



NATIONAL CONFERENCE *of* STATE LEGISLATURES

The Forum for America's Ideas

To: Members of the Colorado Online Task Force

From: Sunny Deye, NCSL

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Subject: Research request from Meeting #1

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During the first meeting of the Colorado Online Task Force, members requested information from NCSL about how other states determine 1) student enrollment counts for full-time online schools and 2) authorizer standards / certification for full-time online schools.

Student Enrollment Counts

The following resources may be useful to the Task Force in its deliberations related to student enrollment counts for full-time online schools:

- A 2011 study of state student enrollment count methods prepared for the Colorado Department of Education, [*Colorado Average Daily Membership Study: A Feasibility Study of Alternatives to the October 1 Student Count Method*](#), found that there are basically six types of student funding counts states use:
 - Single Day Membership (6 states)
 - Single Day Attendance (4 states, including Colorado)
 - Multiple Day Membership (7 states)
 - Multiple Day Attendance (2 states)
 - Average Daily Membership (24 states)
 - Average Daily Attendance (7 states)
- A 2012 education policy brief from the Center for Evaluation and Education Policy, [*Student Count Mechanisms for Funding Purposes*](#), examines how states use student count mechanisms for funding decisions.
- NCSL identified a handful of states that count enrollment for full-time, k-12 online schools differently than the typical state funding formula (Appendix A).
- Research from the International Association for K-12 Online Learning (iNACOL), provided via interview September 3, 2014, with Maria Whorten, Vice President for Federal and State Policy at iNACOL, provides state data on online school funding and how it is determined (Appendix B).



Authorizer Standards

The following resources may be useful to the Task Force in its deliberations related to authorizer standards / certification for full-time online schools:

- [*Keeping Pace with K-12 Online Learning: An Annual Review of Policy and Practice \(2013\)*](#), published by Evergreen Education Group, is the 10th in a series of annual reports that began in 2004 that examine the status of K-12 online education across the country. The report provides an overview of the latest policies, practices, and trends affecting online learning programs across all 50 states.
- The National Education Policy Center's [*Virtual Schools in the U.S. 2014: Politics, Performance, Policy, and Research Evidence*](#) includes analysis of the evolution and performance of full-time, publicly funded K-12 virtual schools and the policy issues raised by available evidence.
- [*Measuring Quality from Inputs to Outcomes: Creating Student Learning Performance Metrics and Quality Assurance for Online Schools*](#), published by iNACOL, suggests multiple outcomes-based performance indicators and supporting metrics for quality assurance and effectiveness of online programs and courses.
- The National Association of Charter School Authorizers' annual authorizer survey, [*The State of Charter School Authorizing*](#), highlights trends in authorizing and the use of NACSA's [*Principles & Standards for Quality Charter School Authorizing*](#).
- NCSL identified a handful of state statutes related to authorizing online program providers (Appendix C).

Appendix A

Examples of states that count enrollment for full-time, k-12 online schools differently than the typical state funding formula

California

Average Daily Attendance

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).

Independent Study

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.

Statutes: [California Education Code 51745 through 51749.6](#)

Minnesota

Average Daily Membership

In Minnesota, the 'average daily membership' (ADM) of a student enrolled in online courses 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.

Statutes: 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>

Oklahoma

Weighted Average Daily Membership

In 2013, the Oklahoma Legislature adopted [SB 267](#), which modified the way online/virtual students are counted for purposes of state aid. For the purpose of calculating weighted average daily membership, 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. 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.

Statutes: Okla. Stat. tit. 70A, Section 3-142.

Wyoming

“Milestone” Adjusted Average Daily Membership

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

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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. Rules and regulations governing Wyoming distance education programs can be found here:

<http://soswy.state.wy.us/Rules/RULES/8279.pdf>.

Statutes: Wyoming Statute 21-13-330.

<http://legisweb.state.wy.us/statutes/statutes.aspx?file=titles/Title21/T21CH13AR3.htm>

Appendix B

Research from iNACOL provided September 4, 2014 to Sunny Deye, NCSL

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.

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)	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.

Online school counting methods

The ways in which states count students in fully online schools — count days, count periods, Average Daily Membership (ADM), Average Daily Attendance (ADA) — are applied to online students in different ways. All of the methods other than ADM present problems for online school student counts, and all of the methods are based on students being present in school (funding on seat-time) but not necessarily learning.

For online schools, one or a small number of count days are the most problematic of the funding methods, because of high rates of online student mobility (between online schools, and between online and traditional schools). When a student changes schools it can create a situation where the school that he attends for most of the year is not the school that received funding for him. Of the funding methods, single count days are the most problematic, while count periods and multiple count days are slightly better, in terms of both accuracy and financial incentives for schools and providers.

ADA is also not ideal because many online schools serve high rates of at-risk students, who tend to have high absence rates. Those students are likely to be absent from school on more days than most students, which will reduce funding to the school. In addition, the experiences and assessments that create an online program can be difficult to convert to a day of attendance measurement.

In addition, some states use students' designation as qualifying for free and reduced-price lunch (FRPL) as a method of qualifying for weighted or categorical funding. As most online schools do not provide meals, students have no incentive to identify as qualifying for FRPL and so do not identify as such, resulting in lower funding for the school.

All of the accounting mechanisms are based on seat time, which does not make sense in the online environment. Among the benefits of online learning is that students can learn at any time, and at their own pace. Requiring them to be in a certain place at a specific time for a specific number of minutes to generate funding does not take advantage of the flexibility and personalized learning inherent in online courses and schools.

The best counting option for online students is student membership with emphasis on progression and funding based on demonstrated mastery of concepts as students move through courses and grade levels. This option, which is better than most states' current situation, would fund students on a combination of ADM and demonstrated performance.

Supplemental course funding

Funding for student enrollments in supplemental online courses must be considered separately, as they are usually funded differently than fully online programs. Individual courses may be funded by the state via appropriation support of state-level programs, by resident districts providing courses via in-district programs, or via course choice programs.

State virtual schools exist in 25 states as of fall 2013, and most are funded via state appropriation. While this reduces competition for student dollars from districts, funding relies on ongoing political support during appropriations allotments and not on student demand for courses. This also typically limits the number of students who can take online courses, because when the budget limit is reached no additional course slots are available. In addition, the funding amount isn't usually tied to student enrollment numbers or outcomes, as the appropriation is a set annual amount limiting access to available programs.

Course choice funding

In recent years, some states have passed course choice legislation giving students the option of choosing approved providers at the course level, and allowing the funding to follow the student to the individual course. This is the case in Florida, Louisiana, Michigan, Minnesota, and Utah, where per pupil funding is divided among a student's course load, and the student can choose different providers at the course level. In many cases the funding is based on a combination of course enrollment and course completion. Examples include:

- In 2011, Utah passed SB65 (amended in 2012 with SB178), creating the Statewide Online Education Program allowing students to supplement their traditional education with online courses. The funding follows the student down to the course level from the "Primary LEA of enrollment" to the "Provider LEA." The provider receives 50% of the funding near the start of the semester, and the remaining 50% upon credit earned.
- Florida does not have one specific course choice law, but a series of laws passed over many years result in the mandate that all students in grades K-12 will have multiple full- and part-time virtual options, and that funding will follow the student to the course level and will be based on course completion. More students take online courses in Florida than in any other state, with more than 240,000 students taking part- and full-time online courses, including 410,962 course enrollments through FLVS in SY 2012-13.
- In Michigan, Public Act Number 60 (2013) allows students to take up to two online courses, and states "the district shall pay 80% of the cost of the online course upon enrollment and 20% upon completion as determined by the district." Arguably there is a performance component in the law because the district might choose to pay the final 20% based on some measure of achievement, but it is not made explicit in the law that districts should take this approach, and it is not clear if the districts will choose to do so.

Appendix C

Examples of state policies related to authorizing online program providers

Florida

What options do school districts have to provide virtual instruction programs?

In order to provide its students with the opportunity to participate in a school district virtual instruction program, a school district may:

- Contract with the FLVS or establish a franchise of the FLVS.
- Contract with a provider approved by the Department of Education (DOE) for the provision of a full-time or part-time school district virtual instruction program.
- Enter into an agreement with another school district to allow its students to participate in a virtual instruction program provided by the other school district.
- Establish school district operated part-time or full-time kindergarten through grade 12 virtual instruction programs for students enrolled in the school district.
- Enter into an agreement with a virtual charter school authorized by the school district.

Contracts with the FLVS or other providers may include multidistrict contractual arrangements that may be executed by a regional consortium on behalf of its member school districts. Additionally, a virtual charter school may enter into an agreement with a school district to allow participation of the virtual charter school's students in the school district's virtual instruction program.

What requirements must virtual instruction program providers meet for approval by the Department of Education?

To be approved by the DOE, a provider must document that it:

- Is nonsectarian in its programs, admission policies, employment practices, and operations;
- Complies with antidiscrimination provisions;
- Locates an administrative office or offices in Florida, requires its administrative staff to be state residents, requires all instructional staff to be Florida-certified teachers under Chapter 1012, and conducts background screenings for all employees or contracted personnel using state and national criminal history records;
- Provides parents and students with specific contact information for instructors, administrators, and technical support, that is posted and accessible online and the provider meets minimum student-teacher and parent-teacher contact requirements. Possesses prior, successful experience offering online courses to students enrolled in kindergarten through grade 12 as demonstrated by learning gains in each subject area and grade level that the provider provided for consideration as a virtual instruction program option;
- Is accredited by a regional accrediting association;
- Ensures instructional and curricular quality through detailed curriculum and student performance accountability plan for every subject and grade level that the provider intends to provide through contract with a school district, including:
 - Courses and programs that meet the standards of the International Association for K-12 Online Learning and the Southern Regional Education Board.
 - Instructional content and services that align with, and measure student attainment of, student proficiency in the Next Generation Sunshine State Standards.

- Mechanisms that determine and ensure that a student satisfies requirements for a grade level promotion and high school graduation with a standard diploma, as appropriate;
- Publishes for the general public:
 - Information and data about the curriculum of each full-time and part-time program.
 - School policies and procedures.
 - Certification status and physical location of all administrative and instructional personnel.
 - Hours and times of availability of instructional personnel.
 - Student-teacher ratios.
 - Student completion and promotion rates.
 - Student, educator, and school performance accountability outcomes;
- Employs instructors who meet the certification requirements for instructional staff under Florida law if the provider is a Florida College System institution; and
- Performs an annual financial audit of its accounts and records conducted by an independent certified public accountant.

The DOE is required to annually provide school districts with a list of approved providers. Once a provider is approved, it retains its approved status for three years as long as the provider continues to comply with the virtual instruction program and accountability requirements. There are a total of six approved providers for the 2014-15 school year.

Minnesota

The Commissioner of Education has the authority to approve online programs. See MS 124D.095, subd. 7. <https://www.revisor.mn.gov/statutes/?id=124d.095>

"MS 124D.095, Subd. 7. Department of Education.

(a) The department must review and approve or disapprove online learning providers within 90 calendar days of receiving an online learning provider's completed application. The commissioner, using research-based standards of quality for online learning programs, must review all approved online learning providers on a cyclical three-year basis. Approved online learning providers annually must submit program data to, confirm statements of assurances for, and provide program updates including a current course list to the commissioner.

(b) The online learning courses and programs must be rigorous, aligned with state academic standards, and contribute to grade progression in a single subject. The online learning provider, other than a digital learning provider offering digital learning to its enrolled students only under subdivision 4, paragraph (d), must give the commissioner written assurance that: (1) all courses meet state academic standards; and (2) the online learning curriculum, instruction, and assessment, expectations for actual teacher-contact time or other student-to-teacher communication, and academic support meet nationally recognized professional standards and are described as such in an online learning course syllabus that meets the commissioner's requirements. Once an online learning provider is approved under this paragraph, all of its online learning course offerings are eligible for payment under this section unless a course is successfully challenged by an enrolling district or the department under paragraph (c).

(c) An enrolling district may challenge the validity of a course offered by an online learning provider. The department must review such challenges based on the approval procedures under paragraph (b). The department may initiate its own review of the validity of an online learning course offered by an online learning provider.

(d) The department may collect a fee not to exceed \$250 for approving online learning providers or \$50 per course for reviewing a challenge by an enrolling district.

(e) The department must develop, publish, and maintain a list of online learning providers that it has reviewed and approved.

(f) The department may review a complaint about an online learning provider, or a complaint about a provider based on the provider's response to notice of a violation. If the department determines that an online learning provider violated a law or rule, the department may:

(1) create a compliance plan for the provider; or

(2) withhold funds from the provider under sections [124D.095](#), [124D.10, subdivision 8](#), and [127A.42](#).

The department must notify an online learning provider in writing about withholding funds and provide detailed calculations."

Nevada

Districts and charters providing distance education programs must apply to the State Department of Education for approval; the relevant statutes are located at [NRS 388.838 et seq.](#) There are also related regulations at [NAC 388.800 et seq.](#)

North Carolina

NC recently enacted a virtual charter school pilot to run from 2015-16 to 2018-19 that authorizes 2 virtual charter schools. The pilot does include some variations from the requirements for other brick and mortar charters in NC. These include a cap on enrollment, a required teacher-student ratio, a withdrawal process for students who fail to participate and cap on withdrawal rates, an administrative office located in the State and a testing center/meeting place in each education district in the State where students are enrolled, administrative staff who live in the state, certain certification and residency requirements for teachers, and a requirements that learning coaches be provided for students. The State Board will be reporting on the pilot's initial implementation in 2016 and findings after 3 years of operation in 2018, including recommendations on the modification, continuation, and potential expansion of the program, the Joint Legislative Education Oversight Committee of the NC General Assembly.

The formula and authorization language for the newly authorized virtual charter schools can be found in [Section 8.35 of the 2014 Budget](#).

Ohio

[3314.013 Limits on internet- or computer-based community schools.](#) (B) (2) The superintendent of public instruction shall approve applications for new internet- or computer-based community schools from only those applicants demonstrating experience and quality.

The state board of education shall adopt rules prescribing measures to determine experience and quality of applicants in accordance with Chapter 119. of the Revised Code. The measures shall include, but not be limited to, the following considerations:

- (a) The sponsor's experience with online schools;
- (b) The operator's experience with online schools;
- (c) The sponsor's and operator's previous record for student performance;
- (d) A preference for operators with previous experience in Ohio.

The state board shall adopt the rules so that they are effective not later than the sixty-first day after the effective date of this amendment.

(3) The department of education shall notify any new internet- or computer-based community school governed by division (B) of this section of whether the superintendent has approved or disapproved the school's application to open for the 2013-2014 school year not later than July 1, 2013, or the sixty-first day after the effective date of this amendment, if such date occurs after July 1, 2013. Notwithstanding the dates prescribed for adoption and signing on sponsor contracts in division (D) of section [3314.02](#) of the Revised Code, or the date for opening a school for instruction required by division (A)(25) of section [3314.03](#) of the Revised Code, a new internet- or computer-based community school approved for opening for the 2013-2014 school year under division (B) of this section may open and operate in that school year regardless of whether it has complied with those contract and opening dates. For each school year thereafter, the school shall comply with all applicable provisions of this chapter.

(C) Nothing in divisions (A) or (B) of this section prohibits an internet- or computer-based community school from increasing the number of grade levels it offers.

(D) Not later than July 1, 2012, the director of the governor's office of 21st century education and the superintendent of public instruction shall develop standards for the operation of internet- or computer-based community schools. The director shall submit those standards to the speaker of the house of representatives and the president of the senate for consideration of enactment by the general assembly.