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October 17, 2006

## MEMORANDUM

**TO:** Legislative Education Study Committee

**FR:** Pamela Herman

**RE: STAFF BRIEF: EDUCATIONAL TECHNOLOGY: VIRTUAL SCHOOLS/ STATEWIDE CYBER ACADEMY**

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The 2006 Interim Workplan of the Legislative Education Study Committee (LESC) includes a presentation on education technology and distance education, including virtual schools and the proposed statewide cyber academy.

**Issues:**

According to the Northwest Regional Educational Laboratory and other authorities, distance learning opportunities (also known as cyber learning, e-learning, or virtual schools) have developed explosively over recent years. Other national researchers note the following:

- As early as school year 2002-2003, approximately one-third of school districts had students enrolled in distance education courses.
- As of July 2005, 21 states had statewide online learning programs, at least 16 states had cyber charter schools, and cyber schools or district-level programs were in operation in almost every state, typically reporting double-digit annual enrollment growth.
- Distance learning programs are growing at such a rapid rate that it is difficult to determine exactly how many exist.

In New Mexico, school districts and institutions of higher education are currently developing or delivering a variety of distance learning programs to public school age students throughout the state. Among these, the Legislature has considered the following:

- **The Cyber Academy at Rio Rancho Public Schools:**

  - The Legislature has appropriated a total of $731,900 to the Public Education Department (PED) for the Cyber Academy at Rio Rancho Public Schools (RRPS), as follows:

    - in 2005, $475,000 (after sanding) in SB 190; and
    - in 2006, $256,900, including:

      - a related recurring appropriation of $84,900 (after sanding) to PED in HB 2, *General Appropriation Act of 2006*; and
      - a one-time appropriation of $172,000 to PED in SB 415, the "junior" *General Appropriation Act*, to provide additional core courses and elective learning opportunities for students in Rio Rancho, Sandoval County, and statewide.

  - RRPS reports that 178 students are currently enrolled in the Cyber Academy. Of these, 120 are full-time cyber students and 58 are "blended" students taking both cyber and traditional courses at another Rio Rancho school. The academy has 24 out-of-district students, of whom 19 are full-time and five are blended.

  - The Cyber Academy has contracted the National Network of Digital Schools, a national non-profit organization, to provide the following services:

    - curricula for asynchronous (self-paced) courses and related technology;
    - an electronic system for tracking students; and
    - instructional support and teacher professional development.

  - According to RRPS, programs at the Academy include real-time (or synchronous) interactive online classes; self-paced (asynchronous) coursework; remedial or makeup classes; and intensive intervention with one-on-one tutoring in literacy and mathematics at the computer lab in Rio Rancho. Students who do not have their own computers or connectivity at home must come to the lab to log on. Staff at the Academy creates individualized learning plans for each student which may include full-time cyber coursework or a blend of online and traditional classes.

- **The New Mexico Learning Network and the Statewide Cyber Academy:**

  - In 2005, the Legislature appropriated just under $475,000 (after sanding) for New Mexico Junior College (NMJC) in SB 190, the "junior" *General Appropriation Act* [Chapter 34, Laws 2005], to support and develop the New Mexico Virtual College to become a statewide e-learning network.

  - In 2006, the Legislature appropriated approximately $2.7 million to the Higher Education Department (HED) in HB 2, *General Appropriation Act of 2006*, for special projects expansion to continue projects initiated by Chapter 34 of Laws 2005. HED states that it has allocated $394,100 from this appropriation to the New Mexico Virtual College.

- A July 2006 briefing to the Governor's advisor on education reported that the New Mexico Virtual College management team voted in spring 2006 to broaden the scope of the initiative to become the New Mexico Learning Network, to include P-12 and workforce development stakeholders.

  - the New Mexico Learning Network convened a statewide Strategic Planning Summit in August, 2006 to develop a strategic plan for this expanded network; and
  - PED states that the statewide high school cyber academy that it proposes to offer will be an aspect of the network.

- **Other distance learning projects and initiatives:**

  - **Advanced Placement:** In 2006, the Legislature appropriated approximately $1.2 million to PED for advanced placement initiatives. Of that amount, PED states that $75,000 has been allocated for distance delivery of advanced placement courses to students in rural school districts.

  - **School district projects:** Also in 2006, the Legislature appropriated $50,000 in capital outlay funds specifically for distance learning technology in the Manzano and Highland school clusters in Albuquerque Public Schools.

  - The 2006 Legislature considered other proposals for distance learning programs for public school districts: HB 306, *Distance Learning Pilot Projects*; HB 391, *Cimarron Schools Online Educational Program*; and HB 466, *Raton Distance & Virtual School*.

    - Although the bills did not pass, Raton Public Schools received approval from PED to expand its virtual high school program in school year 2006-2007 to serve students outside its district boundaries.
    - Raton Public Schools reports that it currently serves approximately 100 students, of whom 15 reside within Raton district boundaries; this represents an increase of 78 students from the previous school year. Raton Public Schools states that it provides students with laptop computers and creates individualized learning plans for each student, and that it uses Calvert Curriculum in a Box coursework for online learning.

  - **Higher education:** In addition, in 2006 the Legislature considered two proposals, SB 481 and HB 572, *Distance Learning Technologies*, to appropriate funds to Eastern New Mexico University-Roswell to implement distance learning programs in rural school districts.

    - Although the bills did not pass, the Legislature included $75,000 to Eastern New Mexico University-Roswell in SB 415 "to offer distance education college courses to high school students in the Dexter, Roswell, Hagerman, Lake Arthur, Loving, Hondo Valley and Capitan and the Mescalero Apache schools."

- **Emerging issues in distance education:**

According to the Education Commission of the States (ECS), distance learning programs that deliver most of their instruction via a website differ from regular schools in the following ways:

- They are not limited by the geographic boundaries or daily schedules of regular schools.

- They can provide additional options and innovations to serve more kinds of students, including those in remote areas, those with jobs, those who are incarcerated and wish to continue or enrich their education, and those who need to make up credits.

- They can cater to unique learning styles, offer multiple curriculum choices, and provide links between students and teachers with special expertise who live far away, even out of state.

However, ECS also notes the following challenges for cyber schools:

- They rely heavily on self-motivated students, or parents who monitor students' activities, certify attendance, and provide instructional support.

- They introduce new governance and finance issues, since they have the capacity to enroll students beyond a district's borders.

  - For example, the Hope Online Learning Academy is a charter school in Colorado serving students in grades K-12 online and at numerous local "learning centers" throughout the state. According to the Colorado Department of Education website, the Hope Academy had an enrollment of 1,516 students statewide in school year 2005-2006. In contrast, the Vilas School District within which the Hope Academy is chartered is a small rural district whose only elementary school enrolled 45 students in school year 2005-2006.

  - In New Mexico, however, state statute restricts out-of-district enrollment by requiring that a person subject to the *Compulsory School Attendance Law* shall attend school in the school district in which that student is a resident, except where an inter-district transfer is approved.

  - PED has proposed a rule to govern distance learning courses for credit (see Attachment 1). The proposed rule requires local school boards offering distance learning to adopt policies that establish the local board as the sole entity granting student credit for the program and to have distance learning coordinators to monitor student work. The rule would include the following provisions:

    - distance learning shall be used by public schools within the state to expand course offerings and student access to instructional resources, not as a substitute for all direct, face-to-face student and teacher interactions;
    - distance learning centers shall provide on-site access to necessary technology for students, and all distance learning classes shall be physically attended at a distance learning center unless a disabled student is receiving homebound instruction pursuant to an IEP or in other limited circumstances;
    - distance learning centers shall adopt a class schedule that permits distance learning students to take both distance and locally scheduled classes;

- in general, students may take up to four distance learning courses per semester, no more than two of which may be asynchronous;
- only students who are regularly enrolled in a public school district or charter school may enroll in distance learning courses for credit through a local school district, and every student must have a primary enrolling district;
- a student enrolled in a distance learning course for credit in a district other than the student's primary district can only be counted toward the state equalization guarantee (SEG) in the student's primary ("enrolling") district;
- reimbursement for cross-district enrollment for distance learning shall be arranged between districts based on signed contracts;
- students enrolled in asynchronous courses must log on at least four times per week and certify that they are the enrolled student each time;
- students enrolled in synchronous courses must log on to their computer at the scheduled class time and certify that they are the enrolled student each time;
- each student shall be evaluated, tested, and monitored at the same intervals as other students in that grade level in the student's school, and subject to the statewide assessments required of all students, which must be taken at a public school site; and
- a distance learning student may enroll in and receive credit for courses at a grade level other than the student's current grade.

Other states have found that two key concerns that arise in developing effective distance learning initiatives are cost and teaching quality.

- According to a presentation by Augenblick, Palaich and Associates, Inc., to the National Conference of State Legislatures in August 2006, on average, larger more established state virtual schools are less expensive per pupil to operate than similarly sized local virtual schools, because the local school is required to serve all of a student's educational needs full time, while state virtual schools most often serve students part time, in partnership with the students' local districts (see Attachment 2).

- The Southern Regional Education Board (SREB), in an August 2006 publication titled *Cost Guidelines for State Virtual Schools—Development, Implementation and Sustainability*, indicates that for statewide virtual schools, personnel costs may be an even higher proportion of operating budgets than for traditional schools. Additional costs include course purchase or development and, of course, learning hardware and software. On the other hand, costs related to transportation, physical plant, food service, and libraries are usually much lower.

- SREB also points out, in a related publication titled *Standards for Quality Online Teaching*, that the most important factor influencing student learning is the teacher. Online learning provides the opportunity for every middle and high school student, regardless of location, to have access to quality teachers. However, those teachers must not only have adequate preparation and content knowledge; they must also have command of instructional technology and online teaching and learning methodology. Teacher professional development costs, therefore, must be considered in developing distance education programs.

**Background:**

In the past, the Legislature has supported a number of distance learning initiatives. Key among them are the following:

- The New Mexico Virtual School (NMVS) received $625,000 from the Legislature in 2000 with language directing that $125,000 go to the Rio Grande Collaborative for a dropout reintegration program. The State Department of Education (SDE, now the PED) reported to the LESC that in the 2001 spring semester, 650 students took coursework via the NMVS.

- The 2001 Legislature provided $800,000 in continued funding for the NMVS for FY 02, but no further appropriations were made for the project.

- During the past five years New Mexico has seen other state and federally funded initiatives to make online high school level coursework available, particularly in rural New Mexico, including district based e-learning, projects coordinated by Regional Educational Cooperatives, dual enrollment e-learning and video-teleconference programs offered by higher education institutions, and advanced placement courses provided to students in rural schools.

- A $1.0 million appropriation for statewide virtual education included in the LESC public school support recommendations for 2006 was not approved.

**Presenters:**

Ms. Elaine Manike, Principal, Cyber Academy, Rio Rancho Public Schools, will provide a presentation regarding the Cyber Academy program.

Mr. Brian Ormand, Director, New Mexico Learning Improvement Project, and Ms. Veronica Chavez-Neuman, Chief Information Officer, Higher Education Department, will describe the current status of the New Mexico Learning Network and its future direction.

Dr. Jim Holloway, Assistant Secretary, Rural Education Division, PED, will describe the department's recommendations for a statewide cyber academy in the context of the New Mexico Learning Network.

**Questions the committee may wish to consider:**

1. How many P-12 students statewide are enrolled in distance learning programs?

2. What is the estimated scope of the unmet need for distance learning statewide, where is it concentrated, and what plans does PED have to address the need equitably?

3. How does PED propose to allocate equitably the costs and revenues for students enrolled in distance learning courses among districts and distance learning programs?

4. How has Rio Rancho Public Schools handled the issue of revenue allocation for blended students?
5. What internal evaluation data does Rio Rancho Cyber Academy have regarding program quality and student achievement?

6. What role, if any, should charter schools play in distance education?

7. How does the distance learning rule proposed by PED accommodate the needs of high school students with jobs, small children, or other responsibilities outside of school?

8. How does PED's proposed rule ensure that the work done by distance learning students is their own?

9. How can distance learning best be managed or coordinated on a statewide basis? Who should be responsible for ensuring that courses meet state standards and benchmarks, and that programs are fully aligned in a coherent P-20 system?

## NEW MEXICO PUBLIC EDUCATION DEPARTMENT

The Public Education Department ("Department") hereby gives notice that the Department will conduct a public hearing at Mabry Hall, Jerry Apodaca Education Building, 300 Don Gaspar, Santa Fe, New Mexico, 87501-2786, on November 1, 2006, from 2 p.m. to 4:00 p.m.. The purpose of the public hearing will be to obtain input on the following rule:

| Rule Number | Rule Name | Proposed Action |
|---|---|---|
| 6.30.8 NMAC | DISTANCE LEARNING | Adopt new rule to establish requirements for distance learning programs taken for credit by students enrolled in a school district. |

Interested individuals may testify either at the public hearing or submit written comments regarding the proposed rulemaking to Ms. Mary Deets-Jimenez, Office of General Counsel, Public Education Department, Jerry Apodaca Education Building, 300 Don Gaspar, Santa Fe, New Mexico 87501-2786 (mary.deets-jimenez@state.nm.us) (505) 827-6641 (telefax (505) 827-6681). Information regarding the exact time and location of the auxiliary hearing will be posted on the Public Education Department's website (http://ped.state.nm.us/) at least thirty days prior to the hearing.

Written comments must be received no later than 5:00 pm on November 1, 2006. However, the submission of written comments as soon as possible is encouraged.

The proposed rulemaking actions may be accessed on the Department's website (http://ped.state.nm.us/) or obtained from Mary Deets-Jimenez, Office of General Counsel, Public Education Department, Jerry Apodaca Education Building, 300 Don Gaspar, Santa Fe, New Mexico 87501-2786 (mary.deets-jimenez@state.nm.us) (505) 827-6641)(telefax (505) 827-6681). The proposed rules will be made available at least thirty days prior to the hearings.

Individuals with disabilities who require this information in an alternative format or need any form of auxiliary aid to attend or participate in this meeting are asked to contact Ms. Deets-Jimenez as soon as possible. The Department requests at least ten (10) days advance notice to provide requested special accommodations.

**TITLE 6 PRIMARY AND SECONDARY EDUCATION**
**CHAPTER 30 EDUCATIONAL STANDARDS - GENERAL REQUIREMENTS**
**PART 8 DISTANCE LEARNING**

**6.30.8.1 ISSUING AGENCY:** Public Education Department
[6.30.8.1 NMAC - N, xxx]

**6.30.8.2 SCOPE:** All public schools, including charter schools, and state supported educational institutions. This rule does not apply to the use of technologies or methods used in distance learning programs when such technology or methods are used within a regular classroom setting solely to supplement or aid the classroom instruction.
[6.30.8.2 NMAC - N, xxx]

**6.30.8.3 STATUTORY AUTHORITY:** Sections 22-2-1, 22-2-2, and 22-13-27 NMSA 1978.
[6.30.8.3 NMAC - N, xxx]

**6.30.8.4 DURATION:** Permanent
[6.30.8.4 NMAC - N, xxx]

**6.30.8.5 EFFECTIVE DATE:** xxx, unless a later date is cited at the end of a section.
[6.30.8.5 NMAC - N, xxx]

**6. 30.8.6 OBJECTIVE:** This rule establishes requirements for distance learning programs taken for credit by students enrolled in a school district.
[6.30.8.6 NMAC - N, xxx]

**6. 30.8.7 DEFINITIONS:**

A. "Asynchronous instruction" means the instructor and student are not interacting in real time and can, but need not, utilize the internet.

B. "Charter school district" means an existing school district that operates under a charter approved by the department, that is nonreligious, that does not charge tuition and that does not have admission requirements in addition to those found in the Public School Code

C. "Department" means the public education department.

D. "Distance learning" means the technology and educational process used to provide instruction when the student and primary instructor are not necessarily physically present at the same time and/or place.

E. "Distance learning center" means any public school, school district or charter school providing distance learning classes.

F. "Distance Learning Irregularities" means any circumstance within or beyond the control of a distance learning center that in the opinion of the department or a distance learning center raises doubts about the propriety of procedures followed, preparation of materials, testing administration, testing security, online security, or teacher or student conduct.

G. "District coordinator" means a staff person at the school district level who shall administer and monitor the online program for the school district.

H. "Enrolling district" means the school district or charter school in which a student is enrolled for the purposes of compulsory attendance.

I. "Homebound instruction" means instruction based in a student's home per a disabled student's IEP.

J. "IEP" means Individualized Educational Plan.

K. "MEM" means membership.

L. "Membership" means the total number of qualified students as defined in NMSA 1978, Section 22-8-2.

M. "Online" or "web based" means utilizing the internet.

N. "Primary enrolling district" means the school district or charter school in which the student is registered; students shall only have one primary enrolling district for purposes of membership.

O. "Public school" means that part of a school district that is a single attendance center in which instruction is offered by one or more teachers and is discernible as a building or group of buildings generally

recognized as either an elementary, middle, junior high or high school or any combination of those and includes a charter school.

P. "Real time" interaction means live instruction that occurs between instructor and students, although the individuals need not be physically present in the same location at the same time.

Q. "Short-term medical condition" means a medical condition lasting no more than one semester.

R. "Site coordinator" means a licensed counselor or teacher at a public school, including but not limited to a charter school, who shall monitor the progress of students participating in the online program at that school.

S. "Student" is a qualified student as defined in NMSA 1978, Section 22-8-2.

T. "Synchronous instruction" means the instructor and students interact in real time. Synchronous instruction includes:

(1) regular classroom instruction;

(2) two way interactive video;

(2) telephone based instruction; and

(3) web based instruction that requires real time interaction between instructor and student.

[6.30.8.7 NMAC - N, xxx]

**6. 30.8.8 GENERAL PARAMETERS:**

A. Distance learning shall be used as a method by which the public schools within the state can expand their course offerings and expand access to instructional resources. These technologies shall not be used as a substitute for all direct, face-to-face student and teacher interactions, but as a means for local school districts and charter schools to expand the learning resources available to their students.

B. Distance learning centers shall provide onsite access to the necessary technology to participate in all distance learning classes or programs.

C. Distance learning centers shall provide accompanying electronic formats that are usable by a person with a disability using assistive technology, and those formats shall be based on the American standard code for information interchange, hypertext markup language and extensible markup language.

D. All distance learning classes shall be physically attended at a distance learning center with the following exceptions:

(1) when a student is receiving homebound instruction per their IEP due to a disability;

(2) when every student in a distance learning center has been issued a laptop, and there is a school closure, and the scheduled class is synchronous; or

(3) when the site coordinator approves an exception, which shall be limited to short-term medical conditions or other temporary urgent situations, and shall be made on a case by case basis.

E. All local school boards and charter schools offering distance learning shall, prior to the offering of distance learning, adopt polices regarding distance learning which shall comply with the following parameters:

(1) The local school board shall be the sole entity granting student credit for completion of distance learning courses.

(2) Each district shall have a district coordinator and each school providing distance learning classes or programs shall have a site coordinator, who shall monitor students' work, except that if a distance learning program is provided by a charter school, the site coordinator shall have sole responsibility for monitoring the distance learning program in that charter school.

(3) The site coordinator of the school shall approve/disapprove all students' requests to participate in all distance leaning courses or programs pursuant to criteria established by local school board policy.

(4) Distance learning centers shall adopt a class schedule consistent with the distance learning course provider's class schedule such that students will be able to maintain a course schedule which incorporates both distance learning classes and locally scheduled classes. Students must be able to consistently join classes on either schedule.

(5) Unless a student is receiving homebound instruction per their IEP due to a disability, students shall be permitted to take no more than four distance learning classes during a semester, no more than two of which may be asynchronous.

(6) District policy shall establish procedures for monitoring of student progress and graded assignments. The same grading policies applied to locally scheduled classes shall apply to distance learning classes.

(7) All federal and state statutes pertaining to student privacy, the posting of images on the internet, copyright or duplication of materials, and rules pertaining to the public broadcasting of audio and video technology shall be addressed by local board policy.

(8) The security of individual student data and records shall be addressed by school board policy. At a minimum, student record safeguards under the Family Educational Right to Privacy Act shall be followed.

[6.30.8.8 NMAC - N, xxx]

**6. 30.8.9 ENROLLMENT AND MONITORING:**

A. Only students who are regularly enrolled in a school district or charter school shall be allowed to enroll in distance learning courses for credit through a local school district.

B. Students must have a primary enrolling district. Should a student enroll in a distance learning course offered by a district other than the student's enrolling district, the student can only be counted as a qualified student for state equalization guarantee funding purposes as defined in Section 22-8-2 of the New Mexico Statutes Annotated for purposes of determining membership in the student's enrolling district. Any reimbursement for cross-district enrollment for distance learning courses shall be arranged between the districts through signed written documents.

C. Students enrolled in asynchronous distance learning courses must log onto their computers a minimum of four times per week and must certify that they are the enrolled student each time they log on to their computers. Students enrolled in synchronous distance learning courses shall log on to their computer at the scheduled class time and certify that they are the enrolled student.

D. Each student participating in a distance learning course or program shall be evaluated, tested and monitored at the same intervals as other students in the grade level in the student's school, and shall be subject to the statewide assessments as required in the Assessment and Accountability Act. No student shall be allowed to participate in the statewide assessments at a place other than a public school site.

E. A distance learning student may enroll in and receive credit for a distance learning class or program that is at a different grade level than the student's current grade level.

[6.30.8.9 NMAC - N, xxx]

**6. 30.8.10 COURSE REQUIREMENTS:**

A. Districts and charter schools shall ensure that all courses taught by New Mexico school personnel are taught by an appropriately licensed and endorsed primary instructor, and that all courses taught by an out of state or university instructor are affiliated with an accredited provider.

B. Districts and charter schools shall establish written criteria and an approval process adopted in written board policy for determining the appropriateness of particular distance learning course for individual students prior to student enrollment in such courses. All core curriculum must meet or exceed the New Mexico standards and benchmarks. Districts shall collect and keep on file course syllabi for all distance learning courses.

C. A distance learning student must receive a grade and academic credit for successfully completing the requirements of a distance learning course or program.

[6.30.8.10 NMAC - N, xxx]

**6. 30.8.11 DISTANCE LEARNING IRREGULARITIES:**

A. Each local school board and charter school shall adopt a written policy addressing removal or non-use of a distance learning provider should irregularities or deficiencies in the provider's services become apparent.

B. Should a distance learning center fail to comply with this rule, the department shall disapprove membership based on students' enrollment in the distance learning courses or programs.

C. Should a student fail to comply with this rule or the distance learning center's policies, in addition to other disciplinary actions which may be taken, the student may be denied credit for the distance learning course or program in which the student was enrolled.

[6.30.8.11 NMAC - N, xxx]

History of 6.30.8 NMAC: [Reserved]

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# *Virtual School Funding: What Resources are Required to Adequately Serve Students in Online Settings?*

APA is in the process of finishing up a project aimed at examining virtual school funding and expenditures, thanks to a grant from the Bellsouth Foundation. The full report is expected to be released in November 2006 at the North American Council for Online Learning's Virtual School Symposium. A summary of the project and preliminary findings is presented below. For more information about APA, including reports that APA has already completed on virtual schools, or other aspects of our work nationally in school finance, please contact Amy Berk Anderson (aba@apaconsulting.net, 720-227-0078).

## *Project Objectives:*

- ❑ Understand the virtual school landscape, including the types of virtual schools that exist, where such schools are located, and how they are funded.
- ❑ Examine revenue and expenditure patterns in various types of virtual schools, across several states.
- ☐ Calculate the cost of running virtual schools of various types and sizes.
- ☐ Compare findings on revenues and expenditures in virtual schools with those of brick-and-mortar public schools.
- ☐ Examine state funding mechanisms for virtual schools.
- ☐ Identify key policy issues related to funding virtual schools.

## *Types of Schools Examined:*

- ❑ **State Virtual Schools**: Schools that serve students online part-time and are designed to enhance or supplement the coursework students receive in their brick-and-mortar schools.
- ❑ **Local Virtual Schools**: Charter, district or university-based online schools that students choose to attend full-time in lieu of going to traditional brick-and-mortar schools.

## *Costs:*

- ❑ APA examined the costs of operating a quality virtual school during three stages of development:
  - ❑ Start-Up (before students arrive)
  - ❑ Early Implementation (smaller school)
  - ❑ Ongoing Implementation (larger, established school)

## *Preliminary Findings:*

- **Estimated cost of $1.6 million needed to adequately fund State Virtual School start-up activities**.
  - Nearly 80% of start-up costs were for management and course development.
- Costs can vary significantly depending on factors like:
  - **Governance** (part of SEA or its own district)
  - **Curriculum Development** (purchase, develop, lease)
  - **Location of where students take courses** (home, brick-and-mortar setting, combination)
  - **Teacher Compensation** (average salary level, # adjunct versus full-time instructors)
  - **Characteristics of Students Served** (special education, English Language Learners, at-risk)
- **On average, larger, more established State Virtual Schools are less expensive per pupil to operate than similarly sized Local Virtual Schools**, primarily because the local virtual schools are required to serve all of a student's educational needs full-time while state virtual schools most often serve students part-time, in partnership with the student's brick-and-mortar school.
- **The cost per pupil of operating a virtual school (when looking solely at operational costs) can be the same or higher than that of a regular brick and mortar school**. If capital and transportation costs were examined in the study, the cost per pupil of virtual schools would likely be much lower than brick-and-mortar.

## *Funding Virtual Schools:*

In general, states have four primary virtual school funding options:

- ***State appropriations*** (an amount allocated each year);
- ***State funding formula*** (which provides an amount on a per-pupil basis);
- ***"No State Role"*** (all support for the virtual school is provided via local sources);
- ***Combination Approach*** (where one or more of the above approaches is used).

**State Policy Issues & Ideas on Funding Virtual Schools:**

- ☐ Avoid "double-dipping"—establish funding mechanisms that follow the student.
- ☐ Provide incentives to local districts to utilize virtual schools.
- ☐ A funding system that provides an appropriation for startup costs and then moves to a per pupil allocation funding formula method appears to be a reasonable way to fund state virtual schools.
- ☐ A funding system that provides initial start-up grants and then moves to a per pupil allocation funding formula appears to be a reasonable approach for funding local virtual schools.

**Potential Adjustments to State Funding Formulas for Virtual Schools:**

- ☐ ***Adjustments for student needs*** –schools with higher numbers of special education, ELL, or at-risk students are more expensive to operate.
- ☐ ***Adjustments based on type of program*** –programs where students take courses from home are less expensive than those where students take courses in school.
- ☐ ***Adjustments for size*** –recognize economies of scale as a school grows while also providing incentives for growth.