

Your Question:

You requested information on states that have adopted a performance-based funding model for online schools.

Our Response:

[Virtual instruction](#) exists in many forms, some schools are fully online, others offer supplemental online programs or blended learning instruction. Online schools can be state-run, district-run, charter schools or non-charter schools. This paper primarily focuses on performance-based funding models for state virtual schools and virtual charter schools.

[State virtual schools](#) are programs created and funded by a state to provide online learning. [Virtual charter schools](#) deliver virtual courses under a charter contract granted by a state-endorsed authorizer. Since both state virtual schools and virtual charter schools have unique characteristics different from a brick-and-mortar school, it has been difficult for states to create a system for funding these schools under traditional finance formulas.

Recent studies have focused on student achievement in virtual charter schools. In 2016, according to the [National Alliance for Public Charter Schools](#) (NAPCS), there were more than 180,000 full-time virtual charter school students in 23 states and D.C. However, full-time virtual charter school students showed weaker academic growth overall, according to a [study](#) released by the Center for Research on Education Outcomes (CREDO). The study found students had low academic gains in math and reading equivalent to 180 fewer days of learning in math and 72 fewer days of learning in reading.

As a result of these findings, NAPCS released, [A Call to Action to Improve the Quality of Full-Time Virtual Charter Public Schools](#). The report lists several policy options policymakers can take to improve the quality of education at full-time virtual charter schools including adopting a performance-based funding model. ECS is not aware of a similar report assessing academic growth or suggesting policy options for state virtual schools.

State Examples

Performance-based funding “links funding for public education programs with measurable student performance outcomes,” according to a comprehensive report, [Performance-Based Funding and Online Learning](#), by the International Association for K-12 Online Learning (iNACOL). In 2016, four states, Florida, Minnesota, New Hampshire and Utah, were using a performance-based funding model for state virtual schools and/or virtual charter schools.

Florida and Minnesota

After legislation passed in 2003, the Florida Virtual School (FLVS), a state virtual school, moved its funding model from one based on seat time to a model based on course completion and performance. As a result, payment is made only after a student successfully completes a course. FLVS also requires end-of-course exams, which count for 20 percent of a student’s final grade (for more information, see page 22 of the report). Minnesota has a similar model for supplemental online learning courses. The supplemental course is only funded once the student completes the

Additional data & links

[Virtual Charter School Accountability: What We Can Do Now](#). National Charter School Resource Center.

[What State Policymakers Need to Know about Funding Virtual Charter Schools](#). Education Commission of the States (2014).

[50-State Comparison: Charter School Policies](#). Education Commission of the States (2018)

course. Minnesota has online charter schools, multi-district programs, single-district programs, and intermediate districts and consortia of schools (see page 23).

New Hampshire and Utah:

The Virtual Learning Academy Charter School (VLACS), a virtual charter school in New Hampshire, receives funding based on course and competency completion percentages. The school only receives the full amount once a student finishes the course in its entirety (for more information, see page 15). Utah also allows partial payment depending on a student’s course completion. Utah has a state virtual school called the Utah Statewide Online Education Program.

The iNACOL report also includes recommendations and an assessment of key challenges for policymakers interested in implementing a performance-based funding model (page 32). Additionally, the report details key elements of a K-12 performance-based funding formula including setting a base amount of funding and providing additional funding for high-needs students (page 30).