

Education Week

Florida Raises Cyber School's Fiscal Status

By Caroline Hendrie

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Tucked within a 128-page education bill recently passed by the Florida legislature is a change in the way that the state's trailblazing online school is financed that may prove to be a milestone for virtual education.

Under legislation awaiting Gov. Jeb Bush's signature, the Florida Virtual School would be financed in a manner similar to a full-blown school district— but with an innovative twist.

Rather than continue as a line item in the annual budget, the nation's largest state-run online school would become part of the Sunshine State's regular per-pupil funding system. Yet the school's funding would be based not on how many students were enrolled on a given date— the basis for regular districts' state-aid allotments—but instead on how many students actually passed the school's online courses.

If students didn't pass, the school wouldn't get paid for educating them.

"It's groundbreaking," Mark A. Maxwell, the chief financial officer of the Florida Virtual School, said of the no-pass, no-pay provision. "No one's really figured out a way to fund distance learning at any level, and this will be the first in the nation."

Beyond that distinction, the school's leaders and other experts in computer-based education say that including the Orlando-based virtual school in Florida's regular financing system would endow it with a coveted badge of permanency.

"The greatest implication for me is that it says that virtual education is here to stay," said Julie E. Young, the school's executive director.

The school would still not be considered an independent school district under Florida law, state officials say, but leaders of the virtual school say that putting its funding on a par with the state's 67 countywide school districts should help it qualify for grants from outside sources. The shift would also help the school meet its goals of becoming a diploma-granting institution in the 2004-05 school year, expanding its offerings from nearly all high school classes to include a full complement of middle school courses, and serving considerably more students.

For the operators of other publicly run virtual high schools, the pending changes are exciting.

"I know of no other state programs funded this way," said Allan Jordan, the principal of an online high school in North Carolina and the chairman of the 17-member board of the North American Council for Online Learning, based in Boulder, Colo. "My hope and

expectation is that other states will follow the lead set by Florida. They are breaking new ground down there, and I'm encouraged by that."

A National Leader

Nationally, 16 states have either established virtual high schools or plan to do so this coming school year, according to *Education Week's* special report [Technology Counts 2003](#) (May 9, 2003). Nonetheless, the Florida school stands out.

"The virtual- learning community has looked to the Florida Virtual School as the leader in online teaching and learning," noted Mr. Jordan, who is the principal of the Cumberland County Schools' Web Academy. The Fayetteville, N.C.-based academy serves about 1,600 students from 76 of the state's 117 districts.

Politically, the Florida school has styled itself as a complement, rather than as a competitor, to the traditional public education system since starting as a pilot program in 1997. That contrasts with some other purveyors of online schooling, particularly the handful of for-profit companies that have entered the market in recent years.

The Florida Virtual School logged 10,273 enrollments in the 75 courses it offered this academic year, and served 6,896 individual students, including some from other states and countries, school officials say.

A majority of Florida Virtual students attend other high schools in the state for the bulk of their classes. Home schoolers made up 14 percent of students this school year, and private school students accounted for just under 5 percent.

Under the new funding, the school would receive \$4,820 from the state for each in-state "full-time equivalent" student, or FTE. A student who took half of his or her classes at the school, for example, would count as half an FTE.

The funding change for the Florida Virtual School is part of a broader education bill chiefly designed to guide implementation of a voter-approved ballot measure that requires the state to shrink the number of students in each of its public school classes. (["Fla. Lawmakers Pave Way for Smaller Classes."](#) June 4, 2003.)

As one tactic for lowering class sizes, the measure directs districts to consider adopting "policies to encourage students to take courses from the Florida Virtual School."

Administrators of the school say they served the equivalent of about 1,300 full-time students this school year. They expect to bump that up to around 1,750 in 2003-04, if Gov. Bush, a Republican, signs the bill, as he is expected to do.

The school would receive about \$8.4 million in per- pupil funding under that enrollment scenario, compared with the \$6.2 million it received as a line item in the current state budget, Ms. Young said.

That funding would serve as an operating base that the school could supplement by other means, such as with tuition from out-of-state students.

Shoehorned In?

The state's countywide school districts would likely lose some per-pupil funding to the virtual school under the new financing structure, and that prospect has concerned some local officials, said Ruth H. Melton, the director of legislative relations for the Florida School Boards Association.

Although the virtual school would receive a sum below the state average of \$5,525 per pupil, Ms. Melton said districts were concerned that even that lesser amount might not be "entirely supportable" because of what she regards as the lower cost of online learning.

"We would have preferred that it would have been funded outside the FEFP," she said, referring to the Florida Education Finance Program. "The Florida Virtual School does offer students a viable and important alternative. But trying to apply a very complex funding formula, ... and shoehorn the Florida Virtual School to make it fit, may not be the best way to do it."

Still, Ms. Melton said school boards are less concerned about losing funding to the virtual school than to the various voucher programs Florida has adopted in recent years, which the school boards association strongly opposes. (["Florida Sees Surge in Use of Vouchers,"](#) Sept. 4, 2002.)

Ms. Melton also praised the provision that would tie funding for the virtual school to course completion, which she portrayed as a needed accountability mechanism.

Ms. Young stressed that the "performance based" funding system laid out in the legislation would make her school more accountable in some respects than traditional schools, in part because of the school's standards for granting students credit. She said students in the virtual school have to pass a course's final exam to earn credit—not just tally a passing grade overall—while in many schools youngsters can flunk the final and still get credit.

Linking funding to course completion rather than enrollment makes sense because students can finish online courses at their own pace, rather than during a traditional semester or academic year, said Mr. Maxwell, the school's financial officer.

"The beauty of that is the student can accelerate, or take longer," he said. "Basing our funding on completion allows for the flexibility inherent in distance learning."

Staff Writer Andrew Trotter contributed to this report.

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