



POLICY BRIEF

Online Learning in Washington State

by Liv Finne
Director, WPC's Center for Education

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Key Findings

1. The average cost of providing a quality education to an online student is significantly less than the \$10,200 average per-student cost of a traditional public school.
2. Financing online schools through student-centered funding is more transparent than traditional funding. The education money spent on online programs can be clearly tracked and is directly linked to student achievement.
3. Private education companies realize they must provide online students with a quality educational experience, otherwise students, and their funding, will be shifted elsewhere.
4. School districts can restrict student access to online learning under current regulations.

Introduction

Online learning offers policymakers the opportunity to rethink the way public schools are organized and funded. Since the early 1900s, public schools have been organized on a factory-based model, to meet the needs of a rapidly industrializing economy. This standardized system was designed to process large batches of students who spend a fixed amount of time at each stage. This system has not changed in nearly 100 years. Current laws and practices assume all children will spend the same amount of time at each stage. Seat time and classroom location are the constants, and student learning is the variable.

Schools are currently funded through lump-sum public appropriations based on pre-set staffing formulas. Schools receive money based on a certain number of teachers, administrators and support staff for every 1,000 students. This automatic method of funding means a school's budget has no connection to its effectiveness in actually teaching children. Students receive credits for fulfilling courses based on completing attendance requirements, for sitting for a defined number of hours in a classroom, even if they have failed to acquire the knowledge they need to proceed to the next level.

In order for students to thrive in a modern knowledge-based economy, schools will have to provide individualized instruction in a way that is impossible under the current structure. Online learning has the proven ability to individualize and customize learning to meet the needs of each student, and to transform the current monolithic, factory-style school model to a more affordable, mastery-based, student-centered system. In a student-centered system, the pace of learning is the constant, and time and seat location are the variables.¹ As pointed out in *Education Week*:

“There is far more standardization than customization in schools. Schools teach using a monolithic batch system. When a class is ready to move on to a new concept, all students move on, regardless of how many have mastered the previous concept (even if it is a prerequisite for learning what is next)... Both the bored and the bewildered see their motivation for achievement shredded by the system.”²

Online learning allows policymakers to consider a shift from defining “inputs” for education funding (like number of dollars spent), to an “output” model, which funds schools based on each student's successful course completion. In addition, online learning makes better use of limited school

¹ “Virtual Schooling: Disrupting the Status Quo,” by Michael Horn, The James Madison Institute, Policy Brief, May 2010.

² “How ‘Disruptive Innovation’ Will Change the Way We Learn,” by Clayton Christensen, Michael B. Horn and Curtis W. Johnson, *Education Week*, June 4, 2008.

resources. Each teacher has the time to help more students when classroom loads are lightened through online curricula.

Online Learning in Other States

Twenty-seven states run online schools which offer a full range of online school services. In 2008-09, they provided 320,000 course enrollments. A course enrollment is one student taking one semester-long course. Online schools in other states typically have more than 15,000 course enrollments.³

Florida Virtual School is by far the largest state online school, with more than 150,000 course enrollments in 2008-09. Any high school student in Florida can choose an online course without restriction, and the public funding for the student goes to the online school he attends.⁴ Online schools in Florida receive funding based on course completion, not student enrollment, with partial funding provided as the student completes certain defined goals throughout the year. In other words, online schools in Florida receive public funds when students actually learn course material, not when students simply sign up for attendance.

Online Learning in Washington – The Digital Learning Department

Washington state does not have an official state online school but, like five other states, it provides tools and resources to local school districts through a program known as the Digital Learning Commons.⁵

Governor Gary Locke initiated the Digital Learning Commons in 2002 to make online courses available to students and teachers. The program is run by the Digital Learning Department of the Office of the Superintendent of Public Instruction. It provides a catalogue of over 250 online courses offered by private education companies. It also includes a digital library, teaching resources, college and career planning tools, online tutors, student focus groups and other learning tools.

These individual online courses deliver instruction to students in grades six through 12 who are enrolled in a traditional public school. Course fees range from \$250 to \$350 per course, usually paid by the local school district.

The cost of the highest-quality curriculum, provided by K-12 Inc., is \$350 per course, which includes an online instructor. Thus, the cost of a full student load of five courses ranges from \$1,250 to \$1,750 per semester, or no more than \$3,500 a year. This is significantly less than the state's average cost per student, which was \$10,200 in 2009-10.⁶

School districts that use online courses to educate students can make better use of their limited budgets. School administrators can, for example, assign

³ "2009, Keeping Pace with K-12 Online Learning, An Annual Review of State-Level Policy and Practice," Watson, Gemin, Ryan, and Wicks, Evergreen Education Group, November 2009, page 6.

⁴ Ibid, page 46.

⁵ Ibid, page 6.

⁶ "Report 1191, State Summary, Apportionment for June 30, 2010," Office of Superintendent of Public Instruction, page 1, at <http://www.k12.wa.us/safs/rep/app/0910/00000app.pdf>.

non-teaching staff to help supervise the progress of online learners, and thus free up public dollars for other educational needs.

The total number of students taking online courses in 2009-10 was 16,196. Of this number, 12,554 were enrolled in full time programs.⁷ This represents an increase of 90 percent over the approximately 6,600 students enrolled in 2007-08.⁸ Yet the higher number is still a small percentage, less than two percent, of the total Washington population of 980,000 public school students.

Blended Online Learning

Blended online learning combines online course content with local, in-person instruction. San Francisco's Flex Academy, a charter public school, is an example of this model. Flex provides 80 percent of its instruction online, assisted by face-to-face teachers who provide the remaining 20 percent. Larger class sizes are possible at Flex because students receive individualized instruction and learn at their own pace by following the online curriculum.

Quick-learning students can move ahead at their own pace, while slower students can take extra time on a lesson without holding other students back. Flex teachers work with students one-on-one, rather than in batches, so one teacher can assist more students through the school day by spending a set time monitoring the online progress of each one, lending students instructional guidance as needed.

There is little evidence school administrators in Washington are making use of the blended online learning approach. This may be because regulatory restrictions, such as classroom size limitations imposed by the state, discourage education companies that excel in providing students with individualized blended instruction from offering their services in Washington state.

Full-time Online Learning Programs

Through full-time online learning, public school districts are able to offer a complete program of instruction for K-12 students. 24 states now provide full-time online programs, serving a total of about 175,000 students. Many full-time programs are managed by national educational organizations such as Connections Academy, K-12 Inc., Insight Schools and Advanced Academics, while others are managed entirely by local school officials.⁹

In 2005, the Washington legislature passed SB 5828, which allows school districts in Washington to offer full-time online programs for students by contracting with private education companies. This bill designated online learning as a qualified Alternative Learning Experience under Washington law. Alternative Learning Experience programs comply with the requirements of the Washington Administrative Code and all the other rules and standards

⁷ "Online Learning Annual Report, 2009-10," by Karl Nelson, Digital Learning Department, Office of Superintendent of Public Instruction, February 2011, page 12.

⁸ "Learning Online, An Assessment of Online Public Education Programs," by Liv Finne, Policy Brief, Washington Policy Center, March 2008, page 9.

⁹ "2009, Keeping Pace with K-12 Online Learning, An Annual Review of State-Level Policy and Practice," Watson, Gemin, Ryan and Wicks, Evergreen Education Group, November 2009, page 7.

that govern public education. Full-time online education is particularly suited to the learning needs of students who do not perform up to their potential in a traditional school environment.¹⁰

The program allocates each student's state education grant to the online school program chosen by the student's parents. A student is allowed to withdraw from his local school district to attend a full-time online program offered by another district. The student's funding is then used pay for the online services provided by the new school district. The new district assumes responsibility for educating the student to state standards.¹¹

School districts in Washington quickly responded to student demand for full-time online schooling. Districts have either developed their own online programs or contracted with private providers of online education. Eighteen private online program providers now operate in Washington.¹² Currently over 33 full-time online learning programs operate in 26 districts. Approximately half, or 16, have outsourced content to a private or nonprofit provider.¹³

School districts have discovered that the highest-quality online content is the most expensive to produce. Allowing private, for-profit education companies to enter Washington has allowed students to benefit from the capital and expertise these companies provide. For example, the top-rated K-12 Inc. curriculum uses the latest research findings in cognitive science to determine how children learn best, then focuses on the basics to develop mastery through practice.

Innovative software applications allow students to interact with their lessons, bringing a great deal of excitement to the online classroom. The K-12 Inc. curriculum uses computer animations, hands-on lesson plans and detailed illustrations to bring otherwise dry study topics to life. Online learning allows students to gain knowledge at their own pace, so a fourth grader can learn sixth grade math, if she is so inclined.

Online learning provides continuous feedback to students, by immediately recognizing and rewarding correct answers. It also lets students click on an alternative explanation if the first description was not suited to the student's learning style. An online program can explain the same lesson in two or three different ways, each one leading to correct answers and enhancing the student's understanding of the subject.

Online students who fall behind can repeat lessons without embarrassment, allowing struggling students to continue learning, rather than simply receiving a "C" and being promoted to the next grade. Online learning focuses on enhancing individual student knowledge, instead of assigning letter grades or maintaining membership in a class group.

¹⁰ See "Learning Online, An Assessment of Online Public Education Programs," by Liv Finne, Policy Brief, Washington Policy Center, March 2008, at www.washingtonpolicy.org/publications/brief/learning-online-assessment-public-online-education-programs.

¹¹ These shifts of money from district to district affect school district levy bases. Each school district is limited by law from raising levies which exceed a 24 percent of the money it receives from the state in Basic Education funding.

¹² "Review of 2008-9 Online Courses and Programs, Report to the Legislature," by Karl Nelson, Digital Learning Department, Office of Superintendent of Public Instruction, December 2009, page 16.

¹³ Ibid.

Washington's Steilacoom and Quillayute school districts pioneered full-time online learning programs, respectively Washington Virtual Academy and Insight Schools. Currently these programs operate the largest and most successful online education programs in Washington.¹⁴ Together they provide learning programs for an equivalent of 7,472 full-time students.

State Limits on Private Educators Reduce Student Access to Online Learning

SB 5410, passed in 2009, addresses concerns about establishing quality standards for online programs in Washington. This bill created a process for reviewing, approving and monitoring the quality of online school programs. A new Office of Online Learning (also known as Digital Learning Department) was created at the Office of the Superintendent of Public Instruction. Staff and resources from the Digital Learning Commons have been transferred to that office. SB 5410 requires the new Digital Learning Department to create an approval process for multidistrict online providers. Existing online program providers are grandfathered in.

The weakness in SB 5410, however, is that school district officials are required to develop online learning policies, but they are not required to offer students access to online courses. Under the new Digital Learning Department, Washington students have less access to online learning than in the past. School districts set the rules of student eligibility, determine whether or not to grant online students high school credit, and determine whether or not district funds will be used to pay course fees and other costs. School officials can bar students living in their district from taking online courses by refusing to provide adequate funding.

It is unclear whether the policies adopted by school districts across the state will in practice enhance or diminish student access to online learning. The law does not give students the ability to direct the dollars spent on their education to online programs, leaving it up to school district officials to decide whether to grant students access, or erect barriers, to online learning.

Even though districts are required on paper to pay for an online course which falls within the definition of the 1,000 instructional hours students are entitled to receive, districts can claim lack of funding and refuse to give students access to online learning programs. Certainly, school districts face strong disincentives to let their students take online courses, because administrators often perceive online programs as a threat to traditional public schools.

Comparing the Costs of Online Programs and Traditional Programs

Notably, the staffing ratios of these online programs averages about 43.8 Certificated Instructors per 1,000 students, considerably lower than the statewide

¹⁴ Ibid. Page 14 shows that WAVA's serves 3,562 students (full-time-equivalent 3,103) enrolled in 10,747 courses and that Insight schools has 2,851 students (FTE 2,417) taking 18,773 courses.

ratio of 47.49 Certificated Instructors per 1,000 students.¹⁵ The better use of skilled Certificated Instructors indicates the advantage online programs have in allocating teaching resources to educate students.

Budget data show that online learning programs are much more cost effective than the operating costs of traditional brick-and-mortar public schools. The chart below shows the per-student cost of the ten largest full-time online programs in Washington. The average cost of providing a quality education to an online student is significantly less than the \$10,200 average per-student cost of a traditional public school in Washington.

| District | Online Program | Number of Students | Cost per Student |
|--------------------------|-----------------------------------|--------------------|------------------|
| Steilacoom Historical SD | Washington Virtual Academy (K-8) | 2,400 | \$4,349 |
| Quillayute Alley SD | Insight School of Washington | 1,598 | \$4,167 |
| Monroe Public Schools | Washington Virtual Academy (9-12) | 600 | \$5,018 |
| Evergreen SD | iQ Academy of Washington | 421 | \$5,632 |
| Federal Way SD | Federal Way Internet Academy | 265 | \$4,685 |
| Bethel SD | Bethel Online Academy | 225 | \$2,639 |
| Spokane SD | Spokane Virtual Learning | 224 | \$2,761 |
| Kittitas SD | Achieve Online | 165 | \$4,931 |
| Stevenson-Carson SD | Kaplan Academy of Washington | 134 | \$5,662 |
| Yakima SD | Yakima Online! | 107 | \$3,697 |

The table shows that online programs educate students for several thousand dollars less per student, in most cases less than half, than school districts receive from federal, state and local sources.¹⁶ The better use of education funding indicates that online students free up money that can be devoted to other public education programs.

¹⁵ “Review of 2008-9 Online Courses and Programs, Report to the Legislature,” by Karl Nelson, Digital Learning Department, Office of Superintendent of Public Instruction, December 2009, pages 79 and 80.

¹⁶ In addition, Washington has a levy equalization program which ensures that local taxpayers do not pay more than the state average levy rate on the first 12 percent of an approved levy. Accordingly, those districts with significant increases in nonresident student enrollment see an increase in their levy base, while their assessed property values remain unchanged. “Review of 2008-9 Online Courses and Programs, Report to the Legislature,” by Karl Nelson, Digital Learning Department, Office of Superintendent of Public Instruction, December 2009, pages 32 and 33.

Student Outcomes

Critics of online education say that student outcomes from online learning programs, such as the WASL scores of students in WAVA and Insight schools, are below state averages.¹⁷ This point raises a serious concern.

Online school programs respond by describing two major factors which help explain this disparity:

1. Many students in online programs have not been successful in a traditional school setting, so they arrive several grade levels behind where they should be. An eighth-grade student who arrives at the online school with fifth-grade reading skills is required to take the eighth grade WASL. A fairer way to measure the ability of online schools to deliver skills and knowledge to students is to evaluate a school's ability to show improvement in student learning. Students attending online schools could be tested at the beginning of their first year and again at the end of the year to judge fairly whether the online program delivered a year's worth of knowledge for the student.
2. Students in these full-time online programs are required to take the WASL replacement, the Measures of Student Progress and High School Proficiency Exams, at their local school districts. No accommodation has been made to allow these students to take an alternative online test. As the location and type of assessment has not been adapted to the needs of these students, many students simply do not show up to take the assessment, dragging down overall online school performance. School programs are funded based on student enrollment, not on the taking of the state assessment. Better and more accurate results would be obtained if funding of these programs were based on each student's successful course completion, as is done at the Florida Virtual School.

Student-centered Financing and Online Schools

Student-centered finance gives parents, not school districts, the ability to choose online learning for their student. This method of school financing is significantly different from the traditional method, which is based on funding a staffing model determined by the legislature, unrelated to the needs of a particular school. Schools financed through the traditional staffing model receive their funding regardless of whether students are actually learning. School district officials routinely ignore the concerns of parents and students, since they receive their budgeted money even when parents are dissatisfied with the education their children are receiving.

Legislatures also fund schools by creating new categorical programs, allocating education funds to each program, and requiring school districts to manage these categorical programs. This flow of dollars through rigid categorical programs continues into the future, unaffected by any assessment of whether these expenditures actually benefit students.

In contrast, online education programs funded through student-centered dollars receive money based on the choices of parents and students, not of school

¹⁷ Ibid, pages 51 to 53.

district officials. If a student decides to leave an online school program, the state educational grant which accompanies that student also leaves. Private education companies realize they must provide online students with a quality educational experience, otherwise students, and their funding, will be shifted elsewhere.

Blindly financing staff ratios and a multitude of categorical programs contributes to the lack of transparency in public school budgets. In 2005, the legislature sought to identify which education reform programs were successfully raising student achievement by attempting to link dollars spent in various programs to student achievement. This task was assigned to the Joint Legislative Audit Review Council (JLARC),¹⁸ which concluded that, given the accounting rules for school expenditures, connecting education spending to actual student learning was impossible. Even if the accounting rules were changed to allow tracking of these funds, such a reform would provide little incentive for school districts to close poor-performing schools.

Financing online schools through student-centered funding is far more transparent. The education money spent on online programs can be clearly tracked and is directly linked to student achievement.

Online schools in Florida receive funding based on course completion, not student enrollment, with partial funding given as the student achieves defined educational goals through the year. When funding is tied to course completion, school officials are motivated to find ways to make sure students finish courses and actually receive the free public education government officials promised to provide.

Online learning offers a proven way to individualize and improve the quality of student learning, at a lower cost than the traditional public school model. Washington's online school program, however, is falling well short of its true potential to help students. Below are policy recommendations, based on the latest research, that would improve access to online learning for all children in Washington.

Policy Recommendations to Improve Online Learning in Washington State

1. Allocate education funding based on online course enrollment, to allow students full access to online educational opportunities.¹⁹ Policymakers in Minnesota and Florida have adopted this approach, allowing all students to choose online courses if that learning style meets their needs.
2. Require school districts to provide students access to all forms of online learning, even for students who live in remote rural areas of Washington. Require school districts to accept school credits earned by students who successfully complete state-approved online courses.
3. Encourage blended online learning opportunities by giving school administrators autonomy and flexibility to operate free of many centralized rules and collective bargaining restrictions.

¹⁸ "K-12 School Spending and Performance Review, A Preliminary Report," State of Washington Joint Legislative Audit and Review Committee (JLARC), September 14, 2005.

¹⁹ See 2009 Minnesota Statutes, 124D.095, "Online Learning Option," Subd. 8.1.

4. Repeal Washington's ban on charter schools, to foster opportunities for students to pursue hybrid online learning through independent community-based public schools.
5. Adopt the Ten Elements of High Quality Digital Learning, policies developed by national experts to help lawmakers make access to online learning an integral part of public education services. The Ten Elements are described in the Washington Policy Center publication "Online Learning Expands Learning Opportunities for Children," February 2011.

About the Author

Liv Finne is Director of the Center for Education at Washington Policy Center. She is the author of numerous studies on education reform, including “Washington Policy Center’s Education Reform Plan: Eight Practical Ways to Reverse the Decline of Public Schools,” “An Option for Learning: An Assessment of Student Achievement in Charter Public Schools,” “An Overview of Public School Funding in Washington,” “Early Learning Proposals in Washington State,” and “Reviewing the Research on Universal Preschool and All-Day Kindergarten.” Liv holds a law degree from Boston University School of Law and a Bachelor of Arts degree from Wellesley College. She retired from civil litigation practice to raise two children and work as the business partner for Finne Architects, a small business she owns with her husband.



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