# MEMORANDUM

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| **To:** | Members of the Board of Elementary and Secondary Education |
| **From:** | Russell D. Johnston, Acting Commissioner |
| **Date:** | November 12, 2024 |
| **Subject:** | Commonwealth of Massachusetts Virtual Schools – Proposed Increase in Tuition Rates for Greater Commonwealth Virtual School and for TEC Connections Academy Virtual School |

On July 25, 2024, the two operating Commonwealth of Massachusetts Virtual Schools (CMVS), Greater Commonwealth Virtual School (GCVS) and TEC Connections Academy Virtual School (TECCA), requested an increase in their per pupil tuition rates. While the schools submitted a joint request, the per pupil tuition rate is a material term of each CMVS’s certificate. For the current fiscal year (FY25), GCVS and TECCA receive [$9,727 per pupil for tuition.](https://www.doe.mass.edu/finance/schoolchoice/inflation-adjustment.html) In joint correspondence, GCVS and TECCA state that the current per pupil tuition rate is insufficient to meet the needs of their students effectively and is insufficient to cover the escalating costs of running a public virtual school in Massachusetts. Both schools seek per pupil tuition rates of $13,022[[1]](#footnote-2) for FY26.

This memorandum provides information for discussion at the meeting of the Board of Elementary and Secondary Education (Board) on November 19, 2024. After the November discussion, as well as additional stakeholder input, I will bring a final recommendation to increase the per pupil tuition rates for GCVS and for TECCA in preparation for a vote at the December Board meeting.

**Commonwealth of Massachusetts Virtual Schools**

As defined in G.L. c. 71, § 94, and 603 CMR 52.00, a CMVS is a public school operated by a board of trustees whose teachers primarily teach from a remote location using the Internet or other computer-based methods and whose students are not required to be located at the physical premises of the school. A CMVS is established through a two-phase application process, and the Board is responsible for granting a certificate of operation. When the Board grants a CMVS its original certificate and any subsequent renewals of that certificate, it is essentially approving the CMVS’s broad academic and organizational plans and other material terms of the school’s certificate. A CMVS is an autonomous, single-school district that operates independently of any existing school district.

The Board grants a certificate to the board of trustees of a virtual school for not less than 3 years and not more than 5 years, as determined by the Board. The school and its board then become a state entity, directly accountable to the Board and the Department. A virtual school may not discriminate in the enrollment of students based on race, color, national origin, creed, sex, gender identity, ethnicity, sexual orientation, mental or physical disability, age, ancestry, athletic performance, special need, English language proficiency, or academic achievement.

The Board has granted three certificates for CMVSs. The Board granted a certificate to GCVS in 2013, a certificate to TECCA in 2014, and a certificate to Felix Commonwealth Virtual School (Felix) in March 2024.[[2]](#footnote-3) The Board renewed the certificate for GCVS in 2022 for a term of four years and placed eight conditions on the certificate related to poor academic outcomes; the quality of its program delivery, particularly for English learners; and its organizational capacity. The Board also renewed the certificate for TECCA in 2022 for a term of four years and placed three conditions on the certificate related to poor academic outcomes; the delivery of its academic program; and repeated findings of significant deficiencies or material weaknesses in its financial audits.

As of October 1, 2023, GCVS and TECCA enrolled a total of 4,068 students in grades K through 12. Attachments A and B present data about GCVS and TECCA, the two schools requesting a tuition rate increase.

**Current Per Pupil Tuition Rates for GCVS and TECCA**

The virtual school statute, at G.L. c. 71, § 94(k), starts with the presumption that the tuition paid to a CMVS “shall be the school choice tuition amount” and that such tuition “shall be paid through the school choice mechanism.” Under G.L. c. 76, § 12B, the school choice statute, a school district is charged a set tuition for each resident student who enrolls in a CMVS, and the Department transfers the funds from the district to the CMVS, less an administrative fee of $75 per student. Tuition is based on full year enrollment and is prorated if a student is enrolled in the CMVS for only a portion of the school year. School committees have the ability to restrict enrollment of their residents in CMVS, subject to certain conditions.[[3]](#footnote-4)

The default tuition rate for a student enrolled in a CVMS is the school choice tuition rate of $5,000.[[4]](#footnote-5) The Board, in consultation with the Operational Services Division (OSD), may approve a rate higher than $5,000 provided the rate does not exceed the state average per pupil foundation budget for students of the same classification and grade level. G.L. c. 71, § 94(k);[[5]](#footnote-6) 603 CMR 52.07(1). For FY25, the state average per pupil foundation budget is $16,051.

None of the per pupil tuition rates for CMVSs have ever reflected the default amount of $5,000 per pupil, as specified in statute. GCVS’s initial per pupil tuition rate of $6,700 was set by the Board on June 25, 2013, when it granted GCVS its initial certificate. The Board set the same rate for TECCA on February 25, 2014, when it granted TECCA its initial certificate.

At its meeting on [December 19, 2017](https://www.doe.mass.edu/bese/docs/fy2018/2017-12/), the Board voted to amend the certificates of GCVS and of TECCA and set a tuition rate of $8,265 per pupil, effective for FY19, with $75 per pupil retained by the Department for program administration. Additionally, the Board voted to delegate to the Commissioner of Elementary and Secondary Education (Commissioner) authority to adjust this rate annually by not more than the annual rate of inflation and to amend the certificates of GCVS and TECCA accordingly.

At its meeting on [March 26, 2024](https://www.doe.mass.edu/bese/docs/fy2024/2024-03/item2.docx), the Board granted a certificate to Felix. The Board set a per pupil tuition rate of $14,523 for Felix, less the $75 per pupil administrative fee, provided that the school met the conditions imposed on its certificate.[[6]](#footnote-7)

In FY25, sending districts pay tuition for students enrolled at GCVS and TECCA at a rate of $9,802 per pupil, with $75 of that amount retained by the Department as allowed by statute. While this tuition rate is adjusted annually to reflect inflation, tuition rates do not change over the course of the school year.

For the reasons presented below, I propose increasing the per pupil tuition rate for GCVS and TECCA over a period of three years to eventually reach the rate of $13,114 per pupil, with $75 per pupil retained by the Department for program administration, and each school eventually receiving the net amount of $13,039 per pupil. This recommendation is based upon the methodology used in calculating a tuition rate for Felix in 2024 and for GCVS and TECCA in 2017.

**Requests of GCVS and TECCA to Increase Tuition Rates**

On July 25, 2024, GCVS and TECCA submitted a joint request to increase tuition rates to $13,098 per pupil for FY26.[[7]](#footnote-8) The two schools submitted further evidence in October 2024 to support their requests. The schools’ submissions in October, see Attachment D, note increased costs since 2017 related to additional synchronous lessons provided daily, implementation of new strategies to improve attendance, provision of competitive staff salaries, provision of support services at increased rates, increased costs to provide students with computers needed to engage in virtual learning, and contractual increases in teacher salaries.[[8]](#footnote-9) When establishing their budgets for FY25, both GCVS and TECCA state that they used “emergency funds” in order to avoid laying off essential staff or cutting key programs.

The schools propose using additional tuition to meet the needs of their students and to enhance recruitment and retention of educators through competitive salaries and to fund contractual salary increases. Additionally, since 2017, both schools have increased the number of synchronous lessons offered to students. Currently, GCVS and TECCA offer synchronous instruction to students in grades K through 12 for a majority of the school day. Both schools state that they need to retain current staffing levels to support substantial contact time with students. Over the past six years, both schools reduced their student-to-teacher ratios and now provide more opportunities for student and teacher interaction.[[9]](#footnote-10)

Over the past two years, GCVS and TECCA have improved some student outcomes as measured by the statewide system of accountability. Graduation rates for both schools, however, remain low. Results of these two virtual schools are similar to the academic results seen in virtual schools nationwide.[[10]](#footnote-11)

In 2022, GCVS’s overall accountability percentile was 14. In 2023, the school’s accountability percentile rose to 20; for 2024, it is 27. In 2024, GCVS made substantial progress towards its targets. In 2024, GCVS is classified as Requiring Assistance or Intervention due to low graduation rates (56.7 percent) and low MCAS participation rates.

In 2022, TECCA’s overall accountability percentile was 16. In 2023, the school’s accountability percentile rose to 18; for 2024, it is 22. In 2024, TECCA made moderate progress towards its targets. In 2024, TECCA is classified as Requiring Assistance or Intervention due to low graduation rates (52.2 percent) and low MCAS participation rates.

**Factors Related to Increasing the Tuition Rates**

While many variables affect the relative costs of virtual and traditional schooling, both GCVS and TECCA report serving student populations with atypical needs as compared to students enrolled in school districts and charter schools. In granting a certificate to operate a virtual school, the virtual school statute requires the Board to give preference to proposals that include an educational program or a specialized focus that appropriately addresses students with unique needs.[[11]](#footnote-12) G.L. c. 71, § 94(c). Per statute, CMVS admit all students through enrollment lotteries. TECCA provides an enrollment preference to all but two of the student groups listed in G.L. c. 71, § 94(c) and GCVS provides an enrollment preference to five of the groups. GCVS and TECCA enroll higher percentages of low-income students and high need students, slightly higher percentages of students with disabilities, and lower percentages of English learners than statewide averages.[[12]](#footnote-13) TECCA also enrolls a higher percentage of students with 504 plans than the statewide average.[[13]](#footnote-14)

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| **2023-24** | **Students with disabilities** | **Students with 504 plans** | **Students who are low income** | **Students who are high needs** | **English learners[[14]](#footnote-15)** |
| **% of GCVS** | 23.0 | 4.7 | 60.7 | 71.1 | 2.2 |
| **% of TECCA** | 22.2 | 10.5 | 58.0 | 68.1 | 4.8 |
| **% of State** | 20.2 | 5.6 | 42.2 | 55.8 | 13.1 |

Focus group interviews with families of CMVS students gathered during Department monitoring activities indicated demand for a virtual option because of the benefits provided to students with unique circumstances. Families report that CMVSs provide a safe educational option for students with social and emotional needs, students who experienced bullying in traditional public schools, students with chronic medical conditions that make consistent in-person attendance difficult, and academically or athletically gifted students who desire more flexible programming.

During FY23, GCVS and TECCA teachers earned less on average than their counterparts in brick-and-mortar schools.[[15]](#footnote-16) Both schools have negotiated annual raises reflected in their respective collective bargaining agreements.

Additionally, the current tuition rate for GCVS and TECCA is based on FY17 foundation budget rates. Since the passage of the Student Opportunity Act in 2019, foundation budget rates in the Chapter 70 formula have steadily increased the amount of state aid provided to school districts and thus increased the state average per pupil foundation budget, upon which a CMVS per pupil tuition is based. In FY17, the state average per pupil foundation budget was $10,774; in FY25 the state average per pupil foundation budget is $16,051.

**Recommendation**

After consideration of each school’s request and the various factors outlined above, I propose increasing the per pupil tuition rate for GCVS and TECCA to a rate of $13,114 per pupil with $75 per pupil retained by the Department for program administration, and each school receiving the net amount of $13,039 per pupil.

During the November Board meeting, I would like Board members to discuss two possible timelines for implementing this rate increase. The November discussion will inform my final recommendation as well as the Board’s further deliberation and vote during the December 2024 meeting. The first method would amend the certificates of GCVS and TECCA to implement the full tuition rate of $13,114 effective FY26. The second method would provide a graduated approach in which the tuition rates of GCVS and TECCA increase over a period of three years to eventually reach the full tuition rate of $13,114 by FY28. Additional details about both approaches follow.

The recommended final tuition rate of $13,144 is derived from the FY25 state average per pupil foundation budget for grades K-12 ($16,051), after subtracting vocational costs, operations and maintenance costs, and in- and out-of-district special education costs. The proposed tuition rate of $13,114 reflects the directives of the statutory language: it is no higher than the state average per pupil foundation budget for students of the same classification and grade level. Neither TECCA nor GCVS provide a physical location that serves a majority of students; nor does either school provide equipment or space dedicated to vocational education. The additional cost of CMVS special education services is calculated in accordance with the school finance regulations, 603 CMR 10.07(3), and is reimbursed in addition to the per pupil tuition amount unless such services are provided in kind by the sending district. These factors reflect the calculations used to determine the tuition rate adjustments for GCVS and TECCA in 2017 and those used to establish Felix’s tuition rate in 2024.

The new rates will enable each virtual school to provide higher teacher salaries, retain qualified staff, maintain low student-to-teacher ratios, improve attendance rates, increase contact time with students and families, and help keep pace with the rising costs associated with running any public school. While increased funding does not guarantee excellent outcomes, increases in GCVS’s and TECCA’s accountability results demonstrate that recent efforts to increase staffing, reduce student-to-teacher ratios, and increase the amount of synchronous instruction may have contributed to improvement in student outcomes.

In FY24, the state average per pupil foundation budget was $15,427.[[16]](#footnote-17) In FY24, districts were charged $9,672 per full-time pupil enrolled in a CMVS. In FY24, GCVS and TECCA received a per pupil tuition amount of $9,597, which equals the district per pupil tuition amount, less $75 per pupil retained by the Department for program administration as permitted by statute. In FY24, GCVS and TECCA received a total of $44,063,294 in tuition payments from 252 sending school districts. While enrollment varies from district to district, the following four districts accounted for approximately 20 percent of CMVS enrollment and tuition: Boston (7 percent) Springfield (6 percent), Worcester (4 percent), and New Bedford (3 percent).

The first method to fully implement the rate increase is straightforward. If the Board approves the rate increase during the December 2024 meeting, the Board’s vote would amend GCVS’s and TECCA’s certificates to include a per-pupil tuition rate of $13,114, with the $75 administrative fee retained by the Department, effective FY26.

The second method to gradually increase the rate over a period of three years requires additional steps. Each CMVS’s current certificate expires on July 1, 2026. The per pupil tuition rate is a material term of a CMVS certificate, cannot carry across certificate terms, and must be reassessed as part of a renewal determination. Given the fact that one year remains in the current certificate terms for GCVS and TECCA (2022-2026), a Board vote on December 17, 2024, to amend the certificates of GCVS and TECCA would specify $11,456 in per pupil tuition plus inflation, effective for FY26, with $75 retained by the Department for program administration. If in March 2026 the Board votes to approve the renewal of the certificates for GCVS and TECCA, I would recommend the Board continue the graduated increase of the GCVS and TECCA tuition rates to be $12,286 in FY27 and $13,114 in FY28, with $75 per pupil retained by the Department each year. If recommending renewal of the school’s certificates in 2026, I would also ask the Board to authorize the Commissioner to adjust the newly established rate annually to reflect future inflation. As with school choice, sending districts pay tuition for each student enrolled in a virtual school. A graduated tuition increase will assist sending districts adjust to this increased rate and will promote stabilization for both the sending districts and these two schools.[[17]](#footnote-18)

The Department has discussed the GCVS and TECCA tuition request with the Digital Learning Advisory Council and solicited feedback from the Massachusetts Association of School Superintendents. As required by statute, the Department also consulted with the Operational Services Division about the proposed tuition increase.[[18]](#footnote-19) Informed by November’s Board discussion and additional stakeholder input, I anticipate bringing recommendations for certificate amendments for the two virtual schools to the Board for a vote at the December 17, 2024, meeting.

Regina Robinson, Deputy Commissioner; Alison Bagg, Director of the Office of Charter Schools and School Redesign; Ruth Hersh, School Redesign and Education Collaborative Manager; and Robert O’Donnell, Director of School Finance will be present at the Board meeting on November 19 to answer any questions you may have.

Enclosures:

Attachment A: GCVS Data

Attachment B: TECCA Data

Attachment C: CMVS Tuition Calculation

Attachment D: Supplemental Information Submitted by GCVS and TECCA

1. This amount does not include the $75 per pupil retained by DESE for program administration. Therefore, the tuition request would result in a charge to the district of residence of $13,098 per pupil. [↑](#footnote-ref-2)
2. The virtual school statute authorizes the Board to grant up to 10 certificates to operate such schools, provided that not more than 2 percent of students statewide attend a CMVS. G.L. c. 71, § 94(c). [↑](#footnote-ref-3)
3. A school committee may cap enrollment if the number of students residing in the district who are enrolled in virtual schools exceeds one percent of the district’s total enrollment. G.L. c. 71, § 94(t). As of October 1, 2023, 58 districts in Massachusetts reached this limit; 27 districts voted to restrict enrollment of resident students in CMVSs. [↑](#footnote-ref-4)
4. For an example of how virtual schools are funded through the school choice mechanism, refer to Attachment C. The tuition for special education students is the cost of providing the special education required by the student; these costs are charged to the district of the student’s residence. G.L. c. 71, § 94(k). [↑](#footnote-ref-5)
5. The virtual school statute at [G.L. c. 71, § 94](https://malegislature.gov/Laws/GeneralLaws/PartI/TitleXII/Chapter71/Section94)(k), specifies as follows regarding tuition.

   The amount of tuition per pupil a school district shall pay for a student residing in the district who is enrolled in a commonwealth virtual school shall be the school choice tuition amount, which shall be paid through the school choice mechanism; provided, that the department may, in consultation with the operational services division, approve alternative tuition amounts proposed by applicants that shall not exceed the state average per pupil foundation budget for students of the same classification and grade level; provided, further, that the department may authorize additional tuition assessments for services required by an individualized education program established pursuant to chapter 71B. [↑](#footnote-ref-6)
6. Subsequent to the March 2024 Board meeting, the Department and Felix representatives were able to resolve the discrepancies with the formula used to calculate the state average per pupil foundation budget and came to an initial agreement that the per pupil amount is $15,715. Felix was directed to meet conditions on its certificate in order to access this initial rate. [↑](#footnote-ref-7)
7. The tuition amount requested of $13,023 did not include the $75 per pupil retained by the Department for program administration. Therefore, the tuition request is actually for $13,098 per pupil. [↑](#footnote-ref-8)
8. GCVS teachers are represented by the American Federation of Teachers (AFT). TECCA teachers are represented by the Massachusetts Teachers Association (MTA). [↑](#footnote-ref-9)
9. Virtual schools have larger class sizes and higher student-to-teacher ratios than the state average. In FY17, GCVS had a student-to-teacher ratio of 21.5 to 1; TECCA’s student-to-teacher ratio was 30.2 to 1. In FY24, GCVS had a student-to-teacher ratio of 15.4 to 1; TECCA’s student-to-teacher ratio was 23.2 to 1. The state average for in-person instruction was 13.2 to 1 in FY17 and was 11.8 to 1 in FY24. [↑](#footnote-ref-10)
10. See “Virtual Schools in the U.S. 2023” from the National Education Policy Center at <https://nepc.colorado.edu/publication/virtual-schools-annual-2023?utm_source=search&utm_campaign=nepc_visitors> [↑](#footnote-ref-11)
11. Section 94(c) of G.L. c. 71 states that the Board

    shall give preference to proposals that include an educational program or specialized focus that appropriately addresses 1 or more of the following: students with physical or other challenges that make it difficult for them to physically attend a school; students with medical needs requiring a home or hospital setting; students with unusual needs requiring a flexible schedule; students who are over-age for their grade; students who have been expelled; students who have dropped out; students at risk of dropping out; students who are pregnant or have a child; students with social and emotional challenges that make it difficult for them to physically attend a school; students who feel bullied or cannot attend school because the students' safety is at risk; gifted and talented students; students who seek academic work not available in their school; students in rural communities; and students in institutionalized settings. The board shall also consider whether proposed schools will create or enhance the opportunity for students to attend virtual schools in all grades from kindergarten through grade 12. [↑](#footnote-ref-12)
12. The “high needs” category includes any students identified as economically disadvantaged, English learners, or students with disabilities. [↑](#footnote-ref-13)
13. A 504 Plan helps a child with special health care needs to fully participate in school. Usually, a 504 Plan is used by a general education student who is not eligible for special education services but requires accommodations to participate in the general classroom setting and educational programs. [↑](#footnote-ref-14)
14. While 2023-24 CMVS rates of English learner (EL) enrollment are far below the state average, both GCVS and TECCA have increased the percentage of EL enrollment over the past two years. In 2022, 1.4 percent of TECCA’s student population was identified as ELs and 1.7 percent of GCVS student population was identified as ELs. Additionally, since opening, both CMVS have operated under conditions directing the schools to improve the quality and compliance of their English language education programs. [↑](#footnote-ref-15)
15. Based on data submitted in FY23 Virtual School End of Year Financial Reports as well as [FY23 Teacher Data](https://profiles.doe.mass.edu/statereport/teacherdata.aspx), the average teacher salary at GCVS was $73,395, and the average TECCA teacher salary was $74,521. The state average teacher salary in FY23 was $88,351. [↑](#footnote-ref-16)
16. <https://www.doe.mass.edu/finance/chapter70/profile.xlsx> [↑](#footnote-ref-17)
17. In FY24, the median district enrolled 9.3 FTE students in a CMVS and paid $98,566 in CMVS tuition, including base tuition and special education increments. At full phase-in, a tuition increase to $13,114 would increase total CMVS tuition for the median district to approximately $130,576. Districts would pay $13,114 per student, with the Department retaining $75 per student. The Department estimates that increasing CMVS tuition from $9,802 (in FY25) to $13,144, not including special education increments, will increase statewide CMVS tuition by $10.9 million, from $44.1 million to $55.0 million. [↑](#footnote-ref-18)
18. G.L. c. 71, § 94(k); 603 CMR 52.07(1). [↑](#footnote-ref-19)