

# SREB

## Funding Web-based Courses for K-12 Students to Meet State Educational Goals

Southern  
Regional  
Education  
Board

592 10th St. N.W.  
Atlanta, GA 30318  
(404) 875-9211  
[www.sreb.org](http://www.sreb.org)

---

This report was prepared by William R. Thomas, SREB director for educational technology.

# Funding Web-based Courses for K-12 Students to Meet State Educational Goals

---

Virtual learning is coming to K-12 schools faster than most realize. During the 2001–2002 school year, it is estimated that nationwide over 50,000 middle and high school students were enrolled in online courses. Early projections are that this number will double in the next year. What is remarkable about this information is that five years ago only a few thousand K-12 students received instruction over the Web.

For school districts and states to take full advantage of the potential value of the Web to assist students and schools to meet academic course needs, state policy needs to acknowledge and promote the value of the Web. State policy encouraging schools' use of the Web to help students meet their academic course needs is an important first step. However, schools will also need state help to understand when to develop and use Web-based courses.

Over half of the states nationally have created state “virtual schools” to coordinate and gather information, deliver courses, or serve as a broker for school districts to assess course quality and obtain best prices. This report provides initial information to help guide states as policies are developed.

- What state goals may K-12 Web-based courses support?
- Under what circumstances are Web-based courses an appropriate solution?
- What are funding and potential cost-savings of Web-based courses?

## *What are examples of K-12 Web-based course policies in SREB states?*

---

A few SREB states have taken “first steps” to use Web-based courses to benefit students in their state.

- Kentucky Governor Patton announced the creation of the Kentucky Virtual High School (KVHS) in fall 1999. This state virtual school coordinates services and courses that schools offer to students. Schools are authorized to “pay tuition and other costs for students from their districts that are enrolled in a Kentucky Virtual High School course for credit. The course must be part of the student’s regular school day coursework.” If the state funding per student is less than the fee, school districts pay the difference.

- The West Virginia legislature passed Senate Bill 584 in 2000 that recognized the value of Web-based courses for students who are at a disadvantage because of a lack of access to needed classes, “to educate better the students of West Virginia,” and to make more course and class offerings “available through technology to students who are geographically disadvantaged.” This legislation also provides potential cost savings by leveraging the state’s ability to serve as broker in behalf of school districts. In October 2000 the West Virginia Board of Education adopted a virtual school policy, “Distance Learning and the West Virginia Virtual School.” This policy addresses quality, management, technical and funding issues. It identified potential sources of funding including “school system instructional budgets or grant awards” and clarified the role of parents: “Parents will be responsible for distance learning costs if the selected course is currently being offered at the school and there is no justifiable reason to duplicate the school course.”
- The Florida Virtual School, as described in 2001 legislation, was created in 1997 to “develop and deliver on-line and distance learning education...” Its mission as described in legislation Chapter 228.082 is to “provide students with high-quality technology-based educational opportunities” and to “expand access to courses in order to meet their educational goals, such as home education students and students in inner-city and rural high schools who do not have access to higher-level courses.” Legislative funding is allotted annually to the Florida Virtual School to provide funds to achieve these goals. This funding will continue until 2003-2004. Supplemental legislative funding has also been allotted to the Florida Virtual School to “increase availability of and access to Advanced Placement and college preparatory courses for students in the lowest performing schools identified as “D” and “F” schools.” Those students shall be given priority for online courses offered by the low-performing school.
- In April 2002, the Maryland General Assembly passed House Bill 1197, which authorizes the establishment, operation, and funding of the Maryland Virtual Learning Opportunities program within the Maryland Department of Education. It authorizes the state agency to develop standards for teachers and other school system employees, offer courses or services, review courses and courseware to assure that they meet state and other appropriate standards, develop online courses for students and staff, and adopt regulations. The bill also establishes a continuing, non-lapsing Maryland Virtual Learning Opportunities Fund made up of fees charged by the Maryland Department of Education for Web-based courses and services (including the salary of Maryland teachers contracted by the Maryland Department of Education who will teach Maryland Web-based courses). The Maryland Board of Education is authorized to set fees for the courses and services, and the fees will support the Maryland Virtual Learning Opportunities Fund.

This legislation in Maryland opens the door for the state and school districts to work together to provide needed Web-based courses for K-12 students. Coordination and support of activities at the state level related to the use of online courses will realize economies of scale, ensure alignment with state content standards and assessments, and allow for a more efficient use of resources.

### *What state goals may K-12 Web-based courses support?*

---

#### **Access to quality courses and instruction**

For years many schools in every SREB state have been unable to provide equitable access to required courses for middle and high school students. High quality teachers in academic fields are always in short supply. Small schools with few students frequently do not offer many courses due to insufficient enrollment. Providing quality instruction is a pressing issue when teachers are teaching multiple grade levels and multiple subjects at the same time, as in alternative and special education or in home and hospital instruction settings. With Web-based courses now available, the answer to the dilemma changes. Courses can be available to students without having to employ quality full-time teachers in each subject in each school.

In addition, Web-based courses may be an alternative to meet the needs of students who:

- are failing a course or a grade;
- will drop out of school without quality intervention;
- who need one course to graduate from high school, but cannot take the needed course because of scheduling reasons;
- are assigned to alternative education programs because of academic or behavior problems; and
- cannot attend school for health reasons.

#### **Potential cost-savings using K-12 Web-based courses**

There are compelling financial reasons that states will want to seriously look at funding Web-based courses. High dropout rates significantly increase state costs for education and related human services. In North Carolina it was reported that two of the primary reasons students dropped out of school were school attendance and academic problems. Examples of SREB states' school dropouts in grades 9 through 12 are 30,000 students in Florida, 24,000 in North Carolina and 8,000 in Mississippi.

A new and different instructional approach to education delivered over the Web and taught by highly qualified teachers may make a significant difference in the academic success of many students, in the increased opportunities for students and in the potential cost savings.

Funding programs to allow students to accelerate their programs and thus graduate early may also be an approach states may want to consider. States may save money and more students would access needed courses.

There are also potential cost savings in virtual learning opportunities by linking K-12 education and colleges and universities. A state virtual school could bring together K-12 and postsecondary education to produce economies of scale and encourage coordination that will result in cost savings. Questions to consider include:

- Should there be cost-sharing to provide online courses among universities and local boards of education if students are taking courses such as dual credit, Advanced Placement, or courses that are required as prerequisites for admission into specific postsecondary programs, whether taken through a virtual high school or the virtual university?
- Could there be state interagency agreements that would enable students without a high school diploma to complete required courses? For example, could state or federal adult education funds be used to support students completing a high school diploma while concurrently enrolled in a postsecondary education program through a state virtual school? A student could complete a diploma and continue through a virtual university.
- Could high school students apply to receive a financial credit or scholarship to take certain advanced high school courses not offered by the school from state approved Web-course providers while in high school?
- Could existing state merit-based scholarship programs be used by seniors in high school to cover the tuition charges for online Advanced Placement courses? This approach would permit a student to use a portion of the merit-based scholarship in advance of graduation from high school, essentially fast-tracking entrance into postsecondary education. There are several potential drawbacks to this approach, including whether universities would grant credit for the Advanced Placement courses and the fiscal impact on the scholarship program. While this approach has not been used thus far, it has been discussed in several states.

## *How can states provide funds for Web-based courses for K-12 students?*

---

Most school districts receive the majority of their state funding through formula based on average daily attendance (ADA) or full-time equivalency (FTE). Presently there is no incentive for school districts to use these funds to pay for students to take Web-based courses, even when the school cannot or does not offer needed courses. Policies that promote and confirm for school districts the value of Web-based courses may help some districts to be more proactive in using per student funds for online learning. However state policy may also need to include incentives or requirements that school districts use Web-based courses as an alternative for meeting educational goals. States may want to consider alternatives to traditional funding formulas such as performance-based funding for students and schools that have not been academically successful with traditional instruction.

State legislatures may want to create a “Virtual Access Fund.” For example in Texas, the Telecommunications Infrastructure Fund was created in 1994 to finance state technology networks in schools, libraries, and hospitals. This was a tax on telephone services that provided funding and resources through an application process. A similar fund could be created by a state to support the use of Web-based courses. Another example is in West Virginia, where the state matches federal funds with state funds to provide financial aid to students and schools across the state taking Web-based courses.

Funding for Web-based courses need not require new state funding sources. Reallocation or redirection of existing funds, such as those designated for textbooks, may provide adequate resources. Some SREB states have redefined “textbooks” to include electronically delivered materials and school districts can either select their own textbooks and instructional materials or choose from the recommended state lists. As textbooks are used less as primary sources of information for teachers and students, the use of Web-based courses may be an effective answer to meet student academic needs.

The chart on page 10 (“Potential Sources of Federal Funding for Online Courses for K-12 Students”) illustrates the range of possible sources of federal funds that may be used to support state virtual schools. Federal Adult Education grants to states designed to “help improve adult literacy and align with state goals of economic development” are but one illustration of a funding source that may be available to deliver online courses to learners. Several states have appropriations for serving gifted and talented students and others have used federal money granted for innovation. Since there are often students in elementary school who need advanced curriculum content, gifted education funds could be used to provide access to state virtual schools for an entire cohort of students.

New sources of funding may be available through the implementation of the new “*No Child Left Behind*” Elementary and Secondary School Act (ESEA) legislation by Congress. For example, students attending schools that persistently fail to meet state standards for at least three of the four preceding years must permit low-income students in these schools to use Title I funds to obtain supplemental educational services from a public or private-sector provider selected by the students and their parents. To help ensure that families have meaningful choices, the new law requires school districts to spend up to 20 percent of their Title I allocations to provide school choice and supplemental educational services to eligible students. Providing Title I funds for students using Web-based courses would appear to be possible under these circumstances.

### *Why are equity and quality key state K-12 Web-based course issues?*

---

For districts and schools to take advantage of the Web-based courses to meet many student course needs, state policy needs to communicate its value to schools and parents. By **acknowledging the opportunities** Web-based courses offer to improve the quality of education within a state, state policy will communicate that Web-based courses may be a quality alternative for schools and students to improve academic student performance.

Equitable access to quality courses by students is a key state goal. State policy designed to **enable schools** to use Web-based courses by allowing existing funding and new sources of funds is a way for states to help schools and students achieve this goal.

Should parents pay for Web-based courses? Financial limitations of the economically disadvantaged will raise the equity-of-access issue for each state. States may want to consider some form of “creative” funding; for example, there could be a prorated charge for courses taken outside the usual school day, with financial assistance available.

Quality of Web-based courses is an extremely important issue. Implicit in this report is the assumption that each state has standards and procedures in place to assure that Web-based courses taken for academic credit be of high quality. While quality issues are not addressed in this report, another SREB report, *Essential Principles of Quality: Guidelines for Web-based Courses for Middle and High School Students* (<http://www.sreb.org/programs/EdTech/pubs/PDF/EssentialQualitiesChecklist.asp>) provides states with a checklist to assess the quality of Web-based courses. Over half of the SREB states are using this checklist to assess the quality of course offerings. Another SREB publication, *Considerations for Planning a State Virtual School: Providing Web-based courses for K-12 Students* (<http://www.sreb.org/programs/EdTech/pubs/PDF/StateVirtualSchool.asp>), addresses the importance of state leadership to ensure equity of access for all students across a state.

## *Summary*

---

States are finding that Web-based courses are an alternative to meet state goals. An increasing number of SREB states, as well as other states across the nation, are creating policies to create state virtual schools and to guide schools in determining when and why Web-based courses should be used. States have also identified funding sources and potential cost-savings of Web-based courses. States are beginning to find that in some instances existing state policies – such as state funding per student and seat-time requirements — may be barriers to the effective use of the Web to meet course needs. In other instances new state policies are needed to create state virtual schools to support and coordinate school-district efforts to meet state goals of equal access.

The timing is right for states to consider Web-based courses to address state goals. Students in school today have grown up with video cameras, cell phones, videogames, computers and the Web. The Web itself and how it is used have also changed dramatically in the last 10 years. Five years ago postsecondary students had just begun to use the Web to access courses in increasing numbers. Now middle and high schools are doing the same. Hundreds, or in some states thousands, of high school students are taking Web-based courses and this number grows annually. Using Web-based courses, states now have a new way to meet their educational goals.

This report compiled with the assistance of: legislative staff representatives from Kentucky, Louisiana, North Carolina, Texas and West Virginia; state department of education staff in Florida, Georgia, Kentucky, Maryland, Texas, Virginia and West Virginia; and the University of Texas and Virginia Commonwealth University.

## Potential Sources of Federal Funding for Online Courses for K-12 Students\*

The following federal Elementary and Secondary School Act (ESEA) programs are potential funding sources that may be used to deliver Web-based courses to meet state and school goals.

### *Title I – Improving the Academic Achievement of the Disadvantaged*

- Part A: Improving Basic Programs Operated by Local Educational Agencies
- Part B, Subpart 1: Reading First State Grants
- Part B, Subpart 2: Early Reading First
- Part B, Subpart 3: Even Start Family Literacy
- Part C: Education of Migrant Children
- Part D: Prevention and Intervention Programs for Children and Youth Who Are Neglected, Delinquent, or At-Risk
- Part F: Comprehensive School Reform
- Part G: Advanced Placement
- Part H: School Dropout Prevention

### *Title II – Preparing, Training, and Recruiting High Quality Teachers and Principals*

- Part A: Teacher and Principal Training and Recruiting Fund
- Part B: Mathematics and Science Partnerships
- Part C, Subpart 1, Chapter A: Troops-To-Teachers
- Part C, Subpart 1, Chapter B: Transition to Teaching
- Part C, Subpart 2: National Writing Project
- Part C, Subpart 3: Civic Education
- Part C, Subpart 4: Teaching of Traditional American History
- Part D, Subpart 1: Enhancing Education Through Technology

### *Title III – Language Instruction for Limited English Proficient and Immigrant Students*

#### *Title IV – 21st Century Schools*

- Part A, Subpart 1: Safe and Drug Free Schools and Communities
- Part A, Subpart 2: Community Service Grants
- Part B: 21st Century Community Learning Centers

#### *Title V, Part A – Innovative Programs*

#### *Title VI – Flexibility and Accountability*

- Part B, Subpart 1: Small, Rural School Achievement Program
- Part B, Subpart 2: Rural and Low-Income Schools

#### *Title X, Part C: McKinney-Vento Homeless Assistance Act*

With the implementation of the new “No Child Be Left Behind” ESEA legislation by Congress, schools will be held accountable for academic achievement. For any Title I school in the second year of school improvement, corrective action, or restructuring, the district must arrange for supplemental services to eligible students in that school. The services must come from a provider with a demonstrated record of effectiveness that is selected by the parents from a list of providers approved by the state educational agency. The source to fund these supplemental services will come from local ESEA Title I funds. This option is exercised at the discretion of the parent. Providing Title I students with web-based courses may be a resource in providing supplemental services. It is an area needing further study as ESEA is implemented this year.

\* Information provided by the Division of Federal Program Resources, Kentucky Department of Education.



