Cyber Charter Schools Review, KPMG Consulting performed the following tasks:

- Data collection and review of cyber school documentation, research on distance learning, news articles, and Pennsylvania Department of Education documentation
- Interviews with cyber school staff
- Site visits of cyber school offices
- Focus groups with cyber school students
- Benchmarking of comparable cyber schools around the country
- Course analysis and interviewing of cyber third party curriculum providers
- Interviews with Commonwealth legislators and association executive staff

(Section II provides a more detailed description of KPMG Consulting's Project Approach and Work Plan).

Overall Themes and Recommendations

The Commonwealth of Pennsylvania is a pioneer in the establishment of cyber charter schools, with the largest number of cyber charters in the United States. Pennsylvania's cyber charters use technology to provide K-12 instruction and/or courseware over the Internet. A typical day for cyber students would be comprised of booting up their computer and logging into an online curriculum provider's website in the morning to get their day's assignments.³ Most assignments are completed off line using a textbook that has been sent to the student. On average, students appear to spend 20% to 80% of their time online depending on the instructional program and student age (with the youngest students spending the least amount of time online).⁴ Students take online and off line assessments depending on the curriculum provider and course. For online assessments, students key their answers to textbook quizzes and activities into the computer. Off line assessments typically consist of writing samples and project assignments. Students can email questions to their teachers and expect answers within 24 hours. The vast majority of online instruction is asynchronous, that is, students work independently at their own pace.⁵

In most cases, students' parents/guardians are primarily responsible for verifying attendance, providing on-site instructional assistance, and monitoring activities. Most cyber charter schools

³ Note that most cyber charters outsource the provision of online instructional materials to third party curriculum providers.

⁴ However, students utilizing the Calvert curriculum are not required to spend any learning time online and students using the A+ curriculum spend nearly 100% of their time online.

⁵ As opposed to synchronous learning or working collaboratively in a "virtual" classroom with direct, real-time instruction.

provide additional monitoring and technical assistance through part-time and full time teachers, guidance counselors and administrative assistants. Some cyber schools contract with local school districts, YMCAs and other organizations to provide students with physical education, art, music, and extra-curricular activities. Cyber schools will also often reimburse and/or provide credit for student activities when a cyber school has not formally contracted with a community organization.⁶ Students have socialization opportunities through these activities as well as occasional field trips sponsored by the schools.

Like traditional charter schools, cyber charter schools are approved by the school board of a local school district and are free from many regulations pertaining to traditional schools. All cyber charter schools have a physical presence in the surrounding area of their approving district and are required to enroll students full time.

Student Demographics

Pennsylvania cyber charters can be an important and viable educational alternative. Based on this review of Pennsylvania's cyber charter schools, a significant number of students in the cyber schools were:

- Seeking to accelerate or enrich their course work
- Professional entertainers/athletes
- In need of a non-traditional setting due to medical conditions or other mental or physical health related circumstances
- Employed
- Receiving homebound instruction
- Previously home schooled by parents

According to data provided by six of the cyber schools⁷, 56% of students attending cyber schools were previously home schooled (ranging from 1% to 66%) while 33% previously attended a traditional public school.⁸ The total special education enrollment throughout the cyber schools is 545 students, or 12% of the total Pennsylvania cyber student population.

Accountability Methods and Systems

With the charter school law, the Commonwealth has created a climate of innovation to enable alternative forms of education to better serve its students. While innovation has the potential to lead to new and better ways of educating students, not all new cyber schools have long-term viability.

⁶ Students are not required to use local and community organizations to fulfill their physical education requirement. Students can log physical activity done individually (i.e., 2 mile run, pick-up basketball game).

⁷ At the time of the review PAVCS had not yet collected this data.

⁸ Two additional students formerly attended a brick and mortar charter school.

Holding cyber charters accountable poses three issues:

1. Cyber school education is provided in a highly decentralized manner in a multitude of widely dispersed geographic locations where it would be prohibitively costly to monitor the daily teaching and learning occurring in student homes.
2. Full-time distance learning is a new and evolving form of educational delivery whose impact on student achievement is not yet known.
3. Most PA cyber charter schools are opening this year and are in the early stages of developing and implementing internal student and staffing accountability methods and systems.

Despite these issues, it is important to measure progress of these schools in their infancy before new and/or poorly implemented programs can have a detrimental effect on student achievement.

Our analysis of the Commonwealth's seven⁹ cyber charter schools focuses on educational, governance and financial areas. Below we summarize the overall strengths, findings and recommendations for all the cyber charter schools and provide recommendations on the current cyber school system. Detailed findings for each cyber charter school are provided in their respective school sections. The benchmarking chapter provides a summary of best practices in accountability methods and systems across the country.

Educational Accountability

Findings

Cyber charters offer students:

- Anytime, anywhere learning that meets the needs of students requiring flexible schedules or those who have physical limitations.
- A way to obtain a high school diploma rather than a GED for students who for any reason cannot or choose not to attend a brick and mortar school.
- Expansion of public educational options for home schooled students.
- Greater accessibility to a wide range of college level, advanced placement and language courses.
- The ability to slow down or accelerate learning for students who want to work at their own pace.
- More adaptive curriculum for some special education students.
- Another opportunity to participate in the public education system.

⁹ Most analysis throughout this report includes data from six of the seven cyber charter schools as TEACH did not provide KPMG Consulting with the information required for analysis.

Cyber charters appear to:

- Meet teacher certification requirements. At least seventy-five percent of all cyber charter teachers are Pennsylvania certified. Five out of seven schools' entire teaching staff is Pennsylvania certified.
- Have their students take the PSSA as required.
- Be in compliance with the Commonwealth regulation of 900 elementary or 990 secondary hours of instruction per school year. The methods for monitoring this compliance vary by school. Typically, the teacher tracks it based on a combination of: estimated completion time of work assignments plus time working online which is tracked electronically.
- Have a method for authenticating student work, although the reliability of these methods vary by school.

Some cyber charters:

- Require and/or recommend that a parent or guardian be at home to oversee student progress and coursework completion (three of six).

Most cyber charters:

- Contract out to third party curriculum vendors for their online instructional programs.
- Have not implemented a professional development program.

Enrollment in Major Curriculum Providers by Cyber Charter School¹⁰

The chart below shows the student enrollment in third party curriculum providers used by Pennsylvania’s cyber charter schools.

	<i>SusQ</i> ¹¹	<i>WPCCS</i>	<i>PALO</i> ₁₂	<i>21st Century</i> ¹³	<i>Midwestern</i>	<i>PA Virtual</i>	<i>Total Enrollment</i>
Keystone	76	286		55			417
Missouri	11	404		13			428
Calvert		423	18				441
A+LS					68		68
Compass			65				65
Class.com			113	35			148
Virtual Classroom		75					
K12						622	622

An assessment of the third party curriculum vendors and instructional techniques showed:

- K12 provides a high quality, interactive, family-centered instructional program.
- Students are empowered to learn at their own pace, anytime, anywhere.
- Not all programs demonstrate alignment to Pennsylvania state standards or the PSSA. However, all schools plan to works toward alignment.
- Most online assessments are objective multiple choice or true-false. Subjective assessments, such as essay writing are generally minimal and sporadic. Multiple assessment measures are not consistently used.
- Most third party providers give minimal personal feedback or adjust their courses based on student performance. It is up to the cyber charter to follow-up with its students, make sure they stay on course, and help customize instruction to their particular needs.
- Much of the instruction focuses on one learning modality, which is generally textbook based. There are limited synchronous and authentic (e.g., project based learning related to real life experiences) learning opportunities or those involving a high degree of online animation or interaction.

¹⁰ Note student enrollment counts by cyber charter school do not total because students can be enrolled in multiple providers for different courses.

¹¹ SusQ also offers courses from the CSIU’s Academy PA (8 students) and Northampton Community College (8 students).

¹² Apex is another PALO curriculum provider (4 students).

¹³ 21st Century curriculum providers also include: Cyber School (35 students), the Pennsylvania State University and Northampton Community College.

- Most course providers do not currently offer opportunities for students to engage in teamwork and cooperative learning (i.e., online chats, threaded discussions, group projects).
- Two cyber charter schools require their students to take school proctored mid-term and final exams. Some cyber charters allow a parent to proctor their child's exam.

A more detailed analysis of the 3rd party curriculum vendors is provided in the 3rd Party Curriculum Review chapter.

Recommendations

1. The Department of Education should consider the issues of approval, oversight and closing of schools, if needed.
2. Cyber charter applications should be expanded to include a description of the:
 - a. Proposed curriculum and how it is aligned with Chapter 4 requirements and the PSSA.
 - b. Course delivery system and technologies used within the system (e.g., real-time, self-paced, combination, synchronous).
 - c. Technologies and materials provided by the school for course requirements (e.g., computers, printers, Internet access).
 - d. Provision of cooperative learning experiences (e.g., laboratory experiences, hands-on participation, online chats, threaded discussions, group projects).
 - e. Privacy and security measures to ensure that data gathered online adheres to confidentiality requirements.
 - f. Technical support provided to students and parents.
 - g. Provision of regional meetings, events, field trips or study sessions.
 - h. Amount of online time that is required for elementary, middle and high school students.
 - i. Accountability for student authenticity of work (e.g., proctored regional midterm and final exams, demonstration projects).
 - j. Type and frequency of communication between school and student. This should include frequent assistance on assignments, authenticity of work and proctoring exams.
 - k. Attendance policy and method for monitoring compliance.
 - l. Provision and delivery of services for students with IEPs (individualized education program) such as, related services, specially designed instruction, evaluation reports, revision and development of IEP.
3. Encourage cyber schools to develop an accurate description of the attributes of online education and the educational responsibilities of students and parents.
4. The cyber charter board and/or chartering district should monitor the extent to which cyber charters are having regular interaction with their students to ensure their students are appropriately supported and held responsible for advancing their educational achievement.

Financial Accountability

Findings

This study provides a cost overview in the section below and in each cyber charter school write up.

- Cyber charter schools may be a less costly form of education than traditional brick and mortar schools due to:
 - Greater ability to leverage school staff as the student works at his/her own pace and heavier reliance upon the parent’s support to the student.
 - Lack of building maintenance, transportation and food services costs.
- However, cyber schools generally spend more per student on technology than brick and mortar schools. In addition, cyber schools that offer a high service program may also spend more per student on curriculum development¹⁴ and school support services staff (e.g., teacher facilitators, guidance counselors) in order to increase the school’s interaction with the students and their families.
- Larger cyber charter schools (over 500) are better able to leverage their fixed costs across many students, reducing the overall per student cost, whereas smaller schools (under 200) are not as able to spread their fixed costs across a large number of students, effectively increasing the per pupil cost.
- Cyber charters serve some students that were never previously enrolled in their home district and for which the school district does not receive reimbursement until the following school year.
- Since cyber charter schools draw from students statewide, districts are paying different amounts for the same cyber school education.
- How, when and in what form the schools bill the home districts for their attending students varies by cyber charter school.
- The types and delivery of services needed by students with IEPs in cyber charter schools are still unclear. Therefore, it is difficult to assess how much it will cost for cyber schools to accommodate special education students’ needs.
- Cyber charter schools did not consistently update budget information to reflect actual and/or realistic revenue, expenditures and enrollment.
- The two cyber charters with historical operating expenditures accumulated fund balances. Fund balances will fluctuate based on the level of service provided.
- Third party contracts appear to lack detail in scope of work and specific hours by task.

¹⁴ Initial curriculum development costs may be high if the school offers multiple curriculum options or develops a customized online curriculum. Costs may not be as high if the school offers one curriculum from a third party vendor.

- Cyber charter schools do not have a uniform chart of accounts, or method of categorizing spending.

Recommendations

1. The Commonwealth should consider setting a cyber school funding amount for all approved cyber charter schools. Special education funding for cyber charter schools should be addressed.
2. Cyber charter students are recommended to provide notification to their district of residence upon enrolling in a cyber charter school.
3. Cyber charter schools should notify a student's district of residence when a student enrolls in a cyber charter school (for example, see best practices in the benchmarking section). Districts should be notified promptly in order for districts to establish budgets. Districts also should consider establishing a contingency budget for cyber charter students.
4. Cyber charter schools should establish more comprehensive third party contracts including memoranda of understanding, budgets and a clearly defined scope of work.
5. Financial arrangements in exchange for cyber charter approval should be prohibited.
6. Cyber charter schools should establish and maintain procedures for overall financial reporting and management of the school, including a uniform chart of accounts and monthly reconciliation of budgets based on actual student enrollment.

School Governance

Findings

- All cyber charters have established boards that meet on a regular basis and set policy, approve personnel decisions and authorize expenditures.
- Cyber charter board members generally have experience in educational management.
- All boards have documented legal and procedural requirements and bylaws.
- Cyber charter schools advertise their board meetings in accordance with the Sunshine Law.

Recommendations

1. Cyber charters should address how the statewide public will have access to cyber charter school board meetings. Such items may include better communication of board meeting dates (e.g., through calendar of board meetings submitted with bill to district), posting of meeting minutes online and a toll-free number in order to gain statewide participation.¹⁵
2. Boards of cyber charter schools should have a more dynamic process for gathering and interpreting data related to educational accountability.

¹⁵ According to the Sunshine Law, school districts are only required to notify constituents in their political subdivision (via newspaper, television or radio ads) of public meetings.

3. Encourage parent and community representation on cyber charter boards that it is representative of each school's student population.

Alternative Funding

Cyber charter school costs are directly related to their service levels and school size. The analysis found that per student costs varied from \$5,000 for a lower service model to \$7,000 for the highest service model (see table below).

Higher service programs may:

- Provide a variety of third party curriculum options that include rich content and assessment.
- Increase staffing levels in order to improve accountability and increase student-teacher contact.
- Offer student services (e.g., school psychologist, guidance counselors).
- Proctor in-person exams.
- Host school events to develop school community.
- Distribute supplementary materials to enhance learning (e.g., manipulatives, videotapes).

Lower service cyber programs may:

- Offer limited third party curriculum providers that include less rigorous and less interactive content and assessment.
- Not offer an organized set of student services.
- Only offer online examinations or exams proctored by parents.
- Not provide students with supplementary learning materials.

Two schools with prior operations, SusQ and Western PA, show relatively large fund balances. However, SusQ offers fewer staff and less student oversight but is exploring issuing dividends to sending districts which will substantially reduce their fund balance. Western PA was in rapid growth mode and had not been able to hire staff quickly enough. Western PA plans to offer a higher service model this school year which will virtually eliminate their fund balance.

PAVCS is the most resource-intensive school, contracting out for a comprehensive range of curriculum, business, and accountability services. PAVCS also was considered to be the highest quality program based on the curriculum analysis.

PALO costs appear high for this coming school year as they included the full upfront cost of providing technology for all students; in previous years, other schools either leased computers or purchased them. PALO estimates that their per student costs will decrease to \$5,431 in year five.

21st Century's budget is not reflective of reality as their budget was based on expected enrollment of 180 students but only 61 students have enrolled as of September 24, 2001. Financial information was not provided by TEACH or Midwestern Regional Virtual Charter School.

Cyber Charter School Enrollment and Budget Estimates for School Year 2001-2002

	<i>Estimated Students</i>	<i>Per Student Cost</i>	<i>Tuition Received*</i>	<i>Total Revenue**</i>	<i>Tuition less Budget</i>	<i>% dif.</i>	<i>Total Estimated Budget</i>
PAVCS	650	\$ 7,015	\$ 6,392	\$ 7,065 ¹⁶	\$ (623)	0%	\$ 4,559,750
PALO	235	\$ 6,996	\$ 6,968	\$ 6,996	\$ -	0%	\$ 1,644,060
21st Cent¹⁷	180	\$ 5,861	\$ 6,800	\$ 6,898	\$ 939	9%	\$ 1,141,920
SusQ	80	\$ 4,989	\$ 5,331	\$ 5,410	\$ 421	8%	\$ 399,120
Western	980	\$ 6,032	\$ 6,032	\$ 6,032	\$ -	0%	\$ 5,911,360
	2125	\$ 6,179[^]		\$ 6,480[^]			\$ 13,656,210

*Blended general and special education cost per student
 **Includes Grants, retirement and Social Security revenues
[^]Average per student cost/revenue

¹⁶ Includes anticipated state start-up grant funding.

¹⁷ An 8% I.U. management fee (which was waived by the I.U. for this year) was added to their per pupil cost to provide comparability with the other schools.

Project Approach

The following section provides a detailed description of KPMG Consulting's project approach and work plan. To complete the Pennsylvania Cyber Charter Schools Review, KPMG Consulting performed the following tasks:

- Reviewed Accountability Methods and Systems
- Summarized Governance and Oversight Structures
- Analyzed Cost Reasonableness
- Provide recommendations regarding cyber charter schools funding alternatives

Each task is described in more detail below.

Review Accountability Methods and Systems

The goal of the accountability methods and systems review was to assess whether a clearly defined and robust accountability system was in place to support the achievement of a quality education. To support these observations, KPMG Consulting assessed each cyber school against the following criteria:

- Existence of and progress toward performance measures in the school charter such as:
 - Educational achievement (documentation of trends in all subject areas for students such as beginning of year, monthly and end-of-year online assessments)
 - Student needs are being met (e.g., special education students)
 - Families and parents are included
 - School is operated within budget (for those schools with operating history)
- Evidence that modifications to instructional processes/structure are made based on performance measure results.
- Personnel evaluation system exists
- Quality educational delivery process:
 - Student-teacher ratio
 - Interactivity of instructional content
 - Level of interpersonal interaction
 - Age appropriateness
 - Ease of use of system interface
 - Adequacy of systems to support timely instructional delivery (i.e., adequate uptime with high speed file compression capabilities)

- Ability to measure student engagement and progress (e.g., authentication process for student work).
- Cycles of remediation.
- Instructional approach (i.e., clearly defined mission, curriculum standards, and instructional approach).
- Compliance with students taking the Pennsylvania System of School Assessment (PSSA) in accordance with Chapter 4.
- Teacher experience and certification.

Summarize Governance and Oversight Structures

The goal of summarizing cyber charter schools' governance and oversight structures was to verify the existence of a viable cyber school governance structure. To support our observations and recommendations, KPMG Consulting assessed each cyber school against the following criteria:

- Well-documented and existing school governance organizational structure (e.g., advisory board, outside management).
- Experience of advisory board members.
- Frequency and extent of input governance units have over core instructional and financial policy.
- Clarity of legal and procedural requirements.

Conduct Cost Analysis

The goal of the financial evaluation was to analyze the costs of operating the Cyber charter schools. To support our observations and recommendations, we requested that each school provide us with budgets, financial statements, cost assumptions and any other supporting documentation appropriate to support their expenditures.

Upon receiving this information for each school, we performed the following tasks:

- Compared assumptions made in financial data to those made in the operating plan for consistency.
- Reviewed cyber charter school start-up budgets for schools starting fall of 2001.
- Interviewed the charter school management and reviewed supporting documentation to gain an understanding of the organizational structure of the school and relationships between partnering organizations.
- Analyzed the extent of management services provided by partnering organizations and the compensation for those services.
- Reviewed financing arrangements between the cyber school and the partnering organizations where information was available.

- Reviewed start-up costs to determine if costs were accounted for and who was responsible for incurring these costs. These costs and related assumptions were reviewed for completeness to determine if the start-up budget took into account cost categories that could be expected in the start-up of a business.
- Compared proposed start-up costs to those of other cyber charter schools.
- Reviewed financial arrangements, including loan agreements, between the proposed school and its partnering organizations.
- Reviewed the financial soundness of the proposed school's backers to determine if they appeared capable of meeting their obligations.
- Analyzed the annual budgets for completeness. This included the following steps:
 - Recalculated per capita revenues based on the number of proposed students and approved operating expenses (AOE).
 - Reviewed the estimates for special education aid.
 - Reviewed the viability of other proposed revenue sources.
 - Recalculated proposed expenses based on assumptions made throughout the proposal as well as in the financial sections.
 - Reviewed salary projections based on the geographic location of the proposed school. Assumptions were compared to projections made in the staffing plan.
 - Reviewed the costs for years two through five to determine if inflation and raises have been included.
- Determined if an adequate plan exists for program and fiscal audits.
- Determined if the proposal contains adequate insurance coverage.

Provide Recommendations on Funding Alternatives

We will provide a high level summary comparison of each school's per student cost and the corresponding range of services. Summary information presented will include the areas with the biggest impact on cost including staffing, educational program and school size. The data will be presented in a table format.

Work Plan

KPMG Consulting's methodology for the Pennsylvania Cyber Charter Schools Review follows:

Data Collection and Review

KPMG Consulting identified, requested and reviewed available information that documented each cyber charter school's: 1) accountability methods and systems; 2) governance and oversight; and 3) cost reasonableness. Specifically KPMG Consulting received and reviewed the following documents/data for each cyber charter school:

- School charters
- Charter school application/business plan
- Mission, vision and goals
- School budgets and other financial data for SY2001-2002 and actual expenditures for SY2000-2001 (if in operation)
- Governance structure and school staffing/organizational chart
- School curriculum
- School funding sources
- Relevant accountability policies procedures
- Data on student admissions, achievement and performance
- Agreements between the cyber schools, third parties and sponsoring districts
- Other information as appropriate

Interviews

KPMG Consulting conducted interviews with cyber charter school administration/management, and staff to gain a more comprehensive understanding of how each cyber charter school functions and to identify strengths and potential opportunities for improvement. These interviews helped KPMG Consulting better understand each cyber charter school's existing governance and accountability structures, scope and quality of instruction provided and budget/allocation of resources. KPMG Consulting specifically met with the following cyber charter school representatives:

21st Century Cyber Charter School

- Director
- Chester County Intermediate Unit Director of Finance/Board Treasurer
- Chester County Intermediate Unit Director of Education Technology/School Planning Committee Chairman

- Chester County Intermediate Unit Executive Director/Board Member

Midwestern Regional Virtual Charter School

- CAO
- MIU IV Curriculum Coordinator
- MIU IV Distance Education Coordinator

PA Learners Online Regional Charter School

- CAO
- Principal
- Coordinator of Student Services

Pennsylvania Virtual Charter School

- Chief Administrative Officer
- Assistant Head of School
- Director of Instruction
- Director of Special Education
- Board members (3)
- School Attorney
- Teachers (3)
- K12 Director of Curriculum
- K12 Director of School Development
- Director of School Business Services, Foundations, Inc.
- Chief Financial Officer, Foundations, Inc.
- Norristown Area School District Business Manager

SusQ-Cyber Charter School

- Current CAO
- Former CAO
- Instructional Support Specialist
- Two Founding Coalition Members
- Two Board Members
- Board Treasurer

- CSIU Business Manager
- Administrative Assistant

Western Pennsylvania Cyber Charter School

- CAO
- CENTRE Educational
- Executive Director
- Assistant Director/Guidance Counselor
- CFO/Business Manager
- Curriculum Coordinator
- One Instructional Supervisor
- Four Teacher Facilitators
- Three Clerical Staff
- Accountant

In addition, KPMG Consulting also met with the following legislator and legislative staff to gain an understanding of key district concerns regarding the cyber schools and to communicate the project approach and status:

- Paula Hess, Representative John Perzel's office
- Dave Dumeyer, Executive Director - House Education Committee
- Tony Aliano, House Leadership Staff
- Donna Malpezzi, Staff Counsel to the Majority Leader, Senator Brightbill
- David Broderic, Chief of Staff to Senator Rhoades, Chairman of the Senate Education Committee
- Erik Arneson, Chief of Staff to Senator David Brightbill
- Steve MacNett, General Counsel to Senate Republican Caucus
- Senator Jeff Piccola
- Nancy Japak, Legislative Assistant to Senator Piccola

Benchmarking

KPMG Consulting contacted cyber charter schools around the nation to identify best practices in charter school governance and accountability structures, high quality distance learning models, and financial benchmarks. Specifically, KPMG Consulting benchmarked the following six schools:

- Basehor-Linwood Virtual Charter School – Kansas
- CHOICE 2000 Online Charter School – California
- The Electronic Classroom of Tomorrow (ECOT) – Ohio
- Florida Virtual High School - Florida
- Internet Academy - Washington
- Odyssey Charter School - Nevada

Focus Groups

In order to gauge customer satisfaction with the quality of educational services provided by cyber charter schools, KPMG Consulting conducted one focus group with Western Pennsylvania Cyber Charter School students. The focus group helped KPMG Consulting identify the key areas where students were particularly satisfied or dissatisfied with the services provided by their cyber charter school. (Note: Only two of the six cyber charter schools were in operation during SY 00-01).

The project team further conducted a focus group with representatives of Pennsylvania’s major education associations, including:

- Pennsylvania Association of School Business Officials (PASBO)
- Pennsylvania School Boards Association (PSBA)
- Pennsylvania Association of School Administrators (PASA)
- Pennsylvania State Education Association (PSEA)

Conducted Curriculum Analysis

KPMG Consulting hired an independent curriculum specialist to review the course load for sample grades and subject areas. The review included an assessment of instructional quality as measured through:

- Course rigor
- Developmental appropriateness of courses
- Ease of use of system interface
- System availability/reliability
- Degree of interaction among participants
- Degree of interaction among teacher and students
- Interactivity of instructional content
- Degree of student personalization/customization (both for regular, gifted and special education)

- Type and frequency of student assessments

In addition, the review included an assessment of whether the curriculum aligned to Pennsylvania standards.

Site Visits

KPMG Consulting conducted site visits with all six cyber charter schools. Visiting the schools provided us with an opportunity to speak with school administration and staff and observe the resources allocated to the school.

Data Analysis

All of the information gathered from the document review, interviews and site visits was analyzed to clearly document the current cost and quality of the cyber schools. KPMG Consulting used internal evaluation criteria to evaluate the cyber charter schools.

KPMG Consulting's internal evaluation criteria were based on KPMG Consulting's K-12 project experience and cyber and charter school best practice research. Sample KPMG Consulting internal evaluation categories and criteria follow:

<i>Performance Measures-Student</i>
Ability to measure student engagement, progress and authenticity of work (e.g., logs, records of study)
Student attendance - compliance with compulsory attendance laws
<i>Personnel Evaluation System</i>
Method of performance evaluation
Frequency of performance evaluation
<i>Performance Measures-School</i>
Procedure for annual program review
Evidence of modifications made to instructional processes/structure based on tracking performance measures
<i>Curriculum</i>
Instructional approach/teaching methods
Process for curriculum development (e.g., research based, purchased)
<i>Level of Interactivity</i>
Ease of use of system interface
Methods of family/teacher interaction
<i>Student Development</i>
Student services
Opportunities for student socialization
<i>Technology Supporting Instruction</i>
Adequacy of systems to support timely instructional delivery
Technical support for students, parents and teachers
<i>Technology Supporting Administration</i>
Technology to support distance learning
Student information system, financial/budget system, human resources/payroll system.
<i>Relationship with Home School District</i>
Procedure for notifying home school district of newly enrolled students
Partnerships with local school districts
<i>Governance and Oversight</i>
Documentation and description of school governance organizational structure
Assessment of frequency and extent of input governance units have over instructional policy
Experiential make-up of advisory board
Clarity of legal and procedural requirements