

# Funding and Policy Frameworks: Virtual Learning

*Susan Patrick*  
*President and CEO*

*[www.inacol.org](http://www.inacol.org)*

**iNACOL**  
International Association for K-12 Online Learning

# International Association for K-12 Online Learning (iNACOL)

- iNACOL is the premier K-12 nonprofit in online learning
- 3500+ members in K-12 virtual schools and online learning representing over 50 countries
- Provides leadership, advocacy, research, training, and networking with experts in K-12 online learning.
- “Ensure every student has access to the best education available regardless of geography, income or background.”
- Conference – Virtual School Symposium (VSS): Phoenix, AZ on November 14-16, 2010
- Next Generation Learning Challenges – Gates Foundation



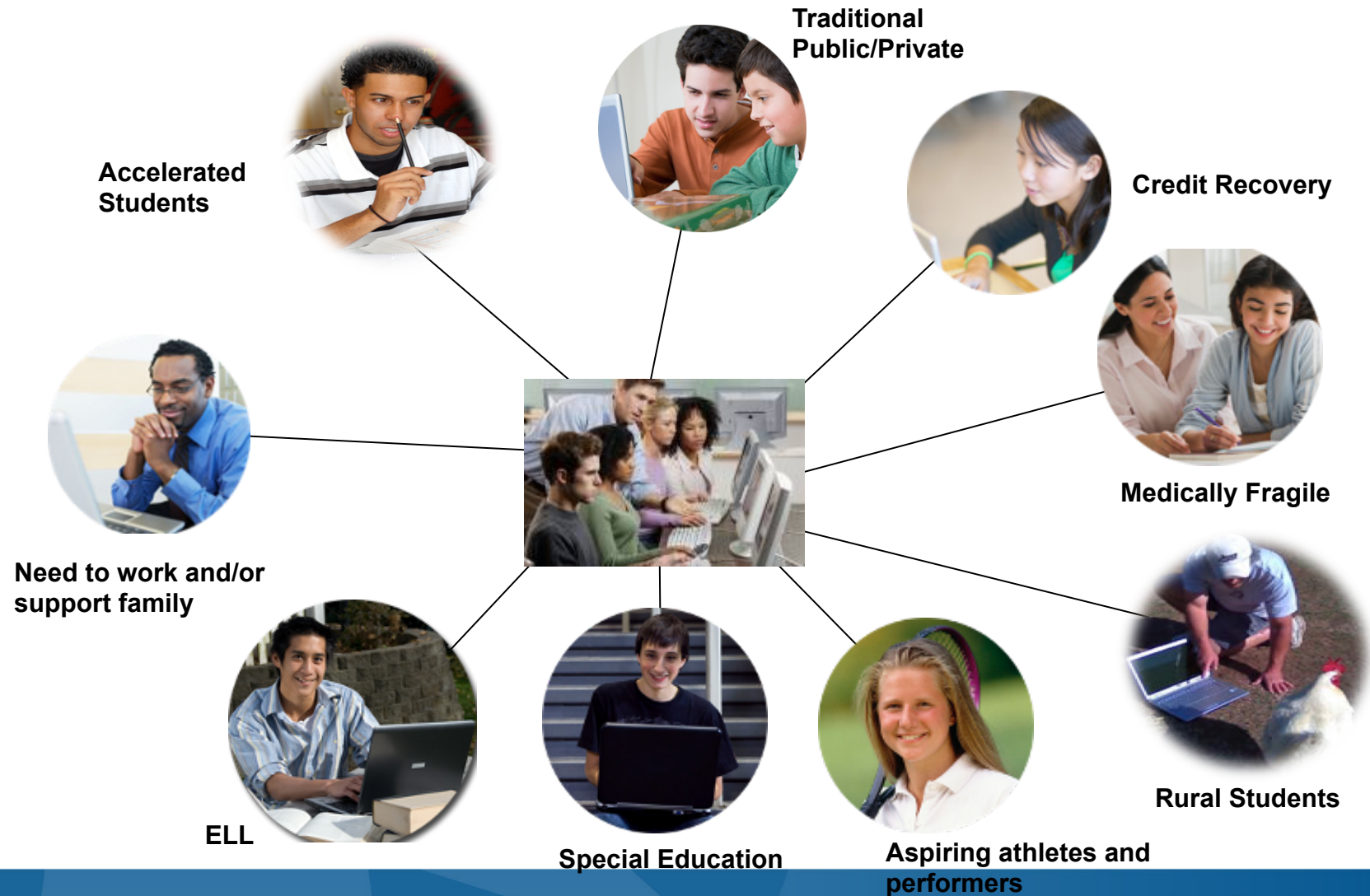
# Every Student's Right to Online Learning Opportunity

- Online learning is emerging as an essential part of the K-12 education landscape. To meet their educational goals and secure their future as active and productive citizens, K-12 students must have access to quality online learning opportunities in a variety of forms that meet their needs.
- We endeavor to ensure that **all students have the opportunity to choose an online learning course or program that meets their needs as part of their K-12 education.**

# Advance every student's right to online learning opportunity

- **Responsive state policies** so that a student's choice of online opportunity is facilitated rather than blocked.
- **Fair and sustainable funding** so that online learning opportunities expand with student demand.
- **Sensible and responsible oversight** so that each student is guaranteed quality in the online opportunities available.
- **Modern frameworks for curriculum and instruction** so that each student may be assured of credit for successful online work.
- **Thoughtful teacher licensure requirements** so a student may always benefit from the best online instructors.
- **Valid research** so that a student's online opportunities reflect effective best practices.

# Providing Opportunities to All Students





# Policies

1. Funding follows the student
  - Approved Minnesota districts or charter programs can serve any student with individual courses 1/6 FTE
2. Redefine Carnegie Unit – away from seat-time toward mastery, competency-based
3. Open enrollment & no enrollment caps
  - districts can allow students to take individual courses at their own school from a virtual school
4. No geographic “barriers”
  - Any time, any place

# Licensure Requirements

- Teachers holding a teaching license (in any state) with subject matter expertise should be permitted full reciprocity to teach online
  - North Dakota has full reciprocity



# Fair and Sustainable Funding

- Independent, national studies suggest virtual schools funding should be about the same as those of a regular brick and mortar school. Costs for full-time virtual schools ranged from \$7,200 - \$8,300 per pupil (Augenblick, Palaich and Associates)
  - savings compared to \$10,000 per pupil national average for K-12 education
- Average funding for virtual charter schools in U.S. is \$6,500 per pupil (2010)

# Funding Online Learning

- **Key Considerations:**

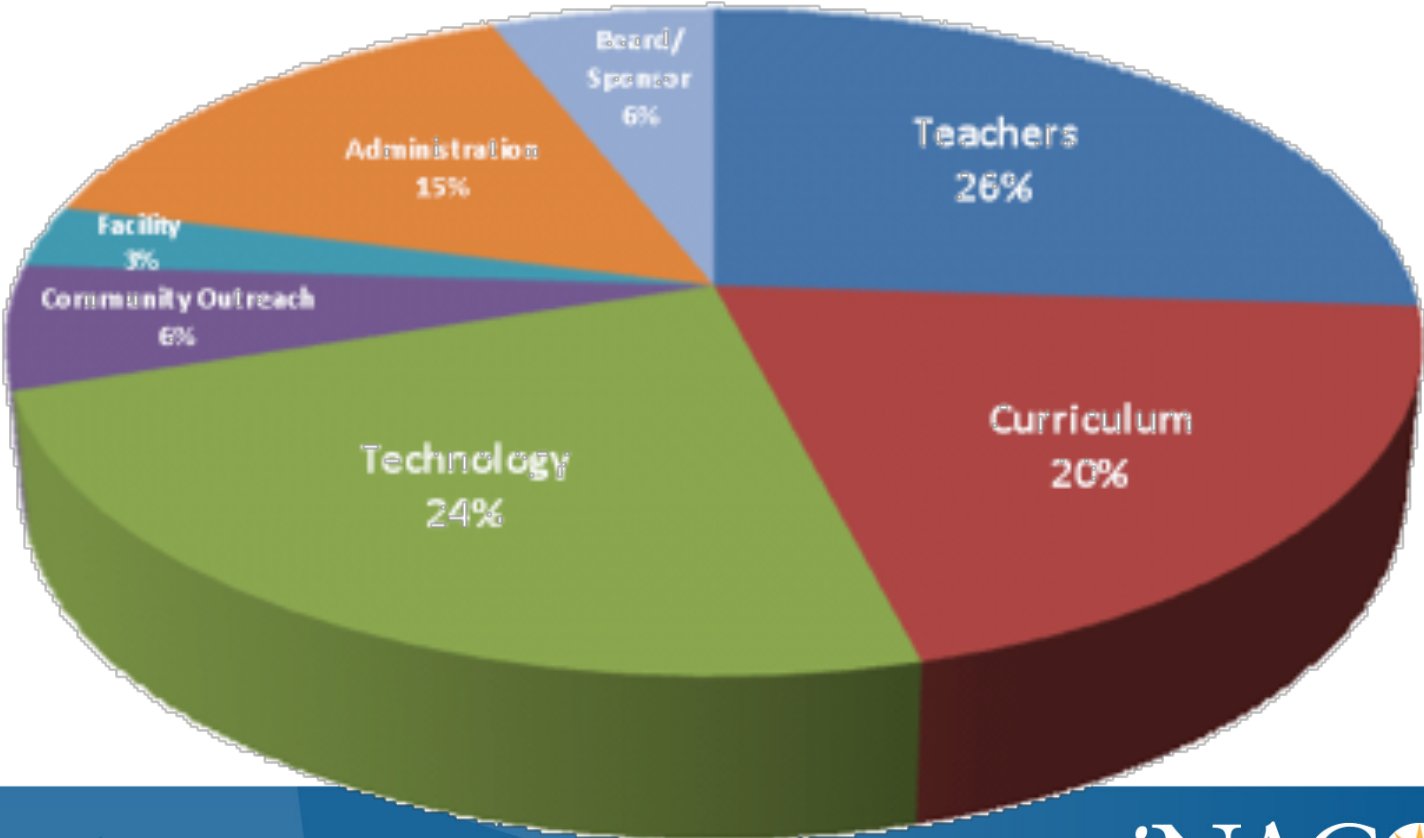
- What are the **COSTS** of quality online learning?
- How do taxpayer dollars **FLOW** to K-12 online learning?
- How can funding be made **SUSTAINABLE** so every student who needs online can have it?

# What are the COSTS?

- **Myth:** Online learning is cheap.
  - It's just a kid, a computer, and stuff on the screen – how much could that cost?
- **Reality:** Quality online learning is cost-effective.
  - Real costs include expert teachers, curriculum development/licensing, computers, course delivery and data systems PLUS special services and often physical materials

# Costs of Typical Online School

Total per-pupil expenditure = \$6,500



# What are the COSTS?

“The operating costs of online programs are about the same as the operating costs of a regular brick-and-mortar school.” – *iNACOL Promising Practices: Funding and Policy Frameworks for K-12 Online Learning*

## Cost-effectiveness derives from:

- Ability to deliver courses that the local school could not afford to staff up for
- Ability to satisfy parent choice and serve students with unique learning needs without building a new school

# How do taxpayer dollars **FLOW**?

- **Full-time online** (e.g., cyber charter schools and contract schools) typically funded through state's per-pupil funding formula: Funding (some or all) follows the student
- **Supplemental online** (e.g., by the course) typically funded through state appropriation and/or course fees paid by districts and/or students: Fee for service

# How do taxpayer dollars FLOW?

- Accounting Considerations
  - **“Seat time” vs. mastery:** Online learning can make traditional methods of student accounting irrelevant
  - **Scale vs. control:** Open enrollment/growth across boundaries (district and state) begets efficiencies – but creates funding competition
  - **Supplement vs. supplant:** How much of online learning must be additive to traditional school program, and when can it be a substitute?



# Toward SUSTAINABLE Funding

- **Near-term necessities**
  - Drive toward offering BOTH full-time and supplemental opportunities in EVERY state
  - Address barriers such as seat time, enrollment restrictions, lack of information
  - Consider flexible uses of existing funds (e.g. textbook dollars)

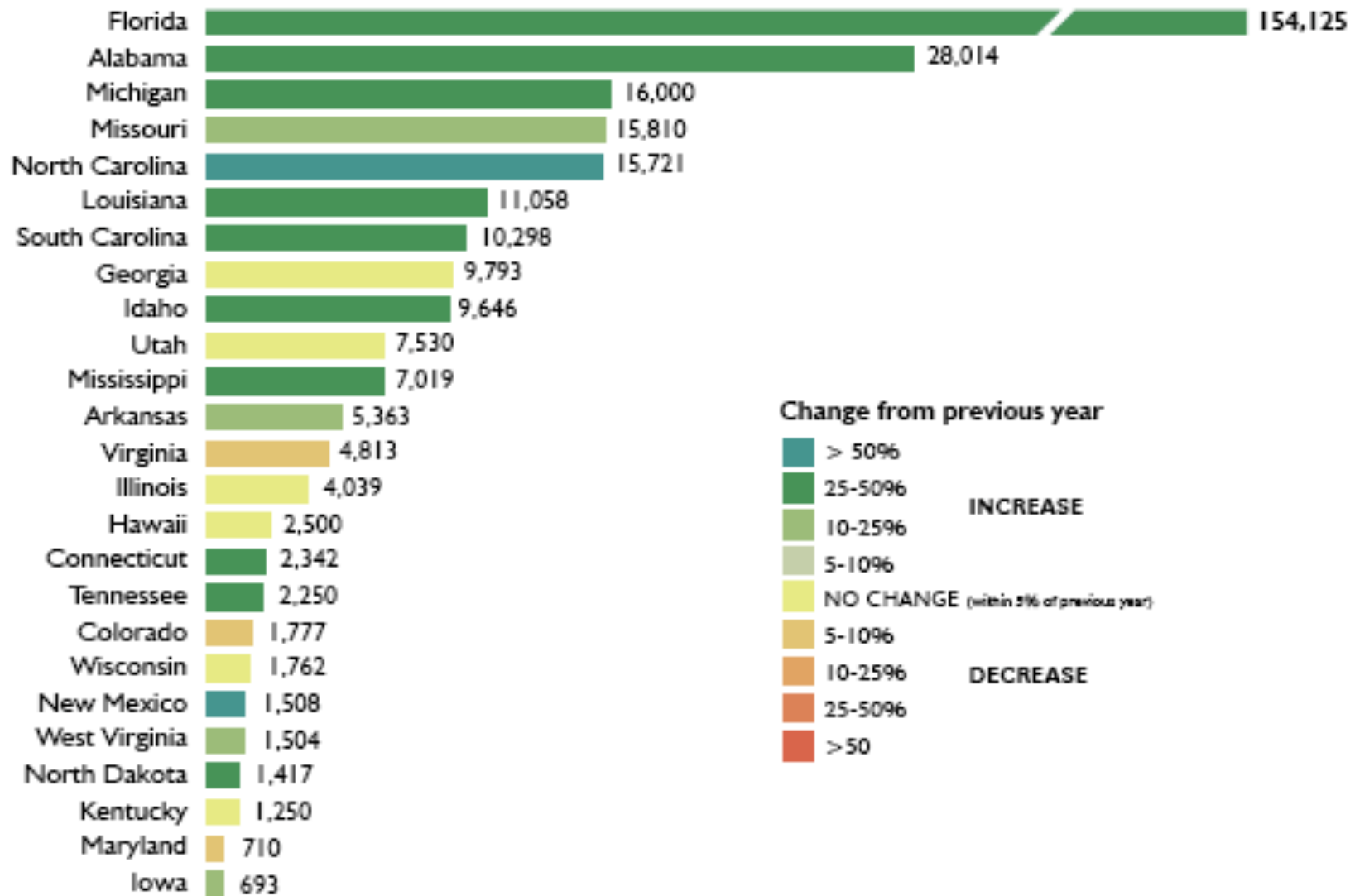
# Toward SUSTAINABLE Funding

- **Longer term imperatives:**
  - Integration of online learning into essential K-12 education funding process:  
“Part of how we educate kids in this state”
  - Public-private partnerships to achieve efficiencies, avoid re-invented wheels
  - Fractional backpacking: Funding following students down to the course level

# Examples of Funding Models for Virtual Schools

- Full-time Virtual Charter Schools
  - Funding follows student in full-time virtual charter schools in 25 states
- State Virtual Schools (supplemental) have different funding models
  - Funding follows student 1/6 FTE
    - Florida Virtual “Performance-based funding model” and funding follows student
    - Minnesota funding follows student course enrollment
    - North Carolina FTE/6 \* .75
  - Annual legislative allotment limits access to number of online courses available
    - Kentucky, Virtual High School, Virtual Virginia, Georgia
    - Texas Virtual School Network – provider and user districts
  - Federal Funds (Tennessee e4TN)
  - Local School Districts support own program (Fairfax County, VA)
  - Special Funding Sources (Federal/State/AT&T – Louisiana Virtual)
  - Private Foundation Grants
    - Indiana Virtual Academy is a non-profit (501c3)
- Tuition
  - Illinois Virtual High School (within regional service agency)

# State Virtual Schools: Size and Growth 08-09



# FLVS Funding History

**1997-2003 Legislative Line Item Funding for state virtual school program (supplemental courses)**

## ***Benefits:***

- Clearly defined allotment of money to build budget
- Allowed for controlled growth each year
- Non-threatening to school districts

## ***Challenges:***

- Student demand exceeded FLVS ability to serve
- “Line Item” status is not stable nor permanent

# Funding Statute Highlights

- A "full-time equivalent student" (FTE) for virtual school is one student who has successfully completed 6 credits that shall count toward the minimum number of credits required for high school graduation
- A student who completes less than six credits shall be a fraction of an FTE student.
- Half credit completions shall be included in determining an FTE student

# Funding Statute Highlights:

- FTE student credit completed through the virtual school, including credits completed during the summer, shall be reported to the DOE in the manner prescribed by the department and shall be funded through the FEFP
- School districts may not limit student access to courses offered through virtual school
- FTE student credit completion for courses offered through virtual school shall be reported only by virtual school.
- School districts shall report full-time equivalent student membership only for courses for which the district provides the instruction.



# Funding Statute Highlights:

- Based on Completion, NOT seat time
  - Completers are reported when course is passed
- Base funding formula
  - $FTE * Program\ Weights * District\ Cost\ Differential * Base\ Student\ Allocation$
  - is the same for all districts .
- Accounts for 62%+ of the funds allocated to School Districts for operations.

# Funding Statute Highlights

- The remaining 38% is distributed by various formulas for various purposes.
- Virtual school receives funding from these formulas in 2007-08
  - Class-Size
  - Lab School Discretionary,
  - Discretionary Millage Adjustment,
  - Instructional Materials,
  - Reading Allocation and
  - Discretionary Lottery

# Funding Statute Highlights

- Conversely, virtual school will not receive:
  - Safe Schools
  - Exceptional Student Allocation
  - Teacher Lead (reimbursement for supplies)
  - Student Transportation or
  - Breakfast and Lunch Program Subsidy

# Funding Statute Highlights

- In 2006 session, Legislature recognized costs incurred for students who did not pass or who dropped out
  - Provided for a 11.4% increase per FTE add-on

# FTE Funding Model Benefits:

- Student-centered
- Recognizes the flexibility inherent in distance learning
- Supports growth of virtual school and scalability to meet students' needs
- Permanency

# FTE Funding Model Challenges:

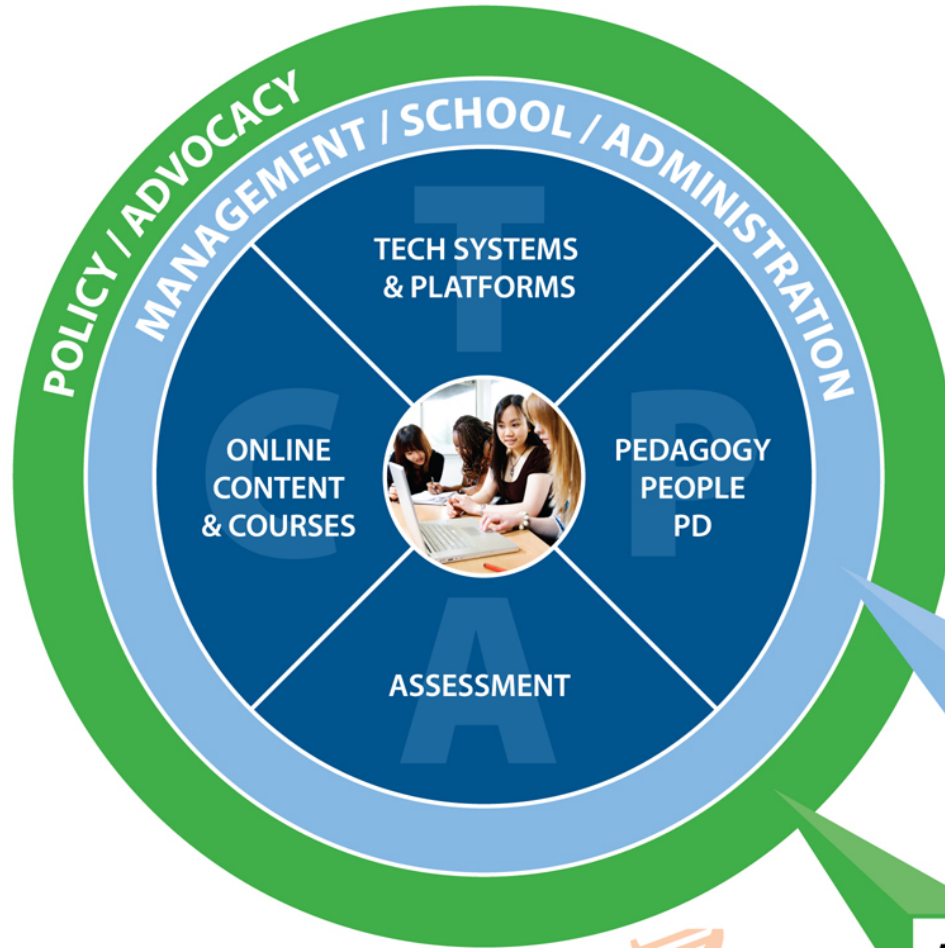
- New standard of accountability
- Managing growth while maintaining quality
- Meeting the demand
- Enrollment and budget projections and management
- Implementation of unique funding report with current state information systems

# Responsible Oversight

- Creating an Independent State Charter Authorizer is key
  - Provide a menu of choices
  - Ensure quality and accountability for full-time programs with multiple providers and programs
  - Authorizers experts in understand online learning
  - State, districts and universities can charter
  - State charter authorizers
    - Colorado
    - Idaho
    - South Carolina
    - Arizona



# TPAC for Online & Blended Learning



**T**

## TECHNOLOGY PLATFORMS

- Enterprise architecture
- Learning management system/virtual learning environment
- 1:1 computing
- Broadband internet infrastructure
- Need new SIS models for standards-based and new competency-based approaches

**P**

## PEOPLE / PEDAGOGY / PD

- Teachers need new skills to teach online
- Administrators need new skills to manage online programs
- New Response to Intervention (RTI) models through blended

**A**

## ASSESSMENT

- Online / adaptive
- Personalization engines
- Performance-based

**C**

## ONLINE CONTENT

- Online courses
- Dual enrollment
- Credit recovery
- Common core curriculum

## STUDENT SUPPORT SERVICES

- Online tutoring
- Technical support
- Registration
- Counseling

## ADVOCACY / POLICY

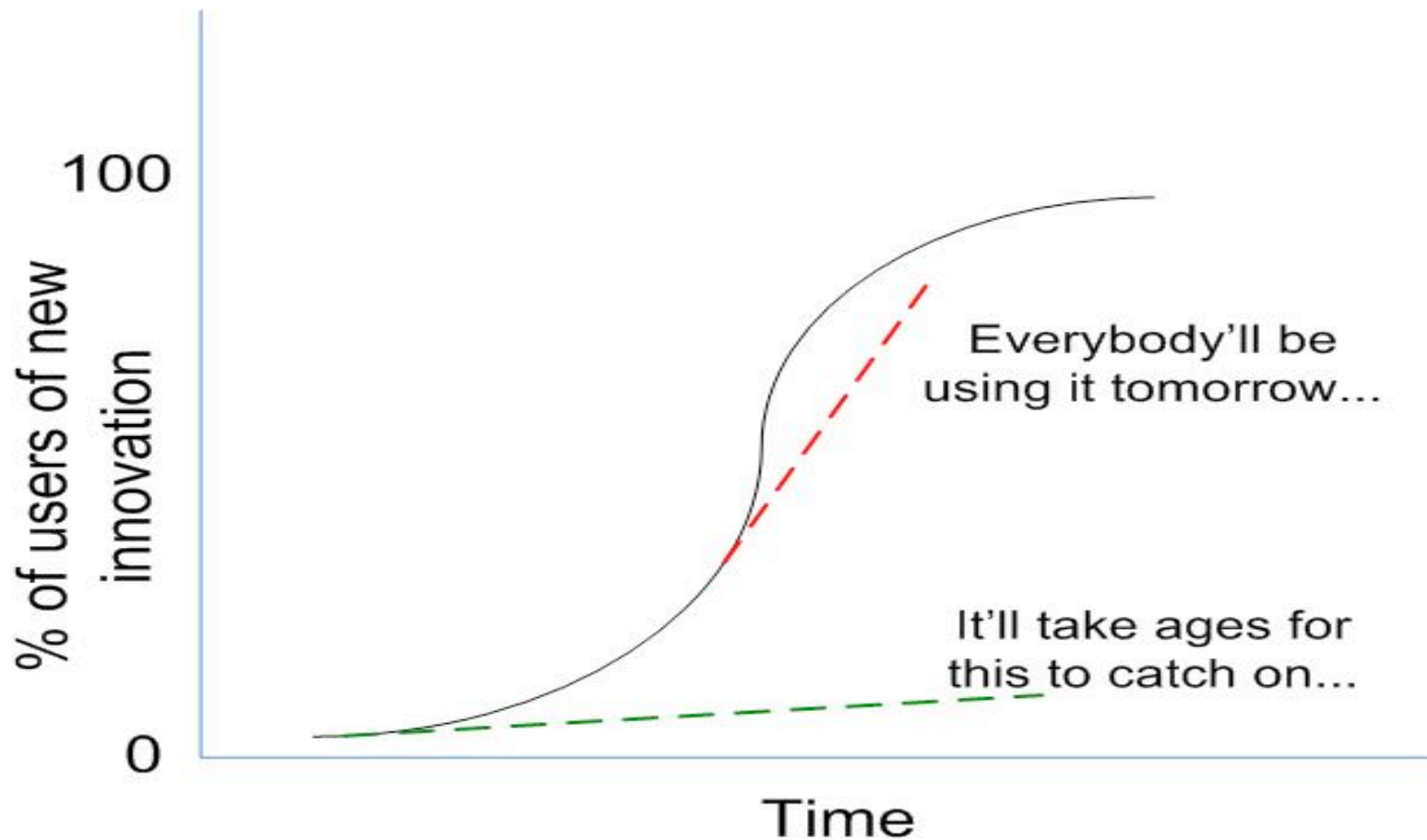
Does every student have access to online learning?

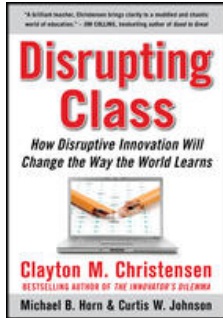
- Policies and funding models
- Remove barriers that limit enrollment

**NEXT GEN MODELS**  
need to reset model  
for competency-based



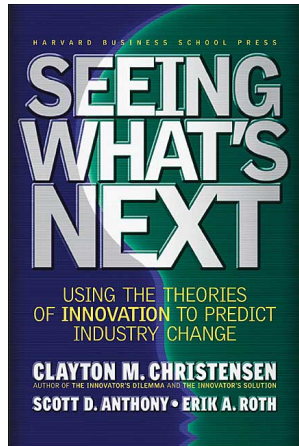
# Pace of adoption





# Disrupting Class

Christensen suggests that by 2019 about half of all high school courses will be online.



“Using the Internet to deliver courses seems to contain great disruptive potential. It could allow a radical transformation to happen in an incremental, rational way.”

- Clayton Christensen, Harvard Business School