

# SREB

*Educational Technology  
Cooperative*

## 2010 Report on State Virtual Schools in SREB States

### *Executive Summary*

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Southern  
Regional  
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Board

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# 2010 Report on State Virtual Schools in SREB States

## *Executive Summary*

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Online learning, particularly as it relates to state virtual schools, continues to grow and change in SREB states at a rapid pace. Although some state virtual schools were created more than a decade ago, the potential value of online education is only now being fully understood and embraced, as evidenced by the recent expansion and strong, consistent commitment from the SREB states.

Since it was first published in 2005, SREB's annual survey of the region's state virtual schools also has grown and changed in order to report on emerging trends. This executive summary analyzes the responses of 14 of the 16 SREB states to the 2010 SREB state virtual schools survey. It identifies current trends in online education for policy-makers and virtual learning practitioners for the 2009-10 academic year. (For purposes of the survey, the academic year was defined as the summer term of 2009 through the spring term of 2010.) The specific responses of each state virtual school are available under "Educational Technology" (under "Programs") on the SREB website at [www.sreb.org](http://www.sreb.org).

SREB states reported several major changes in online learning since 2008-09:

- Five state virtual schools received increased funding from all sources from 2008-09 to 2009-10, and seven received decreased funding.
- Four state virtual schools increased the number of unique students enrolled by 40 percent or more, while three state virtual schools experienced decreases. (For purposes of the survey, a "unique student" was a student taking one or more online courses for one or more semesters in an academic year.)
- Over the next five years, state virtual schools in the SREB region expect their total number of unique students to increase a minimum of 25 percent, or more than 43,000 unique students.
- More technology-enabled school districts are developing their own virtual learning initiatives, some of which leverage (and some of which are in lieu of) state virtual school initiatives.
- The expanding use of e- (or digital) textbooks has emerged as a trend in state virtual schools, many of which are using them to replace some text material. Several report that they are working toward eliminating hardbound books all together.

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## Major Developments in 2009-10

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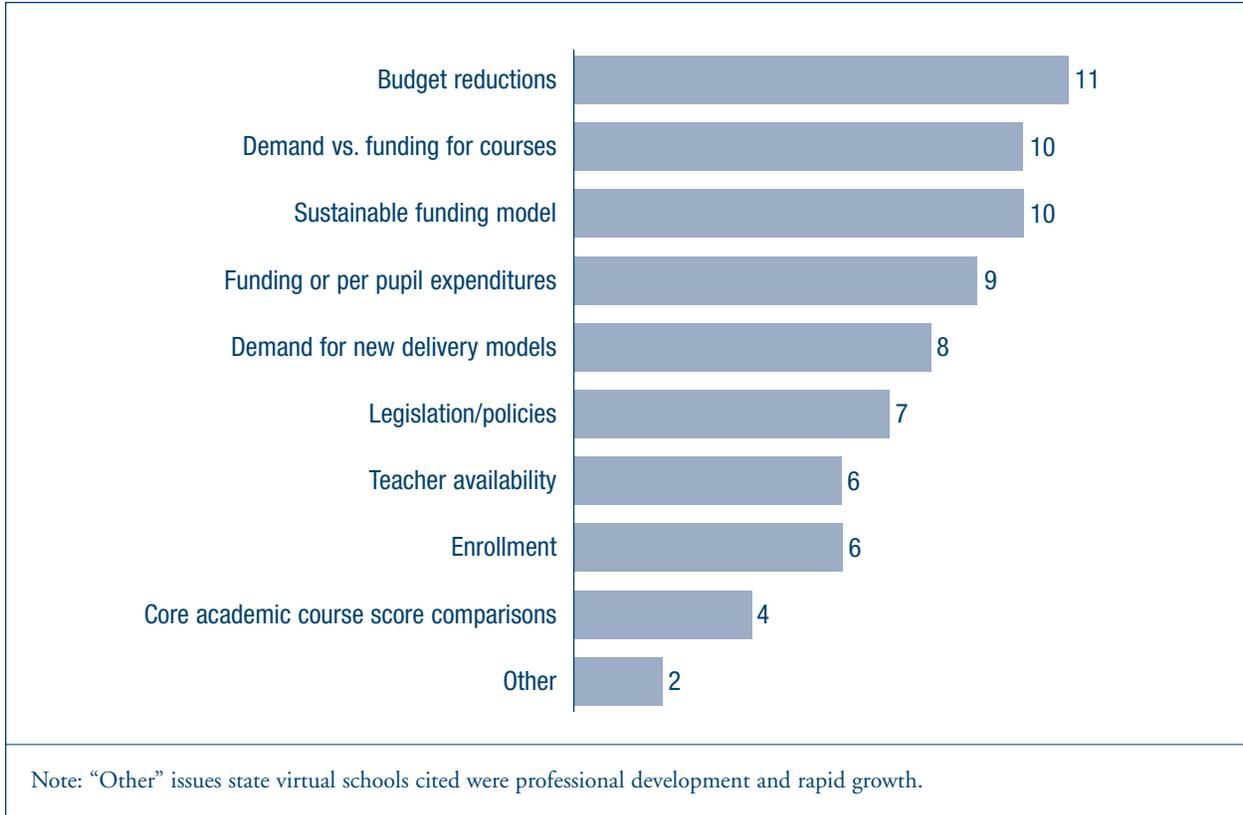
### *State virtual schools cite budget issues as their biggest challenge*

State virtual schools have been affected directly by cuts in state budgets. As a result, one SREB state ended its online pilot, one outsourced its operation and management, and another state virtual school set limits on enrollment. Although several states implemented new funding formulas that have helped mitigate the effects of cuts, most state virtual schools that responded to the survey said they face budget-related issues. (See Figure 1 for other key issues.)

- Eleven state virtual schools reported that “budget reductions” were a major issue. Ten of them indicated that both “demand vs. funding for courses” and the need for a “sustainable funding model” were major budget issues.
- Nine state virtual schools said “funding or per pupil expenditures” was a significant issue.
- Delaware terminated its virtual school pilot in the 2009-10 academic year because of a continuing budget shortfall.
- Over the past three years, Florida Virtual School’s (FLVS) per student funding has decreased because of state budget cuts. Its total funding, however, has increased, as a result of enrollment growth. This growth resulted primarily from a state constitutional amendment that set limits on the number of students in core classes (e.g., math, science and English) in traditional schools and from state legislation in 2008 (amended in 2009) requiring districts to make virtual learning options available to their students. Although the class-size amendment was passed by voters in 2002, its implementation was spread over eight years, with the final phase in the 2009-10 academic year. To fulfill the requirements of the district-level virtual learning legislation, many districts have chosen to franchise with the FLVS.
- Even as the Kentucky Virtual School (KVS) reduced its staff, services and budget because of budget reductions, enrollment increased.
- As a result of budget issues, the Louisiana Virtual School (LVS) has been unable to fill a curriculum position, which it believes is impacting its efforts to revise existing courses and develop courses to meet evolving student needs and state guidelines.
- Mississippi outsourced the operation and management of its virtual school to Connections Academy.
- The South Carolina Virtual School Program (SCVSP) began limiting enrollment to 3,000 students each semester and 3,000 students in the summer to meet budget constraints.
- Ten state virtual schools charge tuition for particular courses or for particular students (e.g., out-of-state or home school students), up from nine states in 2008-09. The North Carolina Virtual Public School (NCVPS) added courses for tuition in 2009-10.
- No state virtual schools indicated that either “stakeholder satisfaction rankings” or “accreditation” were one of the top five issues facing them.

Figure 1

## Number of SREB State Virtual Schools Reporting Key Issues, 2009-10



### *Funding changes offset cuts*

Several SREB states and their virtual schools made funding decisions that support online learning:

- Prior to the 2009-10 academic year, the LVS charged no tuition or fees. Beginning in fall 2010, LVS began collecting a \$150 Materials and Technology fee per student per course enrollment.
- In 2010, North Carolina enacted legislation implementing a funding formula for the NCVPS based on average daily membership (an enrollment measure). The intent of the law was to “create a sustainable source of funding that increases commensurate with student enrollment.”
- The Texas Legislature passed a state virtual school allotment beginning in the 2009-10 academic year: If a student successfully completes a course, based on specific requirements, the provider district receives \$400 and the receiver district receives \$80. The purpose of the legislation is to create a dedicated funding stream for courses offered through the Texas Virtual School Network (TxVSN).

### *District-level virtual learning options emerge*

School districts in SREB states continue to implement their own virtual learning programs as an option for students. In the survey, four state virtual schools said this will benefit them because it increases the visibility of online learning and makes it more mainstream. Others saw it as detrimental because it has the potential to draw students away from the state virtual school to the district-level school.

- Twelve state virtual schools out of the 14 reporting said that some districts within their states provide virtual learning options — ranging from one district in West Virginia to all districts in Florida.
- By law, Florida requires all districts to make virtual learning options available to students and has strong coordination between FLVS and its district virtual schools. As the number of district virtual schools continues to increase, however, many other SREB states do not have the coordination between school districts and state-level virtual school that they need. Without sufficient coordination, efforts could be duplicated and money wasted.
- FLVS, Georgia Virtual School, e4TN (in Tennessee) and TxVSN saw the impact of the growth of district-level programs as positive — potentially increasing the visibility of online learning or necessitating district reliance on the state virtual school to supply the program. Most others reported the potential as negative, because enrollments could be drawn away from the state virtual school to the district. LVS saw it as both positive and negative — providing the opportunity for LVS to create franchises but potentially reducing enrollments at LVS.
- Maryland passed a law authorizing school districts to establish their own virtual schools, with approval from the Maryland State Department of Education.
- Virginia passed a law giving students the option of full-time online learning outside the traditional classroom setting through district-level virtual schools.

## **Regional Snapshot: 2009-10**

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### *Funding varies: 2008-09 to 2009-10*

The state virtual schools in Alabama, Arkansas, Kentucky, Louisiana, Oklahoma, South Carolina and Tennessee saw reductions in funding from all sources from 2008-09 to 2009-10 — four of them with reductions greater than 20 percent. (See Table 1 and Figure 2.)

- The University of Oklahoma High School (OUHS) experienced the biggest decrease: 40 percent.
- Five state virtual schools had budget increases, four of which increased 15 percent or more.
- The TxVSN experienced the biggest funding increase (more than 700 percent) as a result of the implementation of the new state virtual school allotment.

- While Florida Virtual School's per student funding decreased 20 percent from 2006-07 to 2009-10, its total funding increased because enrollment increases outpaced funding reductions.
- Funding for Virtual Virginia and the West Virginia Virtual Schools remained approximately the same.

Figure 2

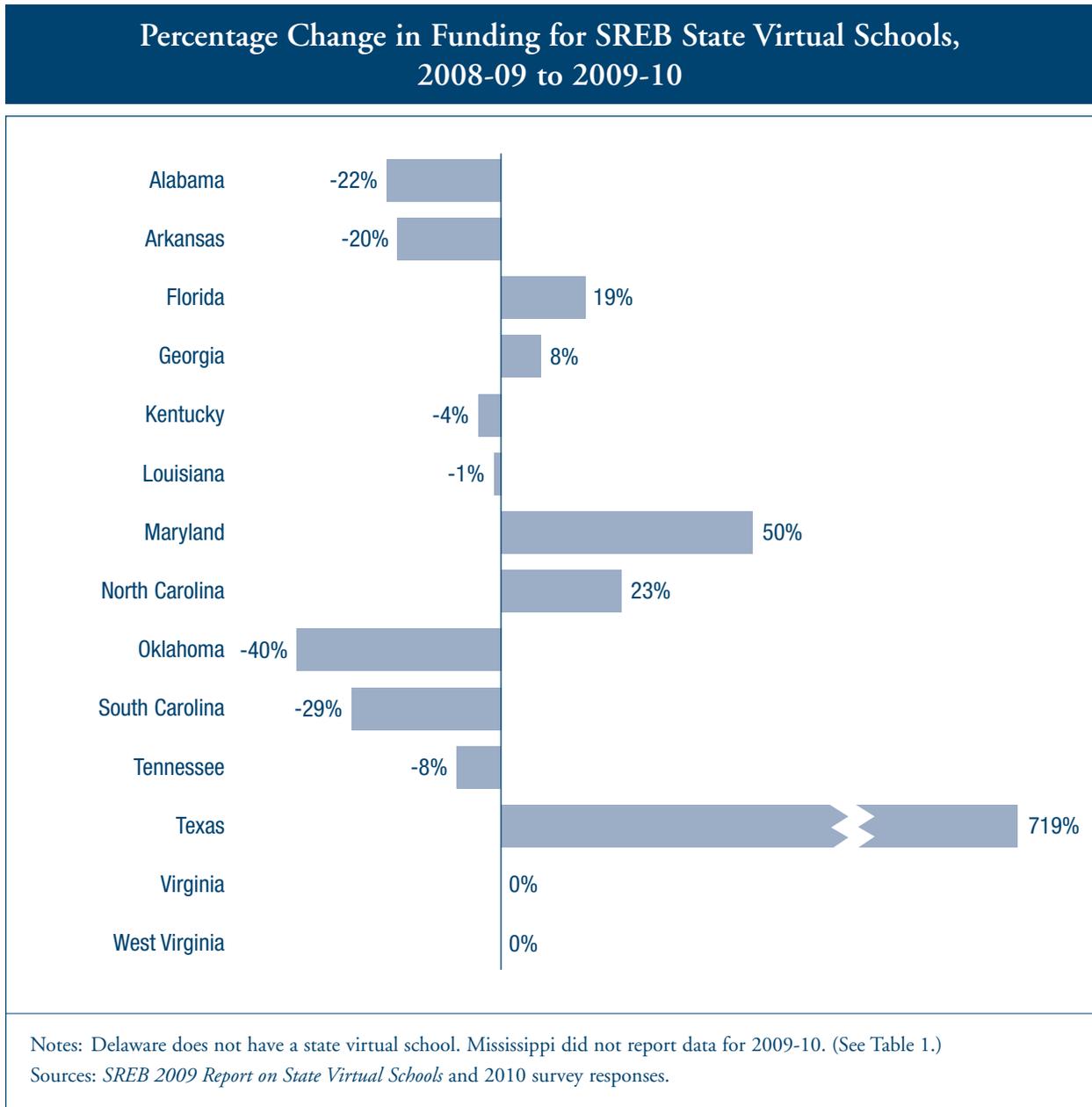


Table 1

## Annual Budget and Sources for SREB State Virtual Schools, 2008-09 and 2009-10

	Funding Source <sup>1</sup>	Annual Funding	
		2008-09	2009-10
Alabama	State appropriations	\$23,300,000	\$18,100,000
Arkansas	State appropriations	\$740,000	\$590,000
Florida	Public FTE funds	\$87,283,012	\$97,068,938
	Global Services sales/franchises	\$5,128,243	\$3,070,854
	State appropriations		\$53,769
	Tuition		\$2,818,616
	Federal funds		\$7,277,970
Georgia	State appropriations	\$5,300,000	\$5,200,000
	Tuition		\$550,000
Kentucky	State appropriations	\$800,000	\$760,000
	Course fees	\$300,000	
	Tuition		\$300,000
Louisiana	State appropriations	\$4,200,000	\$4,000,000
	Federal funds (Advance Placement Incentive Grant)	\$350,000	
	Private grants		\$485,000
Maryland	Federal funds	\$20,000	\$189,101
	MSDE Channel Capacity Leasing Funds	\$150,000	\$65,935
Mississippi <sup>2</sup>	State appropriations	\$1,805,000	NA
North Carolina	State appropriations	\$11,500,000	\$10,538,123
	Federal funds		\$3,877,840
Oklahoma <sup>3</sup>	Tuition/Course fees	\$580,000	\$347,000
South Carolina	State appropriations	\$3,200,000	\$878,427
	Public FTE funds		\$1,400,000
Tennessee	Course fees	\$167,214	
	Federal funds (Title IID)	\$1,600,000	\$1,621,217
Texas	State appropriations	\$1,300,000	\$10,150,000
	Public FTE funds		\$491,200
Virginia	State appropriations and course fees	\$3,071,218	Approx. \$3,000,000
West Virginia	State appropriations	\$650,000	\$650,000

“NA” indicates data not available.

Note: Delaware does not have a state virtual school. The state began planning for a state virtual school pilot in 2006-07 but discontinued the pilot in 2009-10.

<sup>1</sup> Categories correspond to those used in each year’s surveys.

<sup>2</sup> Mississippi outsourced the management and operation of its state virtual school to Connections Academy starting in the 2009-10 academic year; funding data are unavailable for the 2009-10 academic year.

<sup>3</sup> Oklahoma reported funding from August 1, 2009, through July 31, 2010.

Sources: *SREB 2009 Report on State Virtual Schools* and 2010 survey responses.

*Funding changes: 2005-06 to 2009-10*

Since the 2005-06 academic year, the state virtual schools in North Carolina and South Carolina have seen the greatest growth in total funding: more than 1,100 percent and 900 percent, respectively. (Since the TxVSN began in the 2007-08 academic year, its funding has grown more than 900 percent.) (See Table 2 and Figure 3.) Much of the reason for the increases at both NCVPS and SCVSP was that funding in the 2005-06 and 2006-07 academic years was solely for start-up costs, including hiring administrative staff, developing courses and building infrastructure. Once fully operational, North Carolina's state virtual school funding grew a comparatively more modest 56 percent from 2007-08 to 2009-10, while South Carolina's decreased by 26 percent. Florida and Georgia experienced increases of more than 300 percent each since 2005-06, while funding in Oklahoma and Tennessee declined. West Virginia's funding remained stable.

Table 2

**SREB State Virtual School Funding and Percentage Change,  
2005-06 to 2009-10**

	2005-06	2009-10	Percent Change
Alabama	\$11,300,000	\$18,100,000	60
Arkansas	\$500,000	\$590,000	18
Florida	\$22,261,640	\$110,290,147	395
Georgia	\$1,435,000	\$5,750,000	301
Kentucky	\$692,000	\$1,060,000	53
Louisiana	\$2,750,000	\$4,485,000	63
Maryland	\$200,000	\$255,036	28
Mississippi <sup>1</sup>	\$1,962,475	NA	NA
North Carolina <sup>2</sup>	\$1,200,000	\$14,415,963	1,101
Oklahoma	\$500,000	\$347,000 <sup>3</sup>	-31
South Carolina <sup>4</sup>	\$225,000	\$2,278,427	913
Tennessee <sup>5</sup>	\$3,568,500	\$1,621,217	-55
Texas <sup>6</sup>	NA	\$10,641,200	NA
Virginia	\$2,240,000	Approx. \$3,000,000	Approx. 35
West Virginia	\$650,000	\$650,000	0

"NA" indicates data not available.

Note: Delaware does not have a state virtual school.

<sup>1</sup> Mississippi outsourced the management and operations of its state virtual school to Connections Academy in 2009-10.

<sup>2</sup> North Carolina's 2005-06 funding was for start-up costs.

<sup>3</sup> Oklahoma's 2009-10 funding report is for the period August 1, 2009, through July 31, 2010.

<sup>4</sup> In 2005-06, South Carolina's virtual school was in the pilot phase.

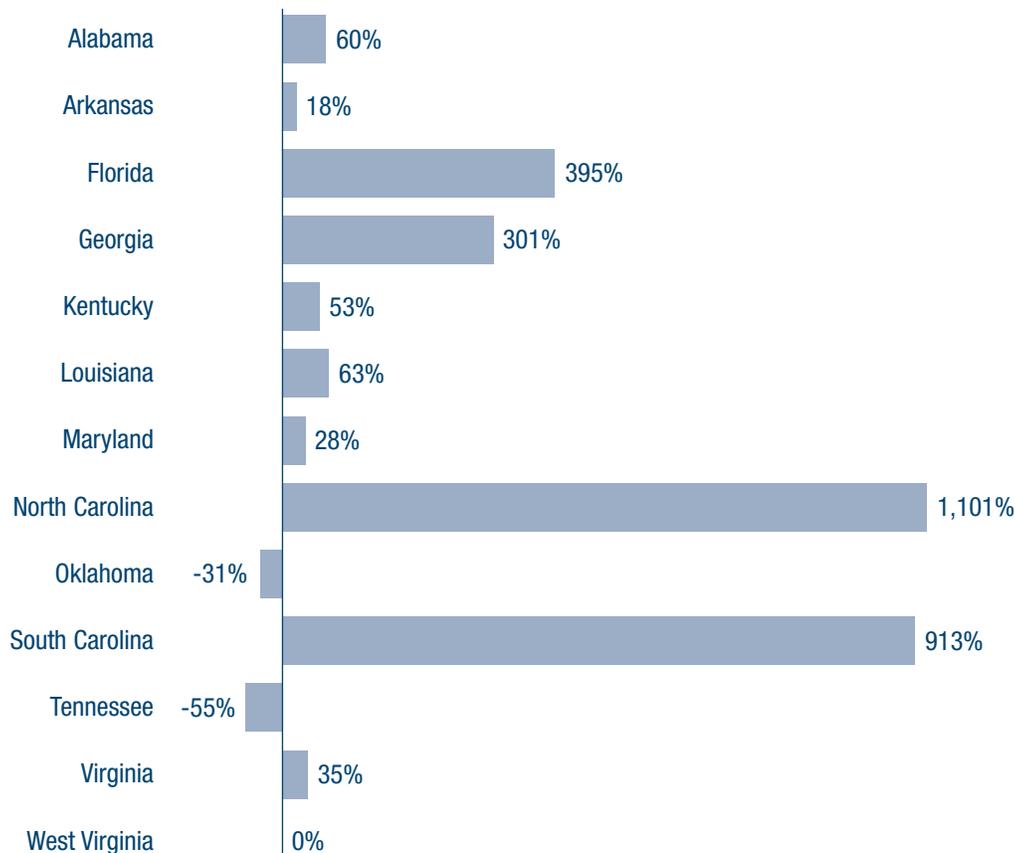
<sup>5</sup> Tennessee's state virtual school has been funded primarily by federal Title IID funds. The level of this funding declined, and state allocations of competitive Title IID funding have been reduced.

<sup>6</sup> The TxVSN was not created until 2007-08.

Sources: *SREB 2009 Report on State Virtual Schools* and 2010 survey responses.

Figure 3

Percentage Change in Total Funding for SREB State Virtual Schools,  
2005-06 to 2009-10



Notes: Delaware is not shown because the state virtual school pilot was created in 2006-07 and discontinued in 2009-10. Mississippi is not shown because it did not report data for 2009-10. Texas is not shown because the TxVSN was created in 2007-08.

Sources: SREB 2009 Report on State Virtual Schools and 2010 survey responses.

*Most SREB state virtual schools see enrollment gains*

In the survey, the state virtual schools in Louisiana and South Carolina forecast reduced enrollments over the next five years, based on forecasts of decreasing budgets. This comes in the face of generally increasing demand for student enrollment, particularly as states and school districts in the SREB region are beginning to require that students take and pass at least one online course before graduating from high school. Alabama is the only state in the SREB region that already requires students statewide to do so.

- Arkansas Virtual High School (AVHS), LVS and OUHS saw a decline in the number of unique students from 2008-09 to 2009-10. (See Table 3.)

Table 3

Change in Number of Unique Students From 2008-09 to 2009-10 and Projected by 2014-15				
2008-09 to 2009-10				
Reduced Enrollments	Increased 1-9%	Increased 10-24%	Increased 25-39%	Increased 40% or More
Arkansas	Georgia	West Virginia	Alabama	North Carolina
Louisiana	Kentucky		Florida	South Carolina
Oklahoma			Virginia	Tennessee
				Texas
Projected by 2014-15				
Will Reduce Enrollments	Will Increase 1-9%	Will Increase 10-24%	Will Increase 25-39%	Will Increase 40% or More
Louisiana	Arkansas	Georgia	Alabama	Florida
South Carolina	Oklahoma	Kentucky	North Carolina	Tennessee
			Virginia	Texas
				West Virginia
Note: A "unique student" is defined as one student taking one or more courses in one or more semesters in an academic year.				

- Ten state virtual schools saw a gain, including four (NCVPS, SCVSP, e4TN and TxVSN) that increased more than 40 percent.
- Four state virtual schools (FLVS, e4TN, TxVSN and the West Virginia Virtual School) said they expect enrollments to grow by 40 percent or more by 2014-15.
- LVS and SCVSP expect decreased enrollments over the next five years.

### *Trends in course offerings*

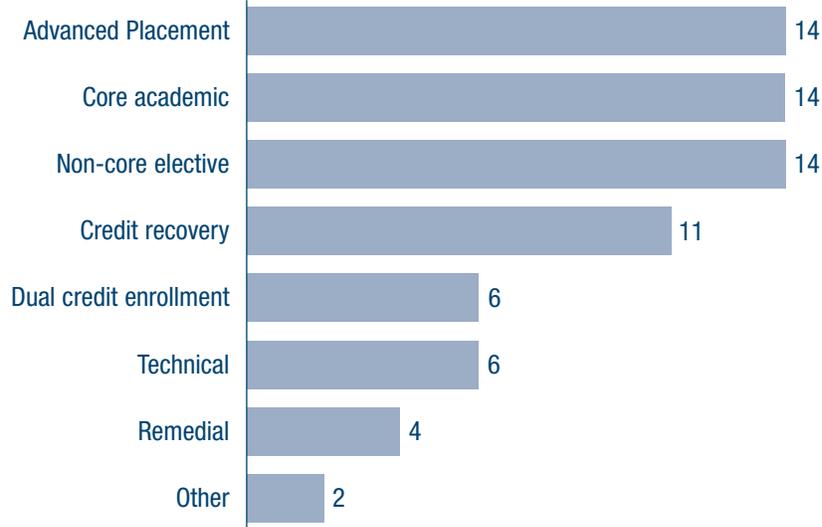
All state virtual schools responding to the survey offered Advanced Placement (AP), core academic and non-core elective courses in 2009-10. (See Figure 4.)

- Six state virtual schools offered dual credit enrollment, and six offered technical courses.
- Eleven offered credit recovery courses.

Eleven state virtual schools offered credit recovery courses, and four of those also reported that they offered remedial courses. (Credit recovery courses are those needed by students who have to repeat a course, or as defined by the state virtual school. Remedial courses are those taken by students who have not had adequate academic preparation to take the next level course.) Nine virtual schools indicated that they have students taking classes for credit recovery — although only seven of these schools also stated that credit recovery was a top reason that students took a class.

Figure 4

### Number of SREB State Virtual Schools Offering Various Types of Online Courses, 2009-10



Note: "Other" courses include occupational courses of study and college-preparatory.

Two schools (OUHS and TxVSN) indicated that students take credit recovery classes, but they did not indicate that they offer that type of course. This is likely because some courses are specifically labeled as credit recovery, while others may not be. In addition, some students taking classes for credit recovery may simply be repeating a class they failed rather than taking a class specifically labeled or designated as credit recovery.

All state virtual schools reported that they created some or all of their own content in 2009-10, except TxVSN, where the provider districts are responsible for the content. (See Figure 5.)

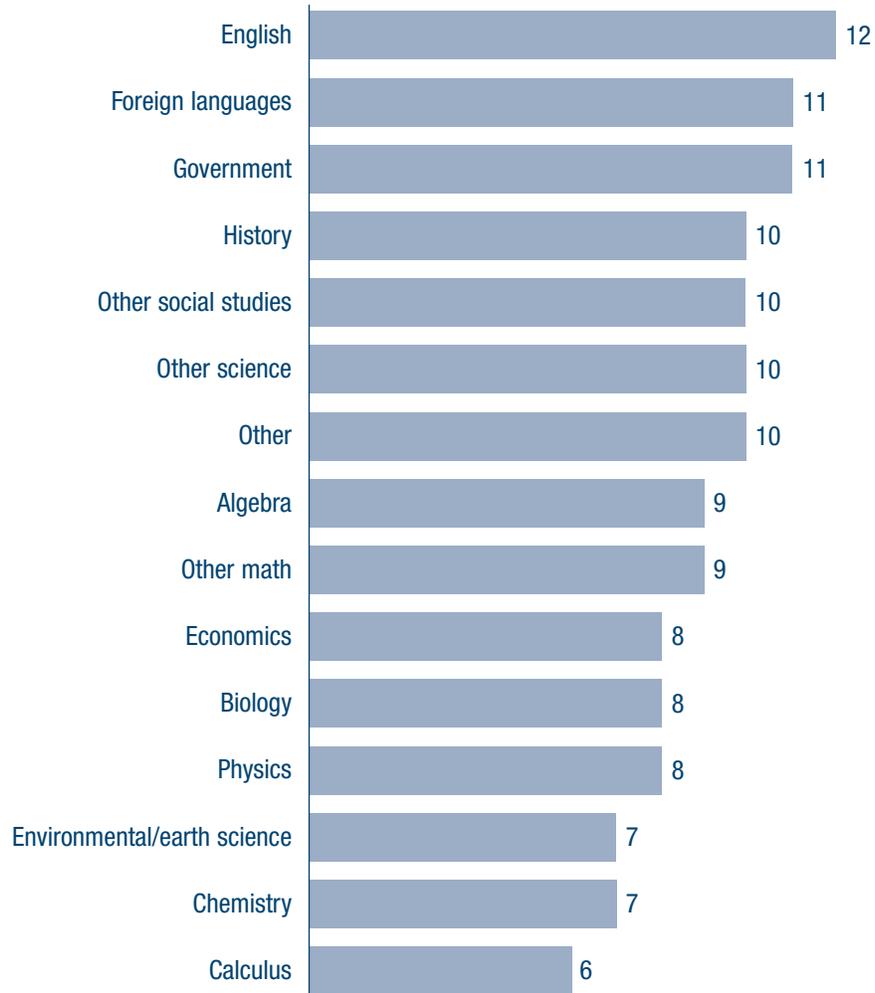
- Twelve state virtual schools created their own English courses.
- Eleven created their own foreign language and government courses.

#### *Use of e-/digital textbooks is on the rise*

- Eleven state virtual schools use e-/digital textbooks in some capacity. Of those, six require their use in some or all of their classes.
- Alabama's virtual school is "working with vendors and course developers to move toward all our courses to either be textbook independent or e-books."

Figure 5

### Number of SREB State Virtual Schools That Created Content for Various Types of Courses, 2009-2010



Note: "Other" course content includes art, career and technical, computer/technology, Web design, life management, professional development and world mythology.

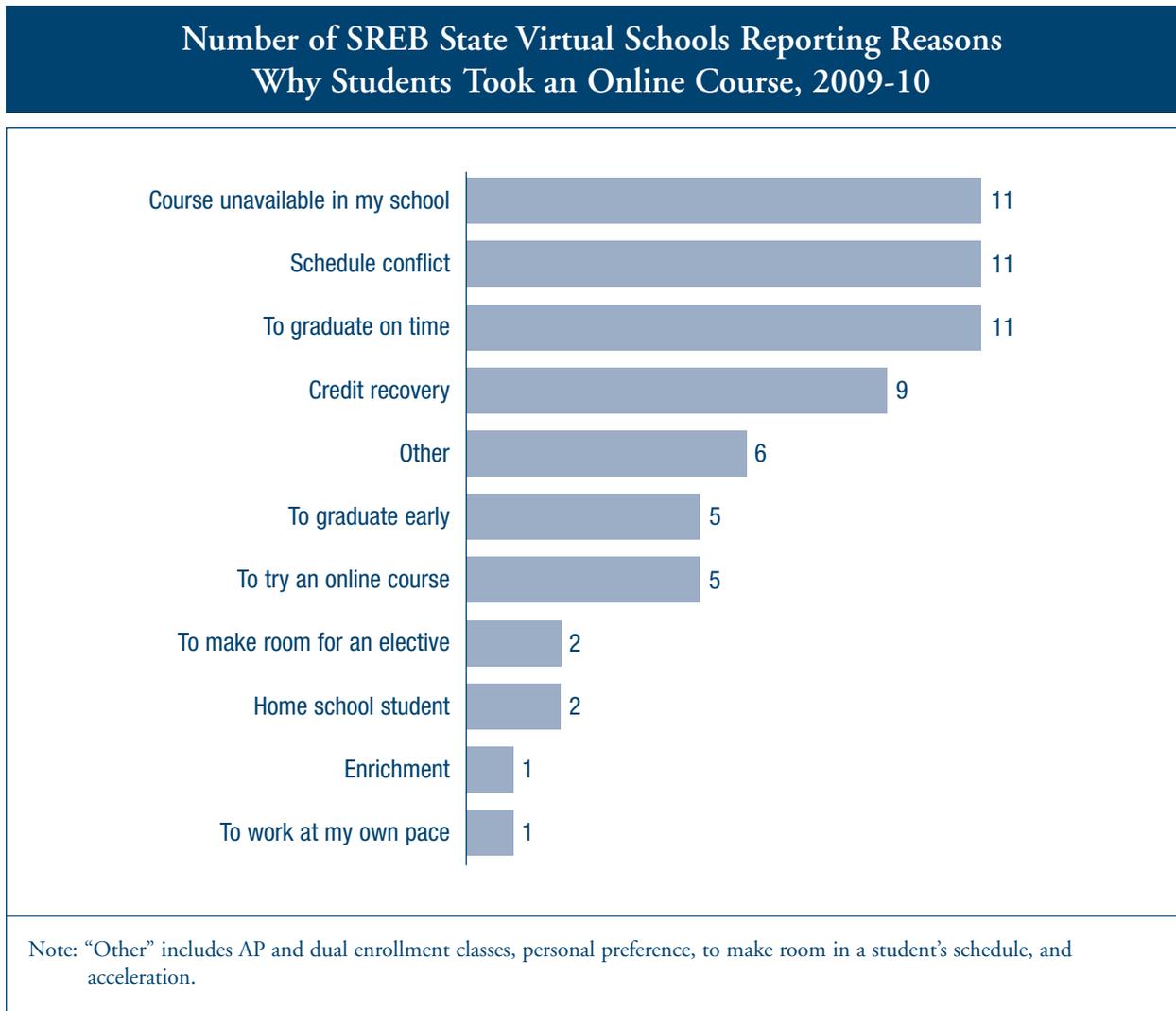
- Georgia Virtual School and NCVPS use digital or hardbound books for their AP courses; all other courses do not use traditional textbooks. Similarly, SCVSP uses hardbound textbooks only for some specific foreign language courses; the remaining courses for which textbooks are required use only e-books.
- Tennessee (e4TN) does not use textbooks in any of its courses: "None of the e4TN curriculum requires a textbook. The course content is developed and organized in a learning object repository."

*States report why students take or drop an online class*

Thirteen of the state virtual schools responding to the survey (all except Maryland Virtual School) collect data on why students take an online course. (See Figure 6.)

- Eleven of the virtual schools indicated that students took courses because they were not available at their brick-and-mortar schools. Seven of the 11 indicated that this was the primary reason.
- Eleven reported that students said they took the courses because of schedule conflicts at their schools.
- Eleven said students took them to graduate on time.

Figure 6



Of the 13 state virtual schools that collect state-level data on why students drop online classes:

- Ten of the virtual schools indicated that students felt the courses were too difficult. (See Figure 7.)
- Eight said students dropped classes because of technical problems.
- Eight said students fell behind and could not catch up.
- Seven said students reported that they were not self-disciplined enough to work independently.

*Student populations expand somewhat*

According to information published in the *SREB 2009 Report on State Virtual Schools*, all state virtual schools target rural, urban and suburban student populations. New data emerged from the 2010 survey.

- Six state virtual schools reported that they offered classes to students outside their own state in 2009-10.

Figure 7

**Number of SREB State Virtual Schools Reporting Reasons Why Students Dropped an Online Course, 2009-10**



Note: "Other" reasons included time-management/scheduling issues, withdrawal, enrollment error, lack of immediate feedback, did not complete course work, did not like online format, and lack of progress.

- Georgia Virtual School, KVS, MVS and OUHS reported that they targeted home school students.
- Alabama ACCESS and MVS also targeted the prison population.

### *Adoption of SREB and International Association for K-12 Online Learning (iNACOL) standards continues*

- All state virtual schools responding to the survey reported that they have adopted all or parts of SREB's *Standards for Quality Online Courses* and *Standards for Quality Online Teaching*.
- Thirteen state virtual schools have adopted all or parts of iNACOL's *National Standards for Quality Online Courses*.
- Thirteen state virtual schools have adopted all or parts of SREB's *Checklist for Evaluating Online Courses*.

### *Reports and policies grow*

- Ten state virtual schools reported that they have an intellectual property policy. Of these, Georgia Virtual School, LVS, NCVPS and OUHS include intellectual property provisions in their teacher contracts.
- Ten said they have strategic or long-term goals.
- Eight said they produce an annual report.
- Eight said they have had evaluation studies of their virtual schools conducted by outside groups.

## Conclusion ---

Overall budget issues and expanding student populations are impacting SREB state virtual schools — and will continue to do so for the foreseeable future. But these issues have not caused states to scale back their efforts to strive for innovation and to move ahead.

SREB state virtual schools are seeking sustainable, scalable funding formulas so they can meet enrollment growth, and they recognize that until they arrive at these funding solutions, their expansion will be slowed. In the meantime, they are building new courses, ensuring that online teachers are prepared to serve students in this instructional environment and providing students with opportunities to access courses they might not have in their traditional schools.

Education reform is a prominent issue, and virtual learning can play an important role. The increase in district-level virtual learning programs may benefit state-level virtual schools in continuing to keep the issue of virtual learning at the fore. Ensuring that legislators, decision-makers and policy-makers remain aware of and properly informed about the realities of and opportunities provided by virtual learning will remain a challenge for online education leaders.

SREB's annual survey of state virtual schools serves as one important resource to help them keep up with trends and learn what can be done in their states to serve students even better.

