

CYBER/VIRTUAL SCHOOL FUNDING: COMPARISON OF STATE MODELS

Attachments:

This informational handout includes the following attachments:

- **Attachment 1, FY 14 Formula Funding for Virtual Charter Schools;**
- **Attachment 2, NCSL Research from the International Association for K-12 Online Learning (*iNACOL*);**
- **Attachment 3, LESN Inquiry on Cyber School Enrollment;**
- **Attachment 4, Online Private School Tuition and Fees – International Connections Academy; and**
- **Attachment 5, Tuition information and enrollment benefits – K12 International Academy.**

Formula Funding for NM Virtual Charter Schools:

- **Attachment 1** contains a table illustrating the FY 14 program cost per MEM of the two virtual charter schools and selected components of that funding in comparison to all charter schools and school districts in the state. The data in that table suggests:
 - Virtual charter schools generate significantly less program cost through the funding formula than both charter schools and traditional public schools:
 - New Mexico Virtual Academy (NMVA) generated \$5,381 per MEM, approximately 26.3 percent less than the statewide average and 35.0 percent less than the average charter school; and
 - New Mexico Connections Academy (NMCA) generated \$5,672 per MEM, approximately 22.3 percent less than the statewide average and 31.5 percent less than the average charter school.
 - The difference in funding levels appear to be attributable to:
 - values of the T&E Index below the statewide average;
 - lower special education rates than other charter schools or the statewide average; and
 - below-average add-on units (size adjustment, enrollment growth, etc.).

Comparison of New Mexico to Other States:

- Relative to the virtual school funding provided by other states that have separate provisions for fully online school funding, as shown in **Attachment 2**, the New Mexico public school funding formula generates for virtual schools:
 - less funding than nine states (California, Colorado, Iowa, Louisiana, Nevada, Oregon, Pennsylvania, Wisconsin, and Wyoming);
 - more funding than three states (Florida, Georgia, and Kansas); and
 - comparable funding to three states (Arizona, Indiana, and Ohio).

Comparison to Private Online Schools:

- NMCA contracts with Connections Education LLC for online curricula and various services. The tuition schedule and services provided by the International Connections Academy, a private online school operated by that company, have been included as **Attachment 4**.
- NMVA contracts with K12 Inc. for online curricula and various services. The tuition schedule and services provided by the K12 International Academy, a private online school operated by that company, have been included as **Attachment 5**.

FY 14 Formula Funding for Virtual Charter Schools

	Program Cost per MEM	Units per MEM	T&E Index	Enrollment Growth Units**	Size Adjustment Units**	Special Education Rates			
						A/B Level	C Level	D Level	All Levels
New Mexico Virtual Academy (Grades 6-12)	\$5,381	1.410	1.014	1.0%	0.0%	12.5%	0.0%	0.1%	12.6%
New Mexico Connections Academy (Grades 4-12)	\$5,672	1.486	1.085*	0.0%	0.0%	8.9%	2.1%	2.1%	13.1%
All Charter Schools	\$8,284	2.170	1.068	6.6%	16.5%	12.5%	2.0%	1.6%	16.1%
All Public Schools	\$7,300	1.912	1.095	0.8%	4.1%	12.2%	2.6%	2.8%	17.6%

* For its initial year of operations, the 2013-2014 school year, New Mexico Connections Academy used the T&E Index of the district in which it is geographically located, Santa Fe. The school's T&E Index for the 2014-2015 school year is 1.000 based on October 2013 payrolls.

** Enrollment Growth and Size Adjustment Units are expressed as a percentage of Grand Total Units.

Research from International Association for K-12 Online Learning (iNACOL) provided September 4, 2014 to Sunny Deye, National Conference of State Legislatures (NCSL), Education Program:

Online school funding levels and methods

Most fully online school funding falls into one of several categories:

- Online schools may be charter schools, and receive funding that is equal to physical charter schools. States in this category include Michigan, Minnesota, Oregon, Utah, and Wisconsin. Funding in these cases is usually between \$6,000 and \$7,000 per student.
- Online schools may be charter schools that are funded at a lower rate than physical charter schools. Indiana and Ohio, for example, fund online charter schools at about 90% of the brick-and-mortar charter school rates, which are already lower than traditional school district funding levels. South Carolina funds all charters through the South Carolina Public Charter School District; legislation in 2011 increased base funding for brick-and-mortar charter students to nearly double the funding level of virtual charter student funding.
- Online schools may be a mix of charter and non-charter schools, and funded at a rate that applies to all online schools. Arizona funds fully online students at a rate of 95% of the base funding rate of traditional students, while Colorado sets a rate for multi-district online schools that is about 92% of the average rate across districts.
- Pennsylvania funds students at similar levels regardless of the delivery model, so students generate similar funding for online schools as they do for physical schools. Even so, charter schools are still funded at a lower level than what traditional school districts receive due to several adjustments made in the funding formula districts use to forward funds to charters.

In almost all cases funding for online students is lower than funding for students in traditional non-charter schools.

In addition to the foundation funding difference between online schools and traditional schools, in some states online schools qualify for a different weighting of students, or categorical funds, than traditional schools. Schools with a higher proportion of at-risk-weighted students receive a larger amount per pupil. Additional funding details are provided in Table 1 below.

NCSL Research from iNACOL

Table 1: Funding of online schools compared to traditional schools in select states

State	2012-13 fully online school FTE funding	Online school funding compared to funding for physical charter schools	Average per pupil spending in traditional schools across the state (average revenue per pupil) ⁸	Online school funding as a percentage of average state funding
Arizona	\$5,759	95%	\$7,968	72%
California	\$6,468	100%	\$9,300	70%
Colorado	\$6,462	92% (varies by district, but \$6,400 is the average)	\$8,926	72%
Florida	\$5,145 (\$4,448 est. actual based on completion)	92% on total (using \$5,600 for avg charter) and 79% using completion rates	\$8,863	58%
Georgia	\$4,334	100%	\$9,432	46%
Indiana	\$5,245	87.5%, proposed change would increase this to 100%	\$9,479	55%
Iowa	\$6,001	100%	\$9,748	62%
Kansas	\$4,030	100%	\$9,972	40%
Louisiana	\$8,395	100%	\$10,701	90%
Nevada	\$6,700	100%	\$8,376	80%
Ohio	\$5,745	92%	\$11,224	51%
Oregon	\$6,304	100%	\$9,268	68%
Pennsylvania	\$8,992	100%	\$12,729	71%
Wisconsin	\$6,445	100%	\$11,453	56%
Wyoming	\$6,500	100%	\$15,232	43%

The online school funding numbers in this table are averages or representative funding levels derived from a variety of sources. Funding levels for specific schools are based on a variety of factors, including school size, authorizer, and whether it is single- or multi-district; as well as student characteristics; and others. Some states make funding information easily accessible on department of education websites (such as in Colorado at <http://www.cde.state.co.us/sites/default/files/FY2013-14%20Brochure.pdf> and Georgia at <http://scsc.georgia.gov/funding>). In other states the funding number was developed based on conversations with representative schools or state education agency personnel. This list does not include all states with online schools because an average funding number was not able to be found for all states. The online funding number is compared to charter funding because in many states they are the same.^{9 10}

On September 1, 2014, the following question was submitted to the NCSL Legislative Education Staff Network (LESN):

“I am gathering information (statutes, bills) from states that count enrollment for online schools differently than the typical state funding formula.”

The following responses were received from legislative staff:

STATE	RESPONSE
California	<p>Generally count students on the basis of their average daily attendance (number of days the student is physically present in school divided by the number of days in the school year).</p> <p>Most online schools, however, elect to use an alternative framework known as independent study. Under this model, students complete assignments and these assignments are “equated” to an equivalent number of days of attendance.</p> <p>The mechanics of independent study are rather complex.</p>
Colorado	<p>I'm not sure we count them differently, but we do fund them differently.</p> <p>Colorado's school finance act begins with a constitutionally derived minimum per pupil funding level known as the statewide base. The base amount is adjusted for various factors to determine a per pupil funding level for each school district, which amount is multiplied by the districts' non-online enrollment to determine total funding for that district. Although each district receives a different per pupil funding amount, average statewide funding per pupil in FY 2013-14 was \$6,652.</p> <p>Students who participate in public online ed programs were funded through the school finance act at a uniform \$7,180 per pupil in FY 2013-14; this amount was reduced to \$6,068 by the "negative factor" (a calculation used in our school finance act to adjust the state's share of school funding down, to meet budgetary constraints). Online students participate either in programs that serve students from multiple districts (multiple-district programs) or in a program offered by the student's home district (single district program). Full-time online students are distinct from students counted as "brick and mortar" students who might also take supplemental online courses.</p>

LESN Inquiry – Virtual School Funding

STATE	RESPONSE
Iowa	<p>So In Iowa we have the Iowa Learning On-Line Program:</p> <p>https://www.educateiowa.gov/pk-12/online-learning</p> <p>http://iowalearningonline.org/</p> <ul style="list-style-type: none"> • state-run system is delivered entirely through Internet-based courses and desktop video-conferencing with face-to-face regional lab support for science courses. • no charge for students • offering courses not delivered in their school districts, as well as courses for credit advancement, credit recovery, as a solution to scheduling problems, and for students who want to experience an online learning environment. This fall, the number of courses offered through Iowa Learning Online will increase to 42. • provide classes on-line to all school districts in Iowa equally. <p>there is an exemption for two districts in Iowa that use K-12 Inc.</p> <ul style="list-style-type: none"> • require that the classes be taught by Iowa licensed teachers • Otherwise we do NOT fund on-line schools • We do appropriate funds to Iowa Learning On-Line
Minnesota	<p>In Minnesota, the 'average daily membership' (ADM) of a student enrolled in online courses is adjusted per Minnesota Statutes 124D.095, subdivision 8, and 126C.05, subdivision 19. https://www.revisor.mn.gov/statutes/?id=124D.095#stat.124D.095.8 https://www.revisor.mn.gov/statutes/?id=126C.05#stat.126C.05.19</p> <p>In short, the ADM of a student enrolled online is decreased for the home/offline district and increased for the online district in proportion to the number of semester courses that the student completes online. In all cases, the ADM at the home/offline district is never less than 0.12 -- this fractional aid helps offset certain fixed and semi-variable costs at the student's home/offline district.</p>
Montana	<p>http://www.moga.mo.gov/statutes/C100-199/1620001250.HTM</p> <p>We reimburse based on 94% attendance, which, at the time the law was written, was the average attendance. This is not going to be a workable method in the long-run, and there is interest in competency-based education, which should fit right in to the virtual school idea, but I don't think we'll see any movement on it for a year or two yet.</p>

LESN Inquiry – Virtual School Funding

STATE	RESPONSE
Nebraska	<p>In Nebraska we do not currently have any provision for counting students differently when they are taking on-line courses through a public school district. I am also not aware of any school districts that are currently providing complete diploma programs on-line. We do have the University of Nebraska High School, which provides a fully on-line accredited high school program, but I do not believe any districts are currently contracting with them for full-time on-line instruction. The students who take some classes electronically are not counted any differently than other students.</p>
Nevada	<p>Nevada does not count online enrollment differently at the moment. However, our funding formula is likely to undergo its first major revisions in many decades and it is possible that online enrollment will be given some consideration. So, stay tuned...</p> <p>We'd love to see the results of your survey on this topic if anything is compiled.</p>
New Mexico	<p>New Mexico currently does not distinguish between enrollment for online and traditional public schools.</p>
North Carolina	<p>In NC, we've got the North Carolina Virtual Public School (NCVPS) which is a State-run program offered to public school students for free. The operating costs of NCVPS are largely paid by reducing allotments from the public school or charter school, based on projected attendance. In other words, these students are counted in enrollment for their traditional school, but money is subtracted from the school's allotments based on historical enrollment patterns in NCVPS. Additional details can be found here: http://www.ncvps.org/index.php/funding-formula-and-financial-information/</p> <p>The other thing going on in North Carolina is that the 2014 Budget authorized the State Board to authorize up to two virtual charter schools to begin operation in FY 15-16. Students enrolled in these schools will count towards enrollment just like in any other school, however, the funding they generate will be slightly different than the funding provided to traditional bricks-and-mortar charter schools.</p>

LESN Inquiry – Virtual School Funding

STATE	RESPONSE
Ohio	<p>Ohio requires a monthly enrollment count for funding purposes from all charter schools including online charter schools. Traditional district enrollment used for funding purposes has only been reported once a year until the 2014-15 school year. Districts will now be required to report enrollment three times a year. In both cases funding is based on an annualized FTE.</p> <p>Because the funding mechanism for Ohio charter schools is based on deduction from districts' state aid, statute requires that students that miss 105 consecutive hours of school be automatically withdrawn. When a student is withdrawn, funding halts.</p> <p>As far as the funding formula itself, online schools do not qualify for all of the formula's components.</p>
Oklahoma	<p>In 2013, the Oklahoma Legislature adopted SB 267, which modified the way online/virtual students are counted for purposes of state aid. Here is the text from the bill regarding that provision:</p> <p style="padding-left: 40px;">70 O.S. 2011, Section 3-142, is amended to read as follows:</p> <p style="padding-left: 40px;">Section 3-142. A. For purposes of funding, a charter school sponsored by a board of education of a school district shall be considered a site within the school district in which the charter school is located. The student membership of the charter school shall be considered separate from the student membership of the district in which the charter school is located for the purpose of calculating weighted average daily membership pursuant to Section 18-201.1 of this title and State Aid pursuant to Section 18-200.1 of this title. For charter schools sponsored by a board of education of a school district, the sum of the separate calculations for the charter school and the school district shall be used to determine the total State Aid allocation for the district in which the charter school is located. A charter school shall receive from the sponsoring school district, the State Aid allocation and any other state-appropriated revenue generated by its students for the applicable year, less up to five percent (5%) of the State Aid allocation, which may be retained by the school district as a fee for administrative services rendered. For charter schools sponsored by the board of education of a technology center school district, a higher education institution, the State Board of Education, or a federally recognized Indian tribe <u>and for statewide virtual charter schools sponsored by the Statewide Virtual Charter School Board</u>, the State Aid allocation for the charter school shall be distributed by the State Board of Education and not more than five percent (5%) of the State Aid allocation may be charged by the sponsor as a fee for administrative services rendered. The State Board of Education shall determine the policy and procedure for making payments to a charter school. The fee for administrative services as authorized in this subsection shall only be assessed on the State Aid allocation amount and shall not be assessed on any other appropriated amounts.</p> <p style="padding-left: 40px;">B. <u>1.</u> The weighted average daily membership for the first year of operation</p>

LESN Inquiry – Virtual School Funding

STATE	RESPONSE
	<p>of a charter school shall be determined initially by multiplying the actual enrollment of students as of August 1 by 1.333. The charter school shall receive revenue equal to that which would be generated by the estimated weighted average daily membership calculated pursuant to this subsection paragraph. At midyear, the allocation for the charter school shall be adjusted using the first quarter weighted average daily membership for the charter school calculated pursuant to subsection A of this section.</p> <p><u>2. For the purpose of calculating weighted average daily membership pursuant to Section 18-201.1 of this title and State Aid pursuant to Section 18-200.1 of this title, the weighted average daily membership for the first year of operation and each year thereafter of a full-time virtual charter school shall be determined by multiplying the actual enrollment of students as of August 1 by 1.333. The full-time virtual charter school shall receive revenue equal to that which would be generated by the estimated weighted average daily membership calculated pursuant to this paragraph. At midyear, the allocation for the full-time virtual charter school shall be adjusted using the first quarter weighted average daily membership for the virtual charter school calculated pursuant to subsection A of this section.</u></p>
Wyoming	<p>For distance education, Wyoming does not use the traditional average daily membership (ADM) calculation (enrollment). The ADM is calculated for each student by converting a student’s completed “milestones” (or course objectives) into ADM not to exceed a 1.0 FTE. The distance education ADM can be combined with any other ADM for a student, but again, not to exceed 1.0 FTE. The Wyoming department of education’s rules and regulations govern this calculation, which can be found here: http://soswy.state.wy.us/Rules/RULES/8119.pdf. The calculation’s rules and regulations can be found under the Chapter 8 rules and regulations, Section 10(e) (pages 8-6 to 8-7). The ADM is then put into the statewide funding formula to calculate a school district’s funding level. Distance education students are funded at the same level as non-distance education students. Furthermore, statutory provisions can be found under Wyoming Statute 21-13-330 (http://legisweb.state.wy.us/statutes/statutes.aspx?file=titles/Title21/T21CH13AR3.htm) and rules and regulations governing Wyoming distance education programs can be found here: http://soswy.state.wy.us/Rules/RULES/8279.pdf.</p>

Tuition and Fees 2014–15 Academic Year

We are now accepting 2014–15 full-time enrollments. Call 888-440-2899 for information!

International Connections Academy is an accredited online private school offering affordable payment options. Your tuition includes enrollment in our private school, use of all required course materials, access to our proprietary education management system, highly qualified teachers and support staff, and a rigorous, challenging curriculum.

2014–15 Full-time Student Tuition & Fees

Academic Year

Grade Level	Tuition	Pre-Pay (Save 8%)	Monthly Payment Plan (0% Financing)
Elementary (K–5)	\$4,880	\$4,489.60	Please call 888-440-2899 for details.
Middle (6–8)	\$5,460	\$5,023.20	Please call 888-440-2899 for details.
High (9–12)	\$6,030	\$5,547.60	Please call 888-440-2899 for details.

Semester (Fall or Spring)

Grade Level	Tuition	Pre-Pay (Save 5%)	Monthly Payment Plan (0% Financing)
Elementary (K–5)	\$2,515	\$2,389.25	Please call 888-440-2899 for details.
Middle (6–8)	\$2,830	\$2,688.50	Please call 888-440-2899 for details.
High (9–12)	\$3,140	\$2,983.00	Please call 888-440-2899 for details.

If a monthly payment plan is selected, delinquency in tuition payment (over 15 days) will result in the disabling the student's account access. Access will be renewed when the delinquency is resolved. Long-term delinquency (over 30 days) will result in the student's withdrawal from International Connections Academy.

Other Fees

- For materials shipped to Alaska, Hawaii, and Puerto Rico: \$85.
- For materials shipped to international locations a shipping fee will be determined prior to completing enrollment.
- Transcript Fees: There may be a nominal fee for additional copies of iNaCA official transcripts. Please see our [transcript policy](#) for more details.

Online Private School Tuition and Fees – International Connections Academy

Other Available Discounts

- Multi-Child Discount: For families with 2 or more children enrolled full-time, save 10% on tuition for each enrollment.
- Military Discount: For active duty military (with Military ID), save 10% on total full-time and part-time tuition for each student you enroll.

Please note:

1. If a family pays in full (taking advantage of the available discount referenced above), either of the Family or Military discounts will be applied to the tuition after the initial pre-payment discount is applied.
2. Either the Family Discount or the Military Discount can be obtained by a family if they qualify, however, only one of these discount programs can be applied for any semester or academic year.

Included Services for All Grades

- Clubs and Activities Directory
- Learning Styles Assessment, Personalized Learning Plan
- Technical Support
- Skills Practice
- Message Boards
- Dedicated Relationship Manager
- Basic Academic Counseling

2014–15 Part-Time Student Tuition

Part-time courses are available starting at \$200 per course. Please see the full selection of [part-time courses available at our online store](#).

[Review our refund policy for all programs in the 2014–15 Academic Year.](#)

Tuition information and enrollment benefits: K12 International Academy

Tuition and Benefits

We respect the financial commitment that families make when they choose to enroll their children in a private school. We've worked hard to offer the highest-caliber education at a remarkable value. As a result, tuition is significantly less than typical private schools. We can also work with you on a payment plan to fit your financial needs. Plus, we offer sibling discounts, so you can save 10% on tuition for each subsequent full-time student you enroll. Contact us to learn more!

Note: Tuition outside the United States varies. If you live in the United Arab Emirates, Bahrain, Kuwait, Oman, Qatar, or Saudi Arabia, [click here](#) for tuition fees.

Tuition Fees

Full Time	Part Time
<p>Annual tuition*</p> <ul style="list-style-type: none"> • \$200 New Student Registration Fee (All Schools) • \$4,995 (Lower School) • \$5,995 (Middle School) • \$6,995 (Upper School) 	<p>Full-year courses</p> <ul style="list-style-type: none"> • \$550 (Lower School) • \$650 (Middle School) • \$850 (Upper School) • \$950 (AP courses)
<p>Semester tuition</p> <ul style="list-style-type: none"> • \$3,499 (Upper School) • Not available for Lower or Middle School 	<p>One-semester courses</p> <ul style="list-style-type: none"> • \$425 (Upper School) • \$475 (AP courses) • Not available for Lower or Middle School

Full-time Benefits and Requirements

- Online course content
- Course materials
- Teacher support
- Individualized Learning Plan
- Academic Coaching support (grades 6–12)
- Access to Family Connection (grades 6-12)
- SAT/ACT Prep (grades 9-12)
- College and career planning resources (grades 7–12)
- Official transcripts provided at the end of each semester for Lower and Middle School students.
- Unofficial transcripts are provided at the end of each semester for Upper School students. For a nominal fee, students enrolled in Upper School courses can request official transcripts via an [outside service](#).
- Diploma upon graduation
- New and returning student orientation and on-boarding
- Scantron performance testing (grades 2–10)
- DIBELS screening (grades K–1)
- Study Island (grades K–11)
- Advanced Learner Program
- Dual-credit courses (available for 12th grade students who qualify)

Tuition information and enrollment benefits: K12 International Academy

- Online learning management systems
- Access to student clubs and activities
- Virtual field trips
- Chill 'n Chat sessions
- Learning Coach/mentor training
- Customer service and technical support

Sibling discounts

Receive 10% off tuition for each subsequent student!** (Not combinable with any other offer.) Check our [Contact Us page](#) to find the number to call for details.

Payment plans

Payment plan options are available for an additional fee. Check our [Contact Us page](#) to find the number to call for details.

Registration Fee

There is a one-time registration fee of \$200 for all new enrolling students.

Shipping

Shipping to Canada/Mexico is an additional \$100. Shipping to all other countries outside the U.S. is an additional \$275.

* Assumes tuition fee received before school starts.

** Multiple sibling discounts cannot be combined with any other offers or promotions.

Prices subject to change.

Part-time Benefits and Requirements

- Online course content
- Teacher support
- Online learning management systems
- Official transcript provided for Lower and Middle School students Attendance and grade level promotion are not included as a service and do not display on the transcript.
- Unofficial transcripts are provided at the end of each semester for Upper School students. For a nominal fee, students enrolled in Upper School courses can request official transcripts via an [outside service](#).

Some courses may require the purchase of materials for an additional fee. Please download a complete [Upper School part-time pricing list](#) or a [Lower and Middle School part-time pricing list](#), or call for materials requirements and pricing. See our Contact Us page for the number to use for your region.

Shipping

Shipping to countries outside the U.S. is an additional \$55.

SOURCE: <http://www.icademy.com/admissions/tuition-and-benefits>