



PERFORMANCE AUDIT REPORT

K-12 Education: Reviewing Virtual Schools Costs and Student Performance

**A Report to the Legislative Post Audit Committee
By the Legislative Division of Post Audit
State of Kansas
January 2015**

Legislative Division of Post Audit

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Senator Julia Lynn

LEGISLATIVE DIVISION OF POST AUDIT

800 SW Jackson
Suite 1200
Topeka, Kansas 66612-2212
Telephone: (785) 296-3792
Fax: (785) 296-4482
Website: <http://www.kslpa.org>

Scott Frank, Legislative Post Auditor

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LEGISLATURE OF KANSAS
LEGISLATIVE DIVISION OF POST AUDIT

800 SOUTHWEST JACKSON STREET, SUITE 1200
TOPEKA, KANSAS 66612-2212
TELEPHONE (785) 296-3792
FAX (785) 296-4482
WWW.KSLPA.ORG

January 28, 2015

To: Members, Legislative Post Audit Committee

Representative John Barker, Chair
Representative Tom Burroughs
Representative Peggy Mast
Representative Virgil Peck, Jr.
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Senator Laura Kelly
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Senator Julia Lynn

This report contains the findings, conclusions, and recommendations from our completed performance audit, *K-12 Education: Reviewing Virtual Schools Costs and Student Performance*. The audit was required by language included in Senate Substitute for HB 2506. We would be happy to discuss the findings, recommendations, or any other items presented in this report with any legislative committees, individual legislators, or other state officials.

In its response, KSDE noted concerns about the sample sizes that the audit's findings and conclusions were based on. Additionally, the South Central Kansas Education Service Center had concerns with the adult students who were part of the sample. More information on both of these issues can be found in *Appendix I*.

Sincerely,

Scott Frank
Legislative Post Auditor

This audit was conducted by Heidi Zimmerman, Brad Hoff, Lynn Retz, Michael Shelton, Daniel McCarville, and Ashly LoBurgio Basgall. Dr. Michael Barbour and Dr. Luis Huerta were consultants to the team. Justin Stowe was the audit manager. If you need any additional information about the audit's findings, please contact Heidi at the Division's offices.

Legislative Division of Post Audit
800 SW Jackson Street, Suite 1200
Topeka, Kansas 66612

(785) 296-3792
Website: www.kslpa.org

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K-12 Education: Reviewing Virtual School Costs and Student Performance

Virtual schooling is an increasingly common form of education. Virtual schools allow students to take K-12 courses through web-based applications without being physically present in a classroom. Such schools offer students the flexibility to enroll in courses that are difficult to find or to complete courses on their own schedule. Any school district or educational service center in Kansas can offer students a virtual school or program if it is approved by the Kansas State Department of Education (KSDE). To receive approval from KSDE, the school must meet a number of requirements related to teaching and curriculum standards, student achievement, and special education services.

Our 2007 audit of virtual schools identified a number of potential weaknesses in the state's oversight of virtual schools. Specifically, we found that KSDE had developed good policies for general oversight of virtual schools, but often did not follow them. Moreover, many inherent risks related to virtual school operations (e.g. controls over student testing and attendance) were not adequately addressed at the state level.

During the 2014 legislative session, the Kansas Legislature passed Senate Substitute for House Bill 2506 which addressed a number of school finance and education policy issues. The bill also required our office to conduct an audit of the costs associated with operating virtual schools by February 1, 2015.

This performance audit answers the following questions:

- 1. What kinds of services do Kansas virtual schools provide?**
- 2. How do virtual schools operating costs compare to the amount of state funding they receive and what are their outcomes?**
- 3. Has the Department of Education addressed the recommendations from our 2007 audit concerning virtual schools?**

A copy of the scope statement for this audit, approved by the Legislative Post Audit Committee, is included in *Appendix A*. For reporting purposes, we modified the three questions originally included in the scope statement.

To answer the first question, we collected detailed information from several virtual schools and programs about the types of

services they offered during the 2013-14 school year. We also reviewed student records from those virtual schools to determine how often students used the different types of services the schools provided.

To answer the second question, we collected data about coursework and credits earned for a sample of virtual school students and state assessment data for all Kansas public school students from KSDE. We also collected information on staffing levels, curriculum costs, and various other costs and resources associated with virtual schools. We visited six virtual schools and talked with superintendents, principals, teachers, and other staff members. Last, we asked two consultants with extensive experience in virtual schools to provide us with feedback regarding the reasonableness of our virtual school cost models.

To answer the third question, we interviewed KSDE officials, and conducted a file review to determine if KSDE had implemented the recommendations from our 2007 audit.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Finally, we provided a management letter to KSDE to convey two minor findings not discussed in this report. Our findings begin on page 9, following a brief overview of virtual schools.

Overview of Virtual Schools

Kansas Law Requires that Virtual Schools Use Internet-Based Instruction and that Teachers and Students be Separated by Time and Location

Although the term virtual school is often used to describe a number of educational environments, it has a specific statutory definition in Kansas. That definition is included in K.S.A.72-3712(a) and has two main components:

- **Instruction must be predominantly delivered through Internet-based methods.** Students must be able to access and complete their coursework on the Internet.
- **Teachers and students must be separated by time and location.** Potential locations could include the student's home or a public library. This does not include students who access internet-based courses from their traditional school at a set time every day. Nor does it include distance learning technologies where instruction is delivered via interactive video, which requires a set time and place.

The statute includes additional requirements including that students must make appropriate academic progress and demonstrate competence in the subjects they study. Finally, the statute also requires that age-appropriate students must take state assessments.

Kansas Had 48 Virtual Schools that Served 6,400 FTE Students in the 2013-14 School Year

The Kansas State Department of Education (KSDE) approved the state's first virtual school in 1998. At that time, KSDE regulated virtual schools as charter schools. In 2008, the Kansas Legislature passed the Virtual School Act which governs how virtual schools are established and operated.

Kansas virtual schools and programs are approved and monitored by KSDE. The 2008 Virtual School Act placed virtual schools under the general supervision of the State Board of Education. As such, the Board has adopted a process that requires KSDE to approve and monitor virtual schools. A school district that wants to establish a virtual school must go through the following steps to be approved:

- District staff must attend a webinar with KSDE staff to confirm the district understands the requirements to operate a virtual school.
- District staff must submit documentation to KSDE that confirms they meet all the requirements of a virtual school. Those requirements include things such as employing Kansas-licensed teachers, establishing a process for teachers and students to communicate, and adopting a policy for providing special education services.
- District officials must participate in a conference call with KSDE staff and virtual school staff from other districts to ask questions and share information about the operation of a virtual school.

Once KSDE has approved a district to operate a virtual school, the school must submit documentation annually confirming that they continue to meet all virtual school requirements.

KSDE makes a distinction between virtual schools and virtual programs. However, this distinction is largely administrative and reflects differences in how schools and programs report information such as enrollment, free-lunch eligibility, and personnel to KSDE. Both virtual schools and programs must meet the same requirements for initial approval and continued operation. Because KSDE treats programs and schools in the same way, we refer to both as “schools” throughout this report.

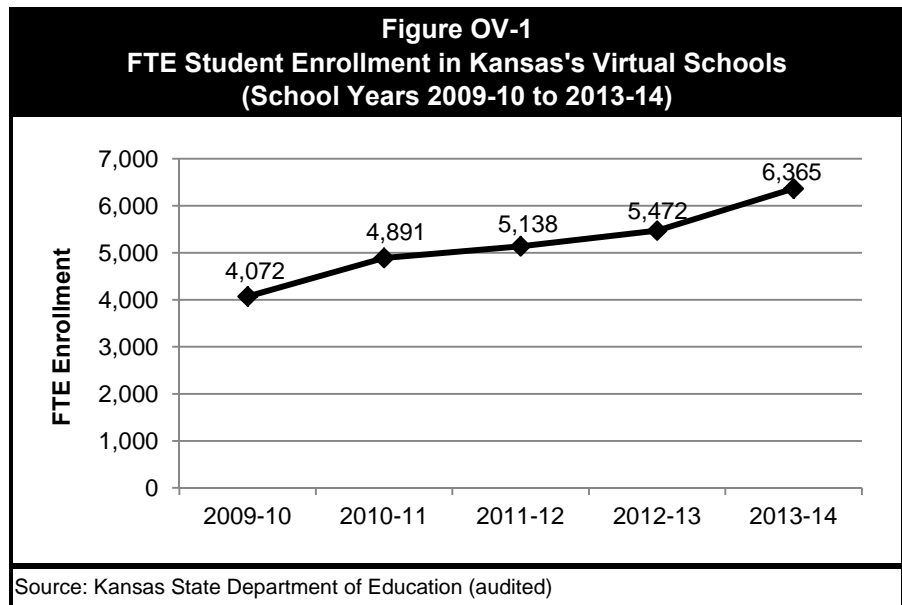
School districts, service centers, and private vendors operated Kansas’ 48 virtual schools in school year 2013-14. We identified three main ways virtual schools were operated in Kansas:

- **School district staff operated thirty-seven virtual schools.** Although these schools were operated by school district staff, most districts, including Lawrence, Andover, and Maize, purchased their curriculum from a private vendor.
- **Six service centers operated virtual schools for school districts.** These schools are operated by service center staff and rely on curriculum and teachers provided by the service centers. The largest of these schools is operated by the Southeast Kansas Education Center, also known as Greenbush.
- **Five private vendors operated virtual schools for school districts.** Similar to schools managed by service centers, these schools are operated by a third-party vendor. Private companies manage these virtual schools and provide curriculum, staff, and other services. For example, the Elkhart school district’s Kansas Connections Academy is operated in partnership with Connections Education (located in Maryland) although the teaching staff is located in Kansas.

Our count of virtual schools (48) operating in the 2013-14 school year differs from the number KSDE reported (93), primarily because we counted virtual schools operated by service centers differently. KSDE staff counted each district’s partnership with a service center as a separate virtual school. We determined that each service center represented a single virtual school (even if multiple districts have access to it). A secondary reason for the difference was that we counted only those schools with students enrolled in the 2013-14 school year, while KSDE included all approved schools even though some had no enrolled students. **Appendix B** lists each virtual school in the state, the school’s FTE enrollment in 2013-14, and various other information.

Kansas’ 6,400 full-time-equivalent (FTE) virtual school students are a small but rapidly growing student population.

In the 2013-14 school year, virtual school students represented a little more than 1% of the state’s 461,000 FTE students. These 6,400 FTE virtual school students represented about 10,700 individuals because many students are enrolled less than full-time. *Figure OV-1* shows the five-year FTE enrollment trend for virtual schools. As the figure shows, enrollment in virtual schools increased from about 4,100 FTE students to about 6,400 FTE students (56%) between the 2009-10 and 2013-14 school year. *Appendix C* shows the virtual school FTE enrollment trend since 1998.



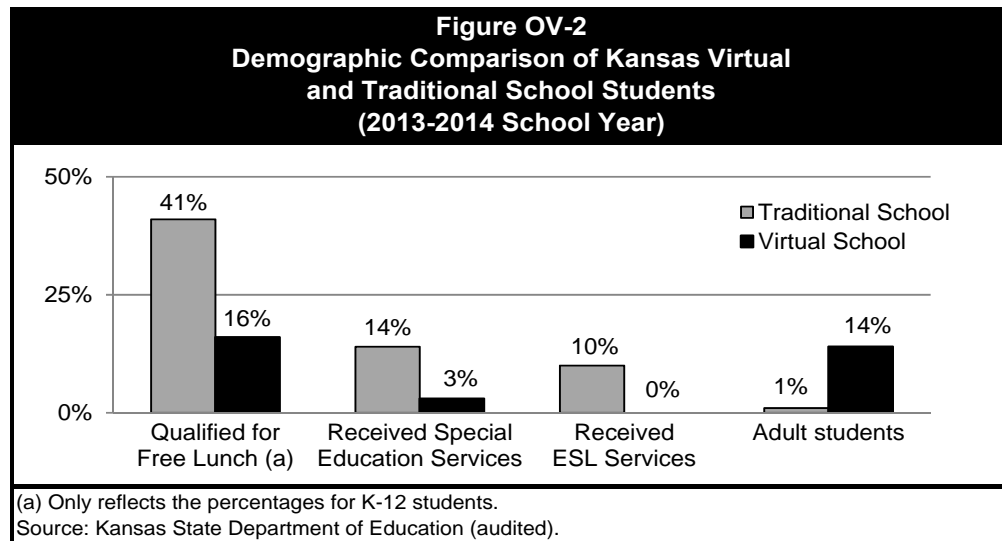
Much of the growth in 2013-14 was the result of a significant increase in enrollment at Andover eCademy. Starting in the 2013-14 school year, the Andover school district agreed to allow Wichita area Catholic school students to take courses through its virtual school. As a result, about 60% of the statewide growth between 2012-13 and 2013-14 is a result of the nearly 600 FTE private school students who enrolled at Andover eCademy. We have concerns about this arrangement which are described in more detail on page 27.

Virtual School Students Differed Demographically from Traditional Students in Several Ways

A virtual school creates a unique learning environment that requires independent, self-guided work and more parental supervision than a traditional school. To better understand the types of students who attended virtual schools in the 2013-14 school year, we compared them to students enrolled in traditional brick and mortar schools to identify any significant differences between the two groups.

In the 2013-14 school year, virtual school students were less likely to qualify for free lunch, received fewer special education services, and were more likely to be adults than students in more traditional settings. Figure OV-2 compares certain demographic characteristics for virtual school and traditional school students based on student-level data compiled by KSDE. As the figure shows:

- **3% of virtual school students received special education services, compared to 14% of traditional students.** Although virtual schools are required to have plans for addressing the needs of special education students, few special education students actually attend virtual schools.
- **None of the virtual school students received English as a second language services, compared to 10% of traditional students.** Although virtual schools appear to have services in place to address the needs of students who are learning English, no students eligible for these services enrolled in a virtual school in 2013-14.
- **14% of virtual school students were adults, as opposed to only 1% of students in brick and mortar schools.** Students are considered adults if their high school class has already graduated. Adult students who are seeking their high school diploma may be attracted to virtual schools because of the flexibility.
- **16% of K-12 virtual school students qualified for free lunches, compared to 41% of traditional students.** Districts receive additional funding for traditional school students who are eligible for free lunches. Although virtual school students do not receive a school lunch, KSDE allows those students to submit an alternative free-lunch eligibility form so districts can receive additional at-risk funding. Because virtual schools are not eligible to receive at-risk funding, districts have little incentive to urge parents to submit the form. Consequently, we think virtual school students' free-lunch eligibility percentage is likely understated.



In contrast to the factors listed above, we found little difference between virtual and traditional school students in terms of gender or race composition.

Virtual Schools are Funded Similarly to Traditional Schools, Although There are Some Key Differences

To better understand how virtual schools are funded, we compared their funding process to that of traditional schools. We found that the unique way virtual schools operate influences how students are counted and funded. Further, certain restrictions are in place because virtual schools attract students from all over the state rather than just students in the district.

Like traditional schools, state funding for virtual schools is based on attendance counts. Districts receive funding for every virtual school and traditional school student in attendance on specific count days. This funding includes base state aid for every FTE student (\$3,838 in 2013-14) plus additional funding, called weightings. Weightings are based on factors such as the district's size, the number of students eligible for a free lunch, and the number of students enrolled in vocational education courses.

Whereas funding for traditional school students is based on a count of students on a single day, funding for virtual school students is based on counts on two different days. Funding for traditional students is based on a single count day in September. For virtual school students, the average minutes spent on coursework across two count days is divided by 360 to determine an FTE (360 minutes represents a standard school day). For example, if a student spent 300 minutes on school work on the first count day and 240 minutes on the second day that student would be funded for the average of 270 minutes, or as a 0.75 FTE student. A student cannot be counted for more than 360 minutes, or one FTE, regardless of how many minutes they average on the two count dates. Further, a student must have minutes on both count days to be eligible for virtual school funding.

Additionally, only school districts with approved virtual schools are eligible to receive funding for virtual school students. Finally, because virtual schools conceivably could draw students from all over the country, state funding is limited to in-state virtual school students.

Whereas traditional schools are eligible for a number of additional types of funding (or weightings), virtual schools are eligible for only two types of weightings. Districts receive base state aid for every student in attendance on specific count days. They also receive weightings for students who meet certain criteria. Traditional school students are eligible for a variety of

weightings for things such as the district's enrollment size, the number of students eligible for a free lunch, and the number of students enrolled in vocational education courses. However, virtual school students are eligible for only two weightings:

- an extra 5% of base state aid for every FTE virtual school student
- an additional 8% of base state aid per semester for students enrolled in advanced placement courses and who meet other criteria

Although virtual school funding per FTE student has remained relatively constant, total virtual school funding has significantly increased since 2009. This increase in funding is a direct result of the significant increase in virtual school student enrollment during that same time period.

- Total state funding for virtual school students has increased 52%, from \$17.4 million in 2009-10 to \$26.3 million in 2013-14.
- On an FTE basis, funding has decreased by 3% from \$4,300 per FTE in 2009-10 to \$4,100 per FTE in 2013-14.

The 2014 Legislature made two key changes that will affect virtual school funding beginning with the 2014-15 school year.

Although the Legislature made a number of changes to school funding, only two changes specifically affect virtual schools:

- **Districts will no longer be allowed to include the funding associated with virtual school students in their local option budget.** School districts have two primary sources of operating funds. Every school district has a general fund, the size of which is based on the district's enrollment and weighting factors. School districts are also allowed to adopt a local option budget. In most cases, the local option budget can be as large as 31% of the size of the general fund. (Under certain circumstances, it can be as large as 33%.)

The change enacted by the Legislature in 2014 removes the funding associated with virtual school students from a districts' general fund. Because the size of the local option budget is tied to the size of the general fund, this change will reduce the maximum amount districts can raise through their local option budgets.

- **Districts will no longer receive funding associated with students who were not proficient on state assessments.** The Legislature eliminated this funding for both traditional and virtual school students. Eliminating this funding for virtual school students leaves just one weighting available to virtual school students (advanced placement). Although there is some confusion regarding the availability of the non-proficient funding (see page 33), KSDE officials told us they do not expect schools to receive it in the 2014-15 school year.

Question 1: What Kinds of Services Do Kansas Virtual Schools Provide?

Virtual schools provide a full curriculum and a variety of other services to both school-aged and adult students in the 2013-14 school year (p. 9). All six of the virtual schools we reviewed offered full curriculums appropriate to the age of their students (p. 10.) Our selected schools generally offered the same type of support services to both adult and K-12 students, but students' use of those services varied (p. 10). Some virtual schools also provided additional materials such as computers and science supplies and extracurricular activities such as field trips (p. 11).

Virtual Schools Provided a Full Curriculum and a Variety of Other Services to Both School-Aged and Adult Students

The curriculum and other services that virtual schools provide to their students are similar to those provided by traditional schools. These services include:

- curriculum that includes core courses like math and English, and elective courses like music and art
- support services such as special education, at-risk services, guidance counseling, and job and career planning
- educational materials such as textbooks and science and art supplies
- extracurricular activities such as field trips and clubs

We selected a sample of virtual schools and virtual school students to evaluate the services the schools offered and how often students used those services. The students in our six sample schools represented about 50% of all the virtual school full-time equivalent (FTE) students in the state. Those schools included:

- Lawrence Virtual School – 1,312 FTE students
- Andover eCademy – 907 FTE students
- Kansas Connections Academy (Elkhart) – 634 FTE students
- 21st Century Learning Academy (Kiowa County) – 165 FTE students
- Project Encore High School Diploma Completion Program (South Central Kansas Education Service Center) – 136 FTE students
- Lawrence Diploma Completion Program – 28 FTE students

Further, we randomly selected and reviewed records for 222 students (159 school-aged students in grades K-12 and 63 adult students) to determine how often those students used the services offered. The results of this review are projectable to each school, but not to all virtual schools statewide. In addition, we called 10 students' parent or guardian to ensure that these sampled students were actually enrolled in a virtual school.

All six of the selected schools offered full curriculums appropriate to the age of their students. All of the schools provided the following:

- an internet-based curriculum that allowed students to access their school work at any time
- curriculum that included core courses such as math, English, and science
- curriculum that included elective courses such as art, music, or computer applications
- access to a teacher by phone and e-mail

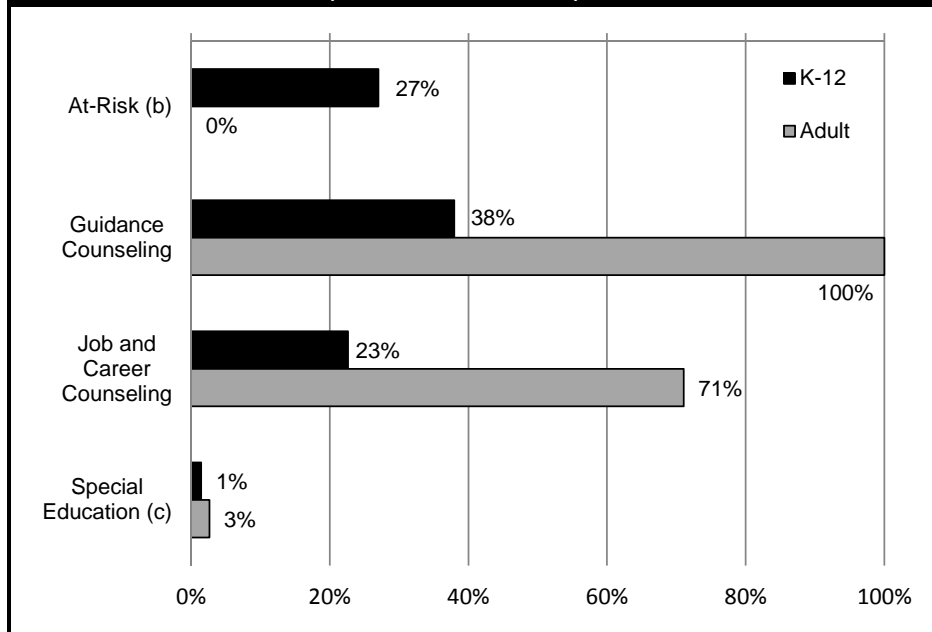
Further, five of the six schools offered students the opportunity to participate in live online classes (students log in and participate in a class in real-time) or face-to-face classes (students go to the school and attend a class or meet with a teacher at specific times). However, schools must be careful to balance these things with the requirements of the Virtual School Act. Additionally, three schools provided advanced placement courses that allow high school students to earn college credit. Finally, three schools offered SAT or ACT preparation courses to high school students.

The selected schools generally offered the same type of support services to both adult and K-12 students, but the students' use of those services varied. *Figure 1-1*, on page 11, shows the support services virtual schools offered and what percentage of students in our sample used each service. As the figure shows:

- **K-12 students were more likely to use at-risk services than adult students.** School officials told us in virtual schools at-risk services include tutoring, remedial coursework, or more intensive oversight of assignment deadlines. These services are offered to students who are at high risk of academic failure. In our sample, 27% of K-12 students used at-risk services, compared to none of the adult students.
- **Conversely, adults were more likely to use job and career planning and guidance counseling than K-12 students.** In our sample, 71% of adult students used job and career planning services, compared to only 23% of K-12 students. Similarly, 100% of adult students received guidance counseling, compared to only 38% of K-12 students.

Few virtual school students in our sample used special education or English as a second language (ESL) services. Because only 3% of all virtual school students were identified as needing special education services, it is not surprising that only 1% of the students in our sample used them. Further, students over the age of 21, which would include most adult students, are not eligible to receive special education services. Additionally, none of the virtual school students in our sample used English as a second language services even though four schools offered them.

Figure 1-1
Percentage of Sample Virtual School Students
Who Used Various Support Services
(2013-14 School Year) (a)



(a) Gifted and English as a second language services are not shown. Although virtual schools generally offered these services, virtual school students did not use them.
 (b) In virtual schools, at-risk services include tutoring, remedial coursework, or more intensive oversight of assignment deadlines.
 (c) One adult student out of the 38 in the sample and two K-12 students out of the 137 in the sample used special education services.
 Source: LPA summary of support services used based on a sample of K-12 and adult virtual school student records.

Some virtual schools also provided **additional materials such as computers and science supplies and extracurricular activities such as field trips**. Additional materials provided by the six schools we reviewed are summarized below.

- **All six virtual schools provided educational resources such as textbooks.** Additionally, five schools provided additional resources such as science supplies, maps, and globes.
- **Two virtual schools routinely provided computers to students.** Both schools primarily served K-12 students. Further, officials from two additional districts told us they do provide a limited number of computers to students in special circumstances.
- **Only K-12 virtual schools provided extracurricular opportunities such as field trips or clubs.** Three of the four K-12 virtual schools in our sample offered clubs and field trips. About 35% of the students in our sample, whose school offered these services, participated in these opportunities.

Appendix D lists the courses, services, and additional materials offered by each sample school.

Question 2: How Do Virtual Schools' Operating Costs Compare to the Amount of State Funding They Receive and What are Their Outcomes?

We identified three different models of virtual education in Kansas: a full-time K-12 model, an adult diploma completion model, and a part-time K-12 model at the Andover eCademy (p. 14). Our estimate of the necessary operating costs for each type of model varied significantly (p. 14). We estimate the cost of operating a full-time K-12 virtual school is about \$4,500 to \$5,600 per FTE student (p. 16), which is about \$400 to \$1,500 more per FTE student than the state provides in funding (p. 19). We estimate the cost of operating an adult diploma completion program is about \$3,300 to \$4,100 per FTE student (p. 20), which is about \$4,800 to \$5,600 per FTE student less than the state provides in funding (p. 22). A key reason for this disparity is that the method for counting adult students for funding purposes significantly overstates their course loads (p. 22). Finally, we estimate the cost of providing individual courses to K-12 students is about \$1,700 per FTE student (p. 23), which is about \$2,500 less per FTE student than the state provides in funding (p. 26). The way Andover operates its virtual school raises concerns, including a loophole in the way the state funds virtual schools (p. 27).

We also assessed the performance of virtual school students. Overall, full-time K-12 virtual school students performed similarly to traditional school students on state assessments (p. 27). However, the adult students in our sample made little progress in earning their high school diploma (p. 30). Because virtual schools are not accountable for the educational outcomes of part-time students enrolled in only a couple courses, we did not assess those students' scores (p. 31).

We also identified a number of other findings pertaining to the funding of virtual school students. Including virtual school students in the calculation for assessed valuation per pupil allows some districts to receive more funding than intended (p. 32). We also found that state statutes continue to provide a non-proficient weighting for virtual school students that likely should have been removed during the 2014 legislative session (p. 34). Finally, districts do not fully account for all of their virtual school expenditures in the appropriate fund as required by state law (p. 34).

We Identified Three Different Models of Virtual Education in Kansas

When examining the differences between virtual schools in Kansas, we found that the most important distinction was in the type of students the school served. Although we examined other differences such as whether the school was operated by a service center or a third-party vendor, we found that it was the type of students that seemed to most influence virtual school costs. This was because student characteristics such as the age of the students and whether they attended full-time or part-time significantly influenced how the school operated. In turn, these differences influenced how much it cost to operate the school. As a result, we identified three different models of virtual schools that are based on the type of student the school primarily serves.

Forty-four virtual schools offered a full-time K-12 curriculum to students. Some of these schools offered educational services to all K-12 grade level students while others only served those in specific grade levels (e.g. grade levels K-8 or 9-12). Students in these schools were generally enrolled in a full, or nearly full, course load that included both core courses such as math and English and elective courses such as art and physical education. Although these schools primarily focused on school-aged students, 18 of the 44 full-time K-12 virtual schools also allowed adult students to enroll.

Four virtual schools offered an adult diploma completion program to students. These schools catered to adult students who have dropped out of school and whose class has already graduated. They offered the opportunity to obtain a high school diploma (as opposed to a GED). Students in these schools typically took only two or three courses at a time and only enrolled in the courses they needed to graduate from high school. These schools generally did not enroll school-aged students.

One virtual school offered part-time K-12 courses to a large number of private school students. Typically, these students enrolled in a course or two for the year and participated in these courses during their regular school day. Although at least one other virtual school allowed private school students to enroll, the Andover virtual school is by far the largest school within this model. The Andover virtual school also enrolled full-time K-12 students. These students are included in our analysis of full-time K-12 schools.

The Operating Costs for the Three Virtual School Models Varied Significantly

To estimate costs for Kansas virtual schools, we first grouped the sample virtual schools into three models based on the types of curriculum they provided and the age of the students served. Next, we recalculated students' FTE based on coursework, instead of

their average minutes on count days, for a sample of 222 students across those three virtual school models. We used that new estimate of FTE students to determine how much funding schools actually received for the sample students in each model. Finally, we compared that funding to the costs of operating each model.

To estimate the operating costs for each type of virtual school, we built separate cost models based on the resources each requires. Specifically:

- We determined what resources a virtual school needs to operate by collecting data from virtual schools and interviewing virtual school officials.
- We determined how much of each of those resources a virtual school needs to operate. We determined this by making adjustments to resource levels based on interviews with virtual school officials, reviewing academic literature, and soliciting input from our consultants.
- We then estimated the cost for each of the resources using data provided by the school districts and KSDE.

The costs of special education services were excluded from our analysis because those services are funded separately from virtual schools. A detailed explanation of our funding and cost comparison methodology is provided in *Appendix E*.

As part of this work, we asked two consultants with extensive experience in virtual schools to provide us with feedback regarding the reasonableness of the resources we allocated to each type of virtual school. A description of their qualifications can be found in *Appendix F*.

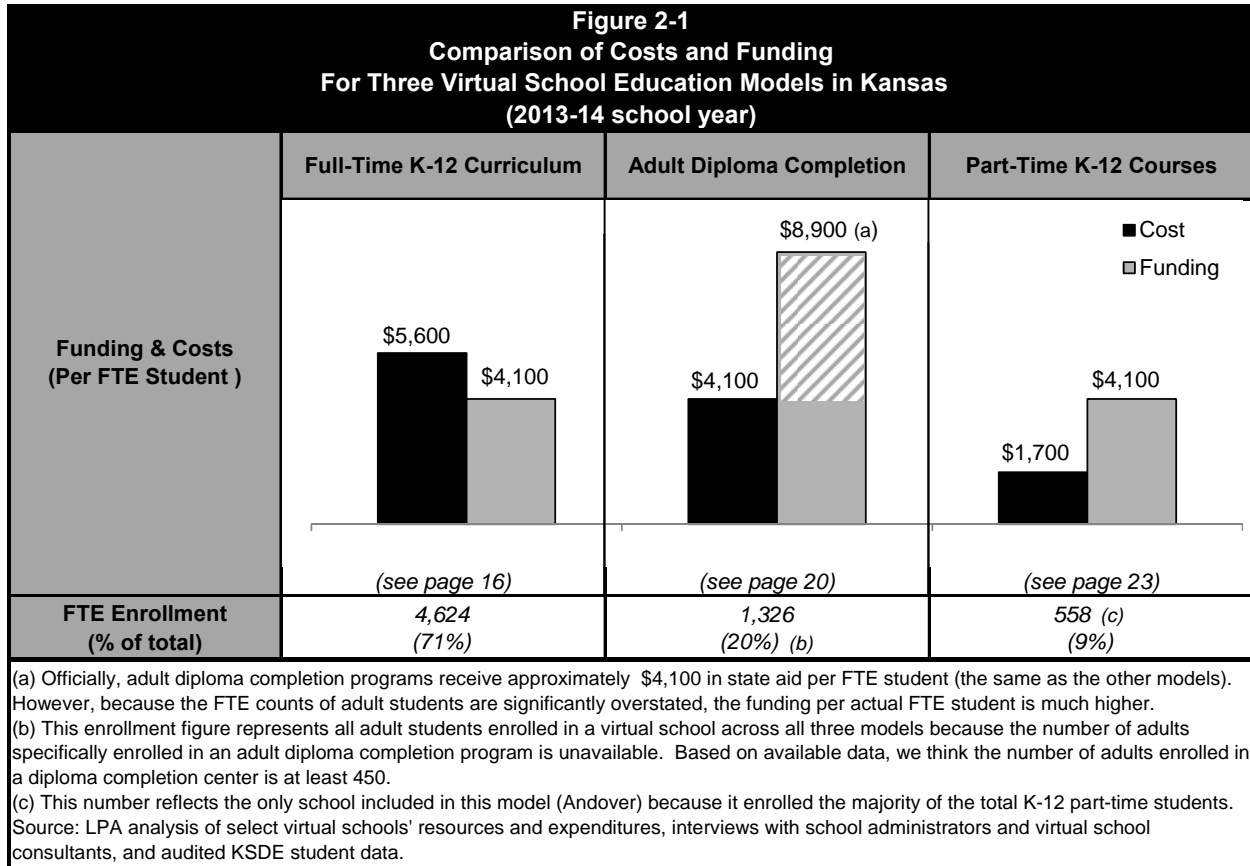
The operating costs per FTE student for each type of virtual school varied significantly—from a low of \$1,700 to a high of \$5,600. *Figure 2-1*, on page 16, summarizes the difference in funding levels based on student course loads and the costs for each model. As the figure shows:

- **The full-time K-12 model costs up to \$5,600 per FTE student.** This estimate was calculated by evaluating costs for four full-time K-12 virtual schools, which covered about 47% of all K-12 FTE students in the state. Under the 2013-14 funding formula, this virtual school model received up to \$1,500 per FTE student less in funding than necessary to cover costs (see page 16).
- **The adult diploma completion model costs up to \$4,100 per FTE student.** This estimate was calculated by evaluating costs for two diploma completion schools, which covered about 12% of all the adult FTE students in the state. In the 2013-14 school year, this

virtual school model received up to \$5,600 per FTE student more in funding than necessary to cover costs (see page 20).

- **The part-time K-12 model costs about \$1,700 per FTE student.** This estimate was calculated by evaluating costs for one part-time K-12 virtual school, which covered about 11% of the K-12 students in the state. Under the current funding formula, this virtual school model received about \$2,500 per FTE student more in funding than necessary to cover costs (see page 23).

Appendix G compares the estimated virtual school costs by category for each model.



FINDINGS RELATED TO FUNDING AND COSTS FOR THE FULL-TIME K-12 CURRICULUM MODEL

We Estimate the Cost of Operating a Full-Time K-12 Virtual School is about \$4,500 to \$5,600 per FTE Student

This section addresses the costs and funding associated with schools that offered a full-time K-12 curriculum to virtual school students in the 2013-14 school year. These schools offered a complete education for school-aged students, although not every school offered a full K-12 education (some only served grade levels 9-12 or 6-12). Most students who attend these schools were enrolled full-time and were required to take state assessments.

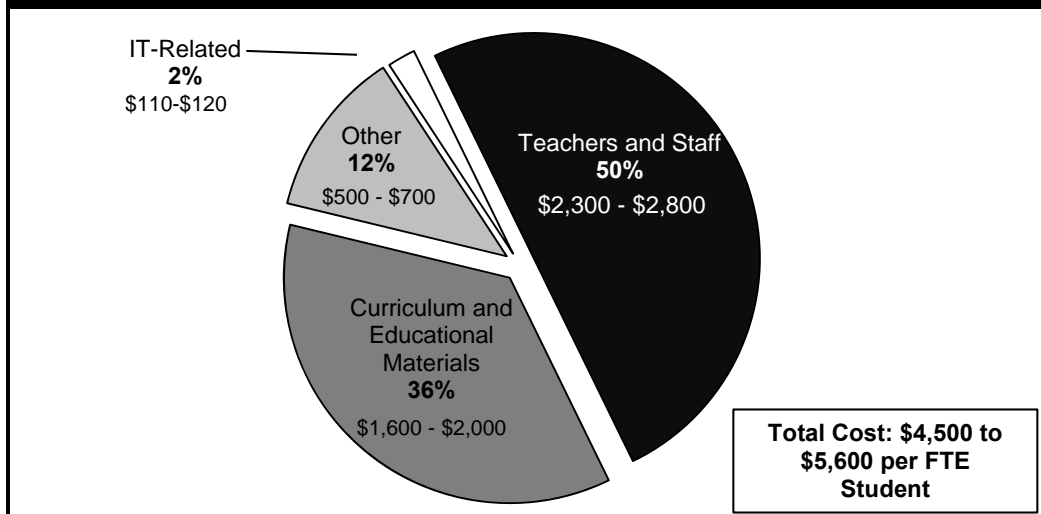
Staff and curriculum account for about 86% of the costs under the full-time K-12 model. To estimate costs, we determined what services school districts offered, what resources were necessary to offer them, and the cost to provide those resources. *Figure 2-2*, on page 18, shows the different types of resources required to offer virtual education services within the K-12 model. It also provides the cost per FTE student for each type of resource. As the figure shows:

- **Staff such as teachers, principals, and support staff represent the greatest cost (50%).** Similar to teachers in a traditional school setting, virtual school teachers grade papers, respond to student questions, and provide supplemental instruction to students. By contrast, virtual school principals mostly provide support and professional development to teachers and have very little interaction with students. Interaction with students is a significant part of a principal's duties in a traditional school setting. Support staff includes administrative assistants, guidance counselors, and school psychologists. The services they provide are similar to those offered in traditional schools. Total staff costs are about \$2,300 to \$2,800 per FTE student.
- **Curriculum and educational materials for students represent the second greatest cost (36%).** This includes the web-based curriculum students have access to and the materials such as books, art supplies, and science supplies districts send to students. We annualized this cost but districts that develop their own curriculum (rather than purchase it) may have more up-front costs rather than more stable year-to-year costs. This category costs about \$1,600 to \$2,000 per FTE student.

Information technology costs represent a surprisingly small percentage of total costs (2%). IT costs include computers and equipment for school staff, internet service, and IT staff. Although we expected IT costs to be a relatively large portion of virtual school costs, they were not. That is because the web-based curriculum used by K-12 schools is typically hosted on the servers of the vendor who provides it. Consequently, the IT infrastructure required to offer online courses is already included in the cost of the curriculum. Further, students access curriculum through their own internet connections at home, so schools typically do not have to cover that cost. Technology costs account for about \$110 to \$120 per FTE student.

Other costs such as facility costs, professional development, and staff travel represent most of the remaining virtual school costs (12%). Other costs in this category include costs for extracurricular activities for students and central service costs for human resources, legal, and accounting services. This category costs about \$500 to \$700 per FTE student.

Figure 2-2
Summary of Full-Time K-12 Virtual School
Model Resources and Costs



Resources Allocated to the School and the Cost of Those Resources per FTE Student

Category	Resource Level (a)	Cost per FTE (b)
Teachers and Staff		50% of Total Costs
Teachers	20 - 24 FTE	\$1,900 - \$2,200
Student Support Staff	1.5 - 2.0 FTE	\$155 - \$205
Administrative Staff	2.5 - 3.0 FTE	\$150 - \$180
Principal	0.5 - 1.0 FTE	\$80 - \$160
Curriculum and Educational Materials		36% of Total Costs
Curriculum	\$540,000 - \$720,000	\$900 - \$1,200
Educational Materials	\$420,000 - \$480,000	\$700 - \$800
Other		12% of Total Costs
Facility Costs	\$138,000 - \$167,000	\$230 - \$280
Central Services	\$92,000 - \$124,000	\$150 - \$210
Miscellaneous	\$46,000 - \$56,000	\$80 - \$90
Travel	\$18,000 - \$34,000	\$30 - \$60
Professional Development	\$10,000 - \$14,000	\$15 - \$25
Extracurricular Costs	\$6,000 - \$9,000	\$10 - \$15
IT-Related		2% of Total Costs
IT Staff	1.0 FTE	\$90
Internet Service	\$7,000 - \$10,000	\$10 - \$15
Computers (c)	\$7,000 - \$8,300	\$10 - \$15
Printers (c)	\$1,300 - \$1,600	\$2 - \$3
Webcams (c)	\$450 - \$550	\$1

(a) Based on a school with 600 FTE students. See **Appendix E** for more information on our methodology.

(b) All numbers are rounded and may not add up to total.

(c) Hardware costs have been annualized based on a three-year replacement cycle.

Source: LPA analysis of select K-12 virtual schools' resources and expenditures, interviews with school administrators, and discussions with virtual school consultants.

In 2013-14, Full-Time K-12 Virtual Schools Received an Estimated \$400 to \$1,500 Less per FTE Student in State Funding Than It Cost to Operate Them

Because state funding for virtual schools is based on the number of FTE students enrolled in each school, it is important to determine whether attendance on count dates reflected students' actual course loads during the year. As described in the overview, virtual school student FTE is based on the average number of minutes students participated in educational activities on two separate count days. This measure is intended to reflect a student's overall course load and serves as the basis for state funding.

To determine whether the attendance counts used for funding reflected the student's actual course loads, we recalculated students' FTE based on courses they enrolled in during the academic year, instead of their average minutes on count days. We used that new estimate of FTE to determine what funding levels should have been for students in the full-time K-12 model. We based this work on a sample of 159 K-12 students in four different schools within this model. While our results cannot be statistically projected to all virtual schools, we think the schools we reviewed are typical of other schools that use this model. Details about the methodology we used to make this determination are provided in ***Appendix E***.

For the students in our sample who were enrolled in a full-time K-12 virtual school, the number of minutes reported on count dates was generally consistent with the students' actual course loads. Of the 159 K-12 students in our sample, 151 (95%) were enrolled in the number of courses we would expect for the count date minutes at which they were funded. Consequently, the state's average funding amount of \$4,100 for each FTE student accurately reflected students' course load in this model.

Full-time K-12 virtual schools received about \$400 to \$1,500 per FTE student less in state funding than our estimated operating costs in 2013-14. Because K-12 students' course loads accurately reflected their funding levels, the state's funding level for a FTE student in this model was \$4,100 per FTE student (as intended by statute). However, our estimated costs of \$4,500 to \$5,600 per FTE to operate schools in this model means funding was up to 36% less than what we estimated it cost to operate them.

In previous years, school districts could offset some of the difference between funding and costs with the local option budget authority they received for their virtual schools. The Legislature eliminated virtual schools from the local option budget calculation in 2014. This is discussed in more detail on page 8 of the overview.

District officials told us they provide services for students who enroll after the count days even though the state does not provide funding for those students. Based on a limited review of four K-12 virtual schools, we found that those districts ended the school year with 20% fewer students than they were funded for.

FINDINGS RELATED TO FUNDING AND COSTS FOR THE ADULT DIPLOMA COMPLETION VIRTUAL SCHOOL MODEL

We Estimate the Cost of Operating a Virtual Diploma Completion Program for Adults is about \$3,300 to \$4,100 per FTE Student

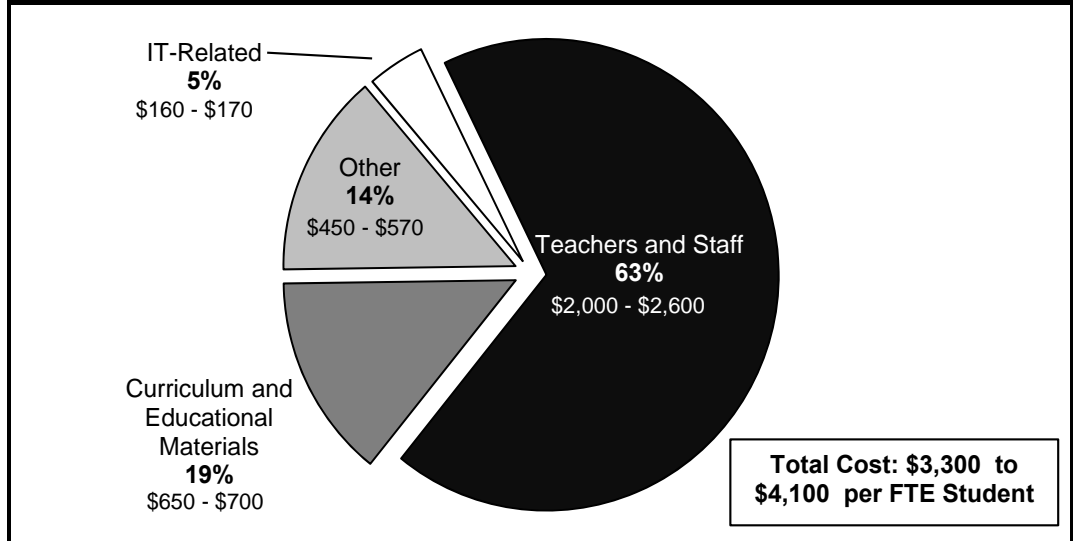
This section addresses the funding and costs associated with schools that offered a diploma completion program to adult students in the 2013-14 school year. These schools generally offer a complete high school education to adult students. The students enrolled in these schools often attend part-time because work and family responsibilities can make attendance difficult.

Similar to the full-time K-12 curriculum model, staff and curriculum costs are the primary cost drivers in this model.

Staff and curriculum represent 82% of the total costs for diploma completion programs. *Figure 2-3*, on page 21, shows the different types of resources required to offer adult diploma completion services within this model. As the figure shows:

- **Staff such as teachers, principals, and support staff represent 63% of the total costs.** The staffing levels for the diploma completion model are similar to those for the K-12 model. However, staffing costs represent a much larger proportion of total costs because diploma completion centers spend less on other categories, such as curriculum and educational materials. Overall, staffing costs are about \$2,000 to \$2,600 per FTE student.
- **Curriculum and educational materials for students represent 19% of the total costs.** This category includes the web-based curriculum students have access to and any additional textbooks a student might need. This category of costs is less than the full-time K-12 cost of \$1,600-\$2,000 per FTE student because diploma completion centers only need a curriculum for grades 9 to 12 (rather than a full K-12 curriculum) and do not provide students with as many additional materials such as art supplies. This category costs about \$650 to \$700 per FTE student.
- **Information technology costs account for only 5% of total costs.** Information technology costs include computers and equipment for school staff, internet service, and IT staff. IT costs are small largely because the web-based curriculum is typically hosted on the vendor's servers. Consequently, the IT infrastructure required to offer online courses is already included in the cost of the curriculum. Further, students access curriculum through their own internet connections at home so schools do not have to cover that cost. This category costs about \$155 to \$170 per FTE student.

Figure 2-3
Summary of Adult Diploma Completion Virtual School
Model Resources and Costs



Resources Allocated to the School and the Cost of Those Resources per FTE Student

Category	Resource Level (a)	Cost per FTE (b)
Teachers and Staff		63% of Total Costs
Teachers	15 - 20 FTE	\$1,400 - \$1,900
Principal	1.0 - 1.5 FTE	\$160 - \$240
Student Support Staff	2.0 - 2.5 FTE	\$205 - \$260
Administrative Staff	4.0 - 4.5 FTE	\$240 - \$270
Curriculum and Educational Materials		19% of Total Costs
Curriculum	\$300,000	\$500
Educational Materials	\$90,000 - \$120,000	\$150 - \$200
Other		14% of Total Costs
Facility Costs	\$127,000 - \$162,000	\$210 - \$270
Central Services	\$80,000 - \$102,000	\$130 - \$170
Miscellaneous	\$47,000 - \$60,000	\$80 - \$100
Professional Development	\$7,500 - \$12,000	\$10 - \$20
Extracurricular Costs	\$4,800	\$8
IT-Related		5% of Total Costs
IT Staff	1.5 FTE	\$130
Internet Service	\$9,400 - \$15,000	\$15 - \$25
Computers (c)	\$6,400 - \$8,000	\$11 - \$13
Printers (c)	\$1,400 - \$1,500	\$2 - \$3
Webcams (c)	\$350 - \$500	\$1

(a) Based on a school with 600 FTE students. See **Appendix E** for more information on our methodology.
 (b) All numbers are rounded and may not add up to total.
 (c) Hardware costs have been annualized based on a three-year replacement cycle.
 Source: LPA analysis of select K-12 virtual schools' resources and expenditures, interviews with school administrators, and discussions with virtual school consultants.

- **Miscellaneous costs such as facility costs, professional development for teachers, and staff travel represent about 14% of the cost.** Central service costs for human resources, legal, and accounting services are also included in this category which costs about \$440 to \$570 per FTE student.

In 2013-14, Adult Diploma Completion Programs Received an Estimated \$4,800 to \$5,600 per FTE Student More in State Funding Than it Cost to Operate Them

Because funding levels are tied to the FTE status of each student, we first determined whether attendance during count dates reflected students' actual course loads during the year. Details about the methodology we used to make this determination are provided in **Appendix E**. We based this work on a random sample of 63 adult students in three different schools. While the sample cannot be statistically projected to all virtual schools, we think the schools we reviewed are typical of other schools that serve adult students.

Virtual school student FTE is based on the average number of minutes students participated in educational activities on two separate count days and is intended to reflect a student's overall course load.

One concern about the state's method for counting virtual school students is that it could be manipulated to inflate a school's enrollment total and, thus, the state funding a school receives. For example, virtual schools may encourage students to work longer on count dates than it actually takes students to complete daily coursework during the year. This is particularly problematic for students who are not enrolled in a full course load. A student enrolled in coursework at a level that would be considered part-time could be encouraged to log six hours of work on count days to be funded as a full-time student. The result is a mismatch between the amount of time the student spent on those two days and the amount of time the student will work on daily coursework for the rest of the school year.

Unlike full-time K-12 students, the number of minutes adult students were funded for on count days significantly overstated their course loads. In total, the 63 adults in our sample were counted as 53 FTE students for funding purposes based on count date minutes. However, our work showed that these 63 students were only enrolled in courses equivalent to about 25 FTE students during the school year. That is because, for many of these adult students, the number of minutes they spent on school work on count dates significantly overstated their actual course loads throughout the year.

Generally, adult students were only enrolled in one or two courses at a time with the intent that they would quickly complete those

courses and then enroll in one or two more courses. The school's expectation is that over the course of the year, each student will complete six courses. Thus, students are encouraged to work on school work for six hours each day on count days to receive funding as a full-time student. However, the data shows that adult students enroll in only three courses per year on average or enough courses to be enrolled as a 0.5 FTE. As a result, districts receive funding for full-time students although most students will never achieve the FTE status they were funded for.

Consequently, the state provided the equivalent of \$8,900 in funding for each adult diploma completion FTE student in 2013-14. The state provided about \$220,000 in funding for the 63 adult students in our sample based on the 53 FTE reported on count dates. However, our work showed those students only enrolled in course work equal to about 25 FTE students. Consequently, the state paid about \$8,900 for each FTE based on actual course loads, or a little more than twice what the state paid for K-12 students.

As a result, adult diploma completion programs received about \$4,800 to \$5,600 per actual FTE student more in state funding than our estimated operating costs in 2013-14. Based on actual course loads, the state funded \$8,900 per FTE student. We determined the cost to operate a virtual school for adult students was \$3,300 to \$4,100 per FTE student. This resulted in the state providing about two or three times more in funding than we estimated it cost to operate an online adult diploma completion program.

District officials told us they must provide services for students who enroll after the count days even though the state does not provide funding for those students. Though we had little data available for adult diploma completion centers, we found that the one school we did assess ended the school year with about 18% fewer students than they were funded for.

FINDINGS RELATED TO FUNDING AND COSTS FOR THE PART-TIME K-12 MODEL

We Estimate the Cost of Providing Individual Courses to K-12 Students is about \$1,700 per FTE Student

We identified only one virtual school that allowed a large number of students from traditional private schools to enroll in an online course or two each year. The Andover school district has an agreement with the Wichita Catholic diocese that allows Wichita-area Catholic school students to enroll in virtual school courses at Andover eCademy. These courses supplement the students' regular coursework.

In 2013-14, Andover eCademy served two distinct types of students—full-time K-12 virtual school students and private school students who enrolled in just one or two virtual school courses each year. The Andover school district received the same state funding for these private part-time students as they received for any other virtual school students. Further, Andover did not charge the private schools or their students to enroll in their virtual school courses.

For this analysis, we focused on Andover’s costs associated with the private school students who were enrolled in a limited number of courses. The full-time K-12 students are included in the full-time K-12 model section of the report (page 16).

Andover eCademy had an enrollment of 907 FTE virtual school students in 2013-14. Of that number, 558 FTE students (62%) were private school students who enrolled in just a course or two for the year. Specifically:

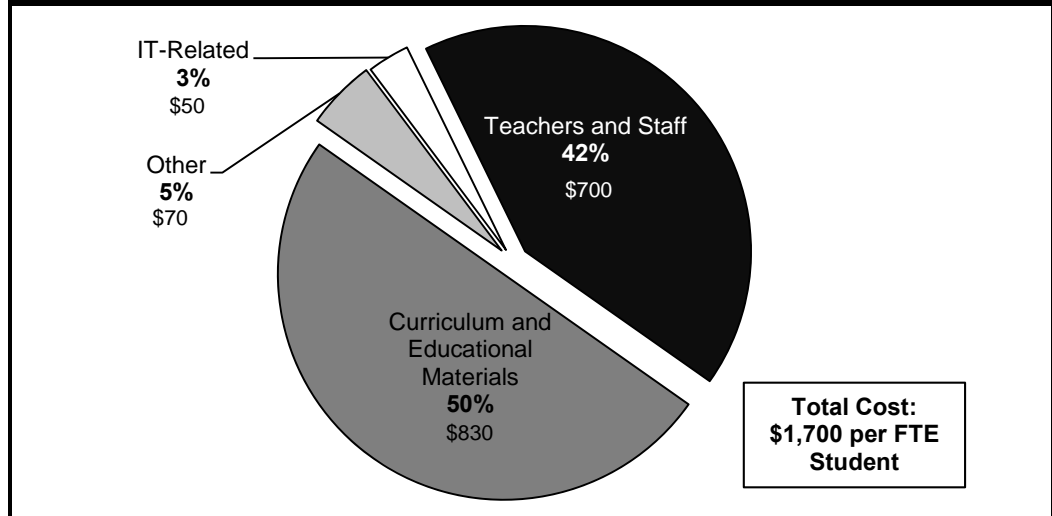
- **About 4,000 elementary school students from private schools (486 FTE students) enrolled in a reading, writing, or math course to supplement their regular coursework.** These students did not receive instruction from virtual school teachers. Rather, their private school teachers provide all of their instruction. These private elementary school students constituted 54% of the Andover eCademy’s total FTE.
- **About 600 middle school and high school students from private schools (72 FTE students) enrolled in the same courses as regular Andover eCademy students and received instruction from virtual school teachers.** They took elective courses such as web design or forensic science that their private school did not offer. These private middle and high school students constituted 13% of the Andover eCademy’s total FTE.

Curriculum accounts for a larger portion of costs in the part-time K-12 model than in other models, primarily because the private schools supply most of the teachers. As mentioned above, most of these part-time students are taking supplemental courses in elementary reading, math, and writing. Those students are taught by the teachers in their private school and not by Andover virtual school teachers. As a result, curriculum costs make up half of the total costs to operate this type of model.

Figure 2-4, on page 25, shows the different types of resources that make up the cost of this part-time K-12 model. As the figure shows:

- **Curriculum and educational materials for students represents the largest cost (50%).** This category includes the web-based curriculum students have access to and any additional materials a student might need. This category costs about \$830 per FTE student.

**Figure 2-4
Summary of Part-Time K-12 Virtual School
Model Resources and Costs**



Resources Allocated to the School and the Cost of Those Resources per FTE Student

Category	Resource Level (a)	Cost per FTE (b)
Teachers and Staff		42% of Total Costs
Teachers	6.0 FTE	\$560
Principal	0.5 FTE	\$80
Administrative Staff	1.0 FTE	\$60
Student Support Staff	None (c)	\$0
Curriculum and Educational Materials		50% of Total Costs
Curriculum	\$492,000	\$820
Educational Materials	\$6,600	\$11
Other		5% of Total Costs
Central Services	\$40,000	\$70
Professional Development	\$3,600	\$6
Extracurricular Costs (clubs, sports, etc.)	None (c)	\$0
Facility Costs	None (c)	\$0
Miscellaneous	None (c)	\$0
Travel	None (c)	\$0
IT-Related		3% of Total Costs
IT Staff	0.5 FTE	\$40
Computers (d)	\$2,100	\$4
Printers (d)	\$400	\$1
Webcams (d)	\$200	\$1
Internet Service	None (c)	\$0

(a) Based on a school with 600 FTE students. See **Appendix E** for more information on our methodology.

(b) All numbers are rounded and may not add up to the total.

(c) These costs are not included for the part-time K-12 model.

(d) Hardware costs have been annualized based on a three-year replacement cycle.

Source: LPA analysis of select K-12 virtual schools' resources and expenditures, interviews with school administrators, and discussions with virtual school consultants.

- **Staff such as teachers, principals, and support staff represent the second largest cost (42%).** Support staff includes only administrative assistants. Total staff costs are about \$700 per FTE student.
- **Information technology costs represent a small percent of total costs (3%).** Like the other two models, IT costs for this model are small largely because the web-based curriculum is hosted on the servers of the vendor that provides it. Further, students access curriculum through their private schools' internet connection. This category cost the school about \$50 per FTE student.
- **Other costs such as facility costs, professional development for teachers, and staff travel represent the remainder of virtual school costs (5%).** Central service costs (human resources, legal, accounting, etc.) are also included in this category which costs about \$70 per FTE student.

Andover's Part-Time K-12 Program Received an Estimated \$2,500 More Per FTE Student Than It Cost to Operate

As described more fully on page 7, virtual school student FTE for funding purposes is based on the average number of minutes students participated in educational activities on two separate count days and is intended to reflect a student's overall course load. We based the analysis of this model on a random sample of 47 part-time students at Andover eCademy because it accounts for most of the part-time virtual school students served in the state. As such, these results can be projected to this school, but cannot be projected to the state's whole virtual school student population.

The number of minutes students reported on count dates was generally consistent with their yearly course load. All of the 47 part-time K-12 students in our sample were enrolled in the number of courses we would expect for the count date minutes at which they were funded. Consequently, the state's average funding amount of about \$4,100 for each full-time-equivalent student accurately reflected student course loads in this model.

Andover eCademy appeared to receive about \$2,500 per FTE student more in state funding than it costs to operate a school for part-time K-12 students. Students were generally enrolled in the number of courses that their funding warranted. As such, the state paid exactly what it should have on an FTE basis (about \$4,100 per FTE student). However, because this funding exceeds the cost of education for these part-time students, the Andover school district received more funding than it costs to operate that program. The additional funding totaled about \$1.4 million in the 2013-14 school year.

The Way Andover's Part-Time K-12 Model Uses State Funds and Provides Courses to Students is Inconsistent with the Intent of the Virtual School Act

We do not think that the way the elementary school students access the virtual school curriculum is consistent with the intent of the Virtual School Act. That is because students in a virtual school must be separated by time and location from their teachers to be eligible for virtual school funding. Schools that do not meet this definition are not eligible for virtual school funding.

Andover's arrangement with the Wichita-area Catholic schools takes advantage of a loophole in the way the state funds virtual schools. For the majority of Andover's private virtual school students, Andover is simply providing access to a curriculum and little else. Instruction and other types of student support services are provided by the students' private schools. As such, the state is essentially providing funding to Andover to act as a liaison between the private schools and the curriculum vendor. The Virtual School Act does not explicitly prohibit this type of arrangement, but it seems unlikely that the Legislature intended to have curriculum provided to private schools in this manner.

The way the private elementary schools require students to access virtual courses is not consistent with the provisions of the Virtual School Act. Although the Andover school district makes its courses available to students at any time, the private elementary schools participating in this arrangement require students to participate in these courses during regular school hours and in a school classroom. This situation is not consistent with the requirements of the Virtual School Act.

KSDE officials told us they were aware of the situation but have approved the private school students for funding because Andover provides access to the coursework at any time and from any place. They noted further that private schools requiring students to access the courses during the school day should not affect Andover's funding.

FINDINGS RELATED TO OUTCOMES FOR STUDENTS IN ALL THREE MODELS

Full-Time K-12 Virtual-School Students Performed Similarly to Traditional School Students on State Assessments

To assess the academic performance of virtual school students receiving a full-time K-12 curriculum, we compared the results of the math and reading state assessment scores of virtual school students to those of traditional school students. Although other researchers have chosen a variety of measures to evaluate, such as ACT scores or advanced placement scores, we chose state assessments because it allowed us to examine outcomes for a large number of students across multiple grade levels. This work was based on assessment scores for all Kansas public school students who took a state assessment in 2012-13. We used 2012-13 state

assessment data because a web-based attack during the 2013-14 testing window made that year's data unreliable.

To analyze state assessment scores in more depth, we also used multivariate regression to help us control for a number of factors that can influence a student's assessment scores. Those factors included student demographics such as eligibility for special education and free lunch as well as other factors such as previous student achievement, student mobility, and school quality.

Virtual school students perform similarly to traditional school students in reading before and after controlling for student demographics. We compared the statewide reading scores of virtual school and traditional school students in multiple ways. Based on those comparisons we found:

- **The median reading score for both virtual school and traditional school students was 84%.** We compared the median score, rather than the average, because a few very high scores distorted the average.
- **The percentage of virtual school students who achieved proficiency was similar to the percentage of traditional school students who achieved proficiency.** Eighty-four percent of virtual school students were proficient or better in reading, compared to 85% of traditional school students. Students are considered proficient if they score in one of three categories ranging from meets standard to exemplary.
- **Our statistical regression model confirmed there was little difference in the performance of virtual school and traditional school students in reading.** We used a regression model to control for demographic factors to better evaluate whether significant differences existed between the two groups. Based on the model, we determined any differences in reading performance were statistically insignificant.

After controlling for demographic differences, virtual school students' performance in math was similar to that of traditional school students. We compared the 2012-13 math scores of virtual school and traditional school students in multiple ways. Those comparisons showed:

- **The median math score for virtual school students was 70%, compared to 77% for traditional school students.** We compared the median score, rather than the average, because a few very high scores distorted the average.
- **Sixty-seven percent of virtual school students were proficient or better in math compared to 79% of traditional school students.** Students are considered proficient if they score in one of three categories ranging from meets standard to exemplary.

- **After using a regression model to control for demographic differences, we found that virtual school students performed similarly to traditional school students in math.** Although basic comparisons suggest that virtual school student's performance in math was worse than traditional students, these comparisons do not account for a variety of other relevant factors that can affect student performance (e.g. student poverty, transiency, and past academic performance). Our more detailed regression modeling work showed that once these other factors are considered, virtual school students' performance in math is similar to traditional students.

Research literature discussing the academic performance of virtual-school students nationally shows mixed results. We reviewed nine studies on the performance of virtual school students. The studies measured outcomes in a number of ways, including standardized test results, annual yearly progress, and advanced placement scores, with a wide range of findings. Based on the nine studies we reviewed:

- three studies found that virtual school students performed worse than traditional students
- two studies found that virtual school students performed better than traditional students
- three studies found mixed results
- one study found no difference between virtual school and traditional school students

These studies noted a number of limitations to their findings including a lack of rigorous and large-scale studies to draw from, over-generalized findings, and work that is not always related to K-12 students. For example, one study that reviewed 51 other studies analyzing online education only included seven that evaluated K-12 students.

Based on our review of nine studies, we did not detect a clear pattern in terms of how virtual school student's academic performance compared to that of traditional students. However, one of our consultants told us that his review of academic literature indicates that students who are enrolled full-time in virtual schools tend to perform more poorly than their traditional school counterparts. Conversely, students who are enrolled in just one or two virtual school courses as a supplement to their traditional school curriculum generally performed better than students enrolled only in a traditional school. Although our review of the literature found some evidence that supports our consultant's perspective on this issue, it was not conclusive. Further, student performance in both full-time and supplemental programs is often based on a variety of demographic and instructional design factors that make direct comparisons difficult to make.

The Adult Students in Our Sample Made Little Progress in Earning Their High School Diplomas

Adult students working toward completing their high school diplomas are not required to take state assessments to measure their performance. As such, we used the number of credits the adult students earned to measure their progress and performance. This work was based on detailed student records that districts provided to us for a random sample of 38 adult students at two adult diploma completion programs. This sample is illustrative but is not statistically projectable to all adult students in the state.

The 38 adult students in our sample earned few credits toward diploma completion. The state requires students to earn 21 credits to graduate from high school but individual school districts can require more. We reviewed 38 student records across two years to assess what progress students made during that period.

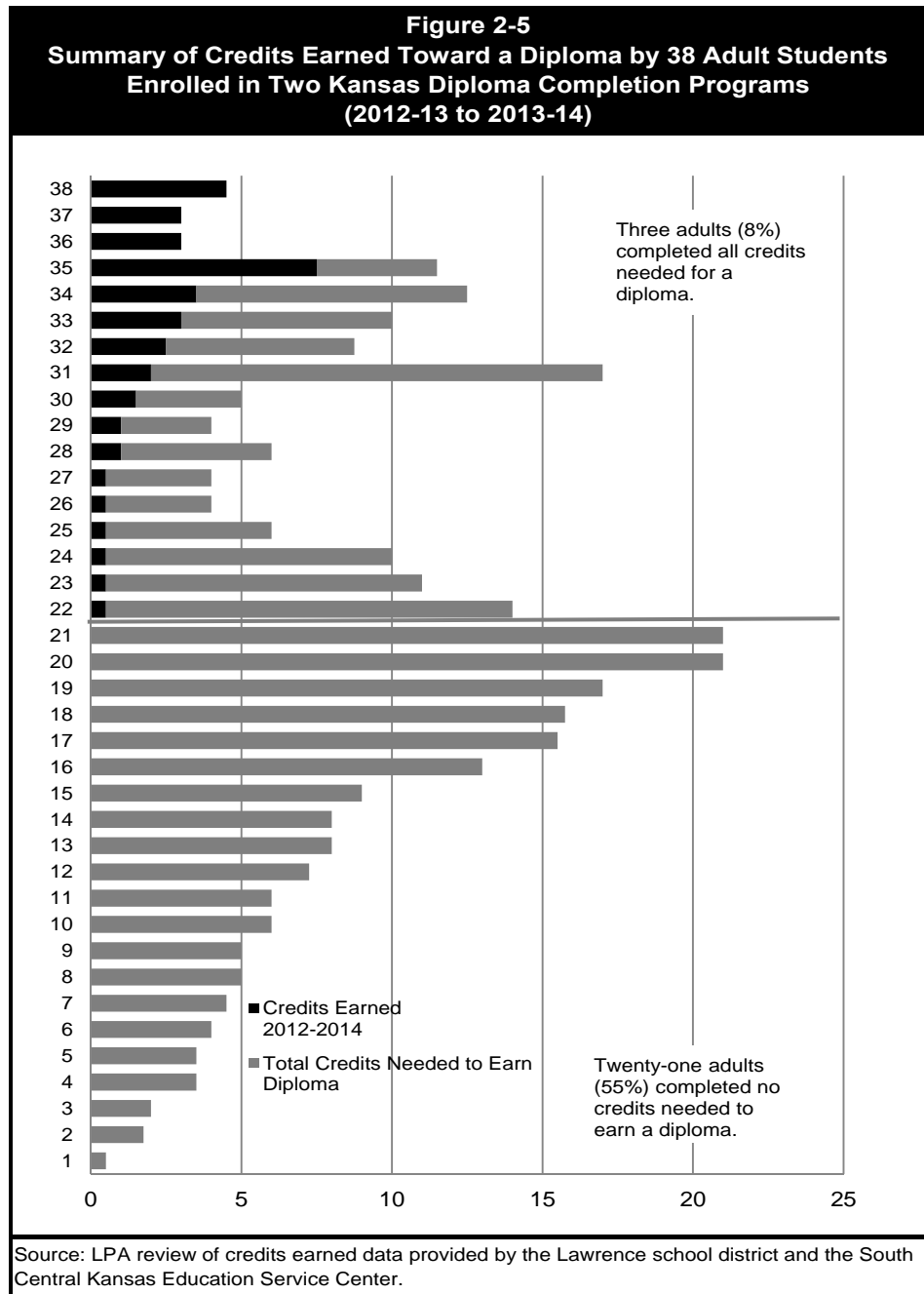
On average, the adults in our sample needed nine credits to graduate when they first enrolled in a diploma completion program. *Figure 2-5*, on page 31, shows the number of credits each student needed to earn a high school diploma and how many each student earned in 2012-13 and 2013-14. As the figure shows:

- **On average, the students in our sample earned about half a credit a year, and many did not earn any credits at all.** Only 8 of the 38 students in our sample (21%) earned at least one credit a year. Further, 21 of the 38 students in our sample (55%) did not earn any credits at all.
- **Three of the 38 students in our sample (8%) earned their high school diplomas during the time we reviewed.** However, it is difficult to determine how many students should have graduated in that time frame. For example, if a student needed 12 credits to graduate it may not be feasible to expect that he or she would graduate in two years.

Adult students often have unique challenges to earning their diplomas, including work and family responsibilities. School officials told us that adult students often must balance work and family responsibilities with school. Additionally, some school officials told us that many of their adult students have unstable job and living situations that complicate their ability to finish their course work. Further, adult students often struggled in school and may be returning after a significant amount of time, which can make their school work more challenging.

Finally, schools serving adult students in this model are not accountable for student performance and there are no repercussions for schools if students fail to complete their courses. Adult students do not take state assessments so there is no consistent measure to assess whether adult students are learning the material. Further, school districts receive state funding each

year that students are in attendance on count days, even if those students fail to complete their courses.



Virtual Schools are Not Accountable for the Educational Outcomes of Part-Time Students Enrolled in Only a Couple Courses, So We Did Not Assess Those Students' Scores

We did not assess the performance of part-time students enrolled in virtual schools because those virtual schools are not accountable for their academic performance. These students took only a course or two with a virtual school and took the majority of their courses from traditional schools. As such, it is the traditional schools that are responsible for the academic progress of those students.

Including Virtual School Students in the Calculation for Assessed Valuation per Pupil Allows Some Districts to Receive More Funding Than Intended

The state provides several types of equalization funding to school districts to account for the differences in property values between them. The first type of equalization aid—supplemental state aid—helps districts with relatively low property values fund their local option budgets. The other two types of equalization aid—capital outlay aid and bond and interest aid—help many of these same districts fund capital projects.

All three forms of equalization aid are based on the district's assessed valuation per pupil (AVPP). A district's AVPP is determined by dividing the total property tax valuation in the school district by the district's FTE student enrollment. State law does not exclude virtual school students from a district's AVPP. As a result, that increase in student FTE decreases the district's AVPP, which can affect state funding levels.

Assessed valuation per pupil is intended to act as an indicator of how much property tax a district can raise. For districts without a virtual school, AVPP provides a valid measure of how much property tax a district can raise because the students who attend in the district generally live in the district. For districts with virtual schools, this measure is distorted because students who may live hundreds of miles away are included in the calculation.

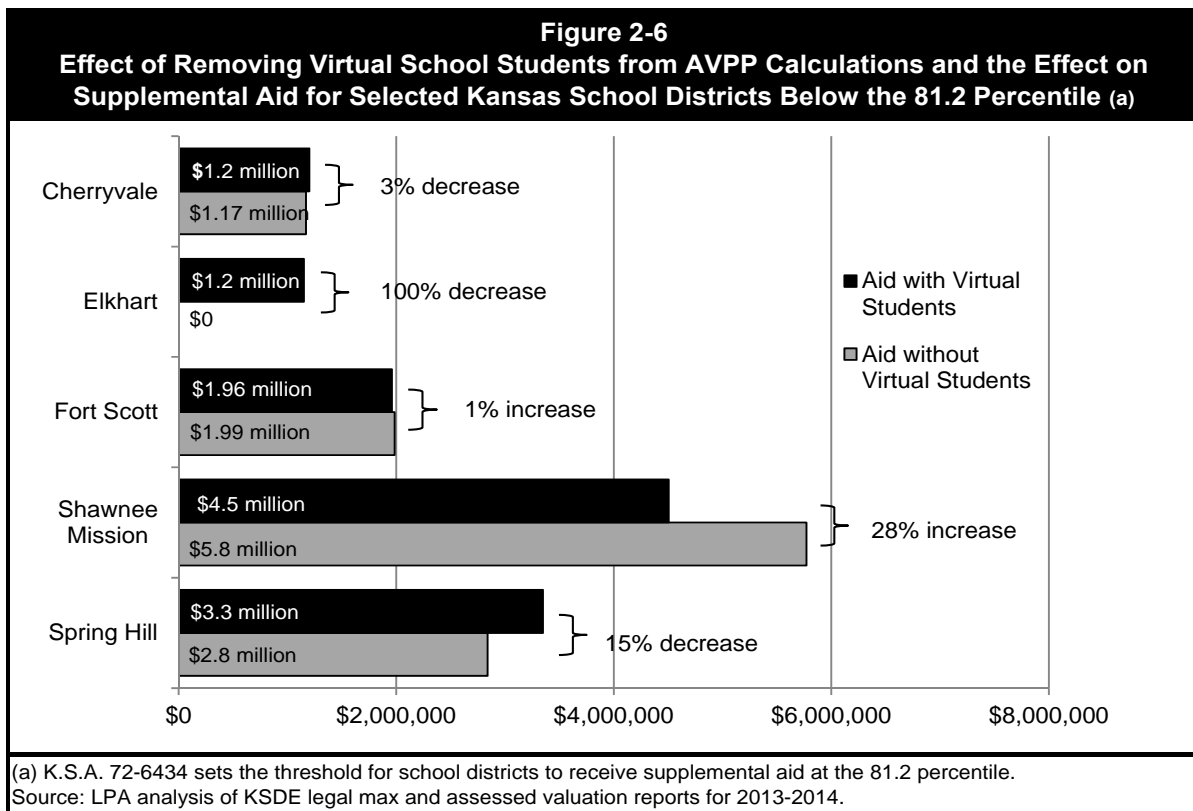
Allowing districts to include virtual school students in the AVPP calculation allows districts with virtual schools to receive more funding than was likely intended. As noted, the state provides three types of funding based on AVPP—supplemental state aid, capital outlay aid, and bond and interest aid. For all three types of funding, districts with AVPPs lower than a particular threshold are eligible for the funding. When districts are allowed to include their virtual school students in the AVPP calculation, it artificially lowers their AVPP. As a result, those districts receive more funding than they would otherwise receive.

However, removing virtual school students from the AVPP calculation would increase the total amount of supplemental aid the state provides to school districts. The state provides supplemental funding to raise districts up to the 81.2 percentile of all districts' AVPP if they are currently beneath it. Removing virtual school students from the AVPP calculation would increase those districts' AVPP (and decrease their supplemental state aid), but it would also raise the 81.2 percentile threshold for all school districts.

For example, in 2013-14, the 81.2 percentile threshold for supplemental state aid was about \$118,000 per FTE student. If virtual school students had not been included in the calculation, the threshold would have increased to almost \$121,000 per student. As a result, the state would have had to provide more funding to bring districts up to the increased threshold. Even taking into account the decrease in supplemental state aid for districts with virtual schools, we estimate that total aid statewide would increase by about \$4.6 million if virtual school students were removed from the calculation. KSDE officials concur with that assessment and told us the increased amount of supplemental aid the state would need to fund would likely increase in the coming years.

Because of the way they are calculated, the statewide total amount of bond and interest aid and capital outlay aid would not be significantly affected by removing virtual school students from the AVPP calculation.

Figure 2-6 shows the amount of supplemental state aid five districts received in 2013-14 and what they would have received if they had not included their virtual school students in the AVPP calculation. As the figure shows, two districts would gain supplemental funding, while three districts would lose funding. The loss of this aid could result in district's having to use local funding to make up for the loss of the state funding.



Statute Currently Provides a Non-Proficient Weighting for Virtual School Students That Likely Should Have Been Removed

Prior to the 2014-15 school year, districts could receive “non-proficient” funding for any traditional or virtual school student who was not eligible to receive a free lunch, but who scored below the proficient level on state assessments. This funding provision was located in two places in state statute— in one statute it pertained to traditional school students, and in the other statute it pertained to virtual school students.

In 2014, the Legislature eliminated non-proficient funding to school districts but only removed the funding provision from the statute pertaining to traditional school students. The statute pertaining to virtual school students (K.S.A. 72-3715) still provides a 0.25 weighting for non-proficient virtual school students. Staff at Legislative Research told us they thought the legislative intent was for non-proficient funding to be eliminated entirely. Although this weighting remains in statute, KSDE officials told us they have communicated to school districts that they should not expect to receive it.

Districts Did Not Fully Account for All of Their Virtual School Expenditures in the Appropriate Fund as Required by State Law

K.S.A. 72-3715 requires school districts to account for expenditures “directly attributable” to their virtual schools in a virtual school fund. In 2013-14, virtual schools reported a total of \$26.5 million in this fund. However, we found that expenditures reported in this fund likely do not accurately represent all of what districts spent on virtual schools for two reasons:

- **Twenty districts with virtual schools did not include an estimated \$1.2 million in estimated virtual school expenditures in the fund at all.** Most of these districts had few virtual school students, but one had 156 virtual FTE students. That school failed to report almost \$600,000 in virtual school expenditures in its virtual school fund. As a result, even though these expenditures were captured in other funds, the statewide total for virtual school expenditures is somewhat understated.
- **The expenditures that districts reported were inconsistent from district to district and did not always include certain expenditures.** Some districts told us it was time-consuming to allocate costs between traditional and virtual school funds for staff who worked in both places. As a result, these districts often did not allocate any portion of these staff expenditures to their virtual school fund. We could not estimate the total amount of expenditures that were not reported as a result of this issue, but we know the issue contributes to understated virtual school expenditures statewide. Additionally, state statute does not define which expenditures are “directly attributable” to virtual schools and KSDE does not issue any guidance to districts explaining which expenditures should be included in this fund.

As a result of these issues, the amount districts spent on virtual schools in 2013-14 cannot be easily determined.

Question 3: Has the Department of Education Addressed the Recommendations from Our 2007 Audit Concerning Virtual Schools?

The Kansas Department of Education has implemented most, but not all, of our 2007 virtual school audit recommendations (p. 35). Moreover, KSDE approved two districts to operate virtual schools even though they identified problems with the operation of those schools (p. 36).

We also found that school districts are not complying with state law to provide health services to virtual school students or to submit training reports for virtual school teachers (p.37).

KSDE Has Implemented Most, But Not All, of Our 2007 Virtual School Audit Recommendations

In our 2007 audit, *K-12 Education: Reviewing Issues Related to Virtual Schools*, we identified a number of issues with the Department of Education’s (KSDE) oversight of virtual schools. Among the problems we identified, were that KSDE did not follow their own policies in overseeing virtual schools, and that many of the specific risks related to operating virtual schools were not adequately addressed in policy.

To address the oversight problems in the 2007 audit, we made a total of nine recommendations to KSDE. For this report, we reviewed KSDE’s current virtual school policies and requirements and related documentation to determine if the department had implemented our recommendations.

We found that KSDE had fully implemented seven of the nine recommendations. These include formally notifying districts when their virtual school has been approved, ensuring that registration forms were submitted on time, and modifying its student database to identify virtual school students and where they lived. **Appendix H** shows all nine of the recommendations and their implementation status.

However, we also found that KSDE has not implemented policies to address four specific risk areas related to virtual school oversight. Specifically, we found that KSDE’s approval process does not adequately ensure that districts have policies in place to address the following risk areas for virtual schools:

- **The risk that middle school and elementary school students may not do the work themselves or that student’s will receive credit without learning the material.** KSDE has adequately implemented policies that address these issues for high school students but not for younger students. KSDE officials told us they have not implemented policies for middle school and elementary students because they were at less risk than high school students. However, virtual school officials told us parents sometimes provide

too much assistance to younger students, which may prevent them from adequately learning the material.

- **The risk that students under age 18 do not attend school.** Virtual schools present a special risk that students under age 18 who have stopped attending school will go undetected. As such, it is important that schools have a plan to monitor student attendance.
- **The risk that students cannot access their school work due to a technology failure.** A technology failure could prevent students from being able to complete their school work so schools should have a back-up plan in place.

KSDE Approved Two Districts to Operate Virtual Schools Even Though Problems it Identified Had Not Been Addressed

KSDE approves districts' virtual schools through a process that involves evaluating whether the school's operations meet all KSDE requirements. We expected that KSDE would not approve a district's virtual school if it found deficiencies in how the district planned to operate the school.

KSDE staff identified problems with how two districts were planning to enroll and meet the needs of special education students, but approved the virtual schools anyway. During a review of 14 virtual school applications, we found two districts that had implemented processes in violation of KSDE requirements. Those included:

- **One district's policies denied students with disabilities the opportunity to enroll in the virtual school, which is both discriminatory and a clear violation of KSDE virtual school requirements.** KSDE staff noted that the district's policy was discriminatory, but went ahead and issued the approval in June 2014.
- **Another district had not adequately determined how to enroll special education students in a virtual setting.** KSDE staff noted that the school's plan to allow the principal and superintendent to determine whether special education students could enroll in the virtual school was inappropriate. However, staff approved the school before it determined the district had made changes to its enrollment process. KSDE approved the virtual school in June 2014.

KSDE staff told us they approved these two schools because district officials told them they would fix the issues. However, at the time of our audit, KSDE staff had not yet followed up to verify that the problems had been resolved. Approving schools with these types of deficiencies allows schools to operate in a way that is discriminatory towards students with disabilities.

KSDE staff seemed to view their responsibility as that of providing support to school districts rather than providing oversight. While support is one of the department's functions, its

role in the virtual school system also requires oversight. Statute gives the State Board of Education the authority to adopt rules and regulations to enforce the Virtual School Act, most of which are enforced by KSDE. However, based on our conversations with KSDE staff during this audit we concluded that they are sometimes reluctant to enforce those rules with the school districts.

We Identified Two Additional Legal Requirements That Most Virtual Schools Have Not Complied With

Virtual schools are not exempt from the general laws that govern K-12 education in the state. Further, in some instances, they have legal obligations that are specific to them. During our review of how virtual schools operate, we found two statutory requirements that virtual schools had not complied with.

- **Districts failed to provide statutorily required vision, hearing, and dental exams to their virtual school students.** State statute requires school districts to provide these services to all students. Of the nine virtual schools we reviewed, only two provided all the required medical services. District officials told us it was not practical to offer these services to students who may live hundreds of miles away. KSDE officials told us they recently began offering guidance to school districts about how to provide these services to virtual school students.
- **Districts did not submit statutorily required virtual school teacher training reports to KSDE.** Districts are required to submit annual reports detailing the training they provide to virtual school teachers. Of the 14 districts we reviewed, none had submitted the required reports to KSDE. Although the statute requiring schools to submit these reports was enacted in 2008, KSDE has not prompted districts to submit the reports. KSDE staff told us they misunderstood the requirement and were instead confirming that districts had submitted training reports related to teacher certification.

Conclusion

The state's approach to funding virtual schools is largely based on how traditional schools operate. This is problematic for two reasons. First, that formula provides the same funding levels for virtual schools with very different student populations and operating costs. As our work demonstrates, the cost to provide a virtual school education to full-time K-12 students was greater than the cost of providing services to adults enrolled in diploma completion programs and to part-time school-aged students enrolled in only one or two courses. However, the current funding formula provides the same level of funding per FTE student in all three models we identified.

Second, and more disturbingly, the current funding formula is subject to manipulation. Separate issues that we identified with the adult diploma completion programs and the part-time K-12 model at Andover highlight these problems. The state's attempt to craft a funding mechanism for adult diploma completion programs that mirrors the way full-time traditional students are funded has resulted in a system that relies heavily on self-reported information which is subject to manipulation. For the adult programs we reviewed, this mechanism has resulted in funding amounts that were much larger than the students' actual coursework warranted.

For the part-time K-12 model the Andover school district and Wichita-area Catholic schools have used a legal loophole in state funding to their advantage. Private school students receive free access to online classes through the Andover school district, while the district keeps the difference between what the state pays for these classes and what the district pays to license the curriculum.

Because of the problems that have emerged from funding virtual schools like traditional schools, the Legislature should consider other options. Among the things it could consider would be funding virtual schools based on the courses students complete (as is done in Texas and Florida), or providing block grants directly to the districts with virtual schools.

Recommendations for Executive Action

1. To fully implement the recommendations from our 2007 audit (question 3), the Kansas Department of Education should require districts applying for a virtual school to describe how the district plans to address the following risks:
 - a. that middle school and elementary school students do not do school work themselves or earn credit without learning the material (page 35).

- b. that students under 18 may not attend school in accordance with state law (page 36).
 - c. that a technology failure will prevent students from doing their school work (page 36).
 2. To address the other issues with virtual school oversight, the Kansas Department of Education should (question 3):
 - a. require that districts be in compliance with all virtual school requirements before issuing approval to a district (page 36).
 - b. provide guidance to school districts regarding how and when virtual school teacher training reports need to be submitted to KSDE (page 37).
 3. To address the issues with how districts report virtual school expenditures (question 2), the Kansas Department of Education should issue guidance to school districts explaining what expenditures must be accounted for in the virtual school fund (page 34).
-

***Recommendations for
Legislative Consideration***

1. To address the confusion with non-proficient funding and the issues with including virtual school students in the assessed valuation per pupil calculation (question 2) the House Education Committee and the Senate Education Committee should:
 - a. consider removing the non-proficient funding provision from K.S.A.72-3715 if the intent was to eliminate the funding (page 34).
 - b. consider whether virtual school students should be included in the assessed valuation per pupil calculation (page 32).
2. To address the problems we identified with how virtual school are funded (question 2), the House Education Committee and the Senate Education Committee should consider an alternative funding mechanism for virtual schools. Options that could be considered might include providing funding based on course completion, providing block grants to districts operating virtual schools, or providing different levels of funding based on the age of the student.

APPENDIX A

Scope Statement

This appendix contains the scope statement approved by the Legislative Post Audit Committee for this audit on April 29, 2014. The audit was required through a proviso in our office's fiscal year 2015 budget.

K-12 Education: Reviewing Virtual Schools Costs and Student Performance

Virtual schooling is an increasingly common teaching method in education. Virtual schools allow students to take K-12 courses over the Internet or through other web-based applications without being physically present in a classroom. Such schools offer flexibility to students to enroll in courses that are hard to find or to complete courses on their own time schedule. Any school district or educational service center can offer students a virtual school or program, but to receive state funds the school or program must be registered with the Kansas State Department of Education (KSDE) and meet a number of requirements related to teaching and curriculum standards, student achievement, and special education services.

In the 2012-13 school year, 75 school districts reported a total of about 5,470 FTE virtual school students to KSDE. Of those districts, the Lawrence school district reported the most virtual school students at 1,390 FTE. Enrollment levels for virtual students have more than doubled from the 2,056 students served in the 2006-2007 school year.

Our 2007 audit of virtual schools identified a number of potential weaknesses in the state's oversight of virtual schools. Specifically, we found that KSDE had developed good policies for general oversight of virtual schools, but often did not follow them. Moreover, many inherent risks related to virtual school operations (e.g. controls over student testing and attendance) were not adequately addressed at the state level.

During the 2014 session, the Legislature passed Senate Substitute for HB 2506 which addressed a number of school finance and education policy issues. The bill also included language requiring our office to conduct an audit of the costs associated with operating virtual schools by February 1, 2015.

A performance audit in this area would address the following questions:

- 1. What types of virtual schools and programs exist in Kansas and who do they serve?**
To answer this question, we would work with the Department of Education to determine how many virtual schools exist, how they are established, and how they interact with traditional public schools. We would also work with department and virtual school officials to identify the various types of virtual schools and programs that exist (e.g. complete virtual curriculums versus specific online courses). We would also determine how many students each virtual school or program serves and other demographic student information including student age, location, and whether they are in- or out-of-state. Finally, we would follow up with department officials to determine what actions they have taken to address recommendations in our 2007 virtual school audit. We would perform additional work in this area as necessary.

2. **What types of educational services do virtual schools and programs provide to students and how do these students perform?** To answer this question, we would select a sample of students to evaluate in detail. For those students, we would work with Department of Education and virtual school officials to determine what types of services those students received including online instruction, tutoring, field trips, and counseling. To the extent possible, we would also determine what other types of educational support those students receive including services from public, private, or home school. We would categorize those students based on their enrollment levels (e.g. full-time and part-time) and according to the various levels of additional educational support they receive. Using those and other relevant categorizations, we would compare the achievement scores of those selected students to statewide averages over the past several years. Finally, we would work with officials to identify students from our sample in which a virtual education has potentially helped reduce state costs through early graduation rates or by keeping students in a home setting instead of a traditional public school.

3. **How does the cost of operating virtual schools and programs compare to the amount of state funding they receive?** For a sample of virtual schools and programs, we would work with school officials and review internal accounting records to determine how much it costs to operate those schools or programs. We would work with officials from the Department of Education to determine how much state funding the sample schools and programs received to educate those students. We would compare virtual school costs to virtual school funding to determine whether virtual schools generally operate at a profit or a loss.

Estimated Resources: 4 LPA staff

Estimated Time: 6 months (a)

(a) From the audit start date to our best estimate of when it would be ready for the committee.

APPENDIX B
Selected Information for All Kansas Virtual Schools in 2013-14

This appendix contains information on each virtual school we identified in the 2013-14 school year.

APPENDIX B
Virtual Schools and Programs Approved by KSDE
(2013-14 school year)

USD #	USD Name	School Name	FTE Enrollment	School Operated by...	Student Population
497	Lawrence	Lawrence Virtual High School	1315.1	Private Vendor	9-12
497	Lawrence	Lawrence Virtual School		School District	K-8
385	Andover	Andover eCademy	906.5	School District	K-12
266	Maize	Maize Online	343.8	School District	9-12
266	Maize	Maize Virtual Preparatory School			K-10
458	Basehor-Linwood	Basehor-Linwood Virtual School	233	School District	K-12, adults
259	Wichita	Learning2 eSchool of Wichita	194	School District	K-12
422	Greensburg	21st Century Learning Academy	165.1	School District	6-12, adults
397	Centre	Kansas Online Learning Program	164.8	School District	K-12, adults
258	Humboldt	Humboldt Virtual Education Program	147.9	School District	6-12, adults
453	Leavenworth	Leavenworth Virtual School	95.9	School District	K-8
447	Cherryvale	Cherryvale Diploma Center	93	School District	7-12, adults
400	Smoky Valley	Smoky Valley Virtual Charter School	81.6	School District	7-12
312	Haven	Haven Virtual Academy	69.5	School District	K-12
112	Central Plains	Lakeside Learning Center	58.8	School District	K-12, adults
496	Pawnee Heights	Pawnee heights Virtual Learning	54	School District	1-12, adults
262	Valley Center	The Learning Center at Valley Center	51.5	School District	3-12, adults
489	Hays	Learning Center of Ellis County	41.5	School District	9-12, adults
405	Lyons	Diploma to Degree	30	School District	Adults
497	Lawrence	Lawrence Diploma Completion Program	26	School District	Adults
457	Garden City	USD 457 Virtual Academy	18.9	School District	6-12
290	Ottawa	Ottawa Virtual Learning Program	18.8	School District	6-12
358	Oxford	Oxford Online Academy	18	School District	3-8
492	Flint Hills	Flinthills Virtual Program	17.2	School District	7-12, adults
435	Abilene	Abilene Virtual Program	15.8	School District	7-12
265	Goddard	Goddard Virtual Program	15	School District	1-12
403	Otis-Bison	SouthWinds Academy	12.2	School District	7-12
436	Caney Valley	Caney Valley Virtual Program	12	School District	6-12, adults
438	Skyline	Sawyer Virtual Academy	11.9	School District	6-12, adults
379	Clay County	eLearn 379	11.3	School District	K-12, adults
505	Chetopa-St Paul	Chetopa Virtual Learning Center	6.7	School District	Adults
210	Hugoton Public Schools	Hugoton Learning Academy	5.8	School District	7-12, adults
315	Colby Public Schools	Colby Virtual Program	5.5	School District	1-12
444	Little River	Little River Virtual School	5	School District	6-12
216	Deerfield	Deerfield Learning Academy	3.8	School District	6-12, adults
362	Prairie View	Prairie View Virtual Program	1	School District	K-12, adults
229	Blue Valley	Blue Valley Schools	0.5	School District	9-12
373	Newton	Heartland Virtual Academy	72.7	Service Center	K-8
299	Sylvan Unified K-12	Sylvan Unified Virtual Program	14.8	Service Center	3-12, adults
308	Hutchinson	308 Virtual Program	12	Service Center	K-12
413	Chanute Public Schools	Chanute Virtual Education Center	7.4	Service Center	6-12, adults
434	Santa Fe Trail	Santa Fe Trail Virtual Program	6.7	Service Center	K-12
289	Wellsville	Virtual Learning Program	6	Service Center	6-12
475	Geary County Schools	USD 475 Virtual Program	4	Service Center	6-12
331	Kingman-Norwich	USD 331 Virtual Eagle	3	Service Center	6-12

APPENDIX B (cont'd)
Virtual Schools and Programs Approved by KSDE
(2013-14 school year)

USD #	USD Name	School Name	FTE Enrollment	School Operated by...	Student Population
445	Coffeyville	Coffeyville Virtual Program	3	Service Center	K-12, adults
250	Pittsburg Community Schools	Pittsburg Virtual Program	2	Service Center	K-12, adults
377	Atchison County	Atchison County Community Virtual Program	2	Service Center	K-12, adults
243	Lebo-Waverly	Lebo-Waverly Virtual Program	1.7	Service Center	6-12, adults
348	Baldwin City	Baldwin Virtual Program	1	Service Center	6-12, adults
464	Tonganoxie	Tonganoxie Virtual Program	1	Service Center	6-12
346	Jayhawk	Jayhawk Virtual Program	0.9	Service Center	K-12, adults
484	Fredonia	Fredonia Virtual Program	0.9	Service Center	9-12, adults
---	Southeast Kansas Education Service Center	Greenbush Virtual Partnership	N/A	Service Center	K-12, adults
---	ESSDACK	ESSDACK Learning Centers Virtual Program	N/A	Service Center	Adults
---	Southwest Plains Regional Service Center	Community Learning Centers	N/A	Service Center	9-12, adults
---	South Central Kansas Education Service Center	Homeroom Virtual Classroom	N/A	Service Center	3-12
---	South Central Kansas Education Service Center	Diploma Completion Programs	N/A	Service Center	9-12, adults
---	Smoky Hill Education Service Center	Smoky Hill Learning Center	N/A	Service Center	3-12, adults
---	Service Center Group	Kansas Learns Online	N/A	Service Center	3-12
218	Elkhart	Kansas Connections Academy	634.4	Private Vendor	K-12, adults
230	Spring Hill	Insight School of Kansas	594.5	Private Vendor	7-12
230	Spring Hill	Kansas Virtual Academy			K-6
383	Manhattan	iQ Academy	260.7	Private Vendor	7-12, adults
260	Derby	Derby Public Virtual	19.7	Private Vendor	K-12
253	Emporia	Turning Point Virtual Program	3.7	Private Vendor	K-12
101	Erie-Galesburg	Second Chance Center for Education	0	N/A	9-12, adults
233	Olathe	Step Up	0	N/A	Adults
233	Olathe	eAcademy			9-12
244	Burlington	Burlington Virtual Program	0	N/A	9-12, yes
245	Southern Coffey County	LeRoy-Gridley Virtual Learning	0	N/A	6-12
246	Northeast	Northeast 246 Virtual Program	0	N/A	6-12, adults
247	Southeast	USD 247 Southeast Virtual Program	0	N/A	K-12, adults
249	Frontenac	Frontenac Virtual Program	0	N/A	6-12
251	North Lyon County	North Lyon County Virtual Program	0	N/A	6-12
252	South Lyon County	USD 252 Virtual Program	0	N/A	K-12, adults
257	Iola	Crossroads Learning Center	0	N/A	Adults
284	Chase County	Chase County Virtual Program	0	N/A	6-12, adults
286	Chautauqua County Community Schools	Chautauqua County Community School Virtual Program	0	N/A	6-12
287	West Franklin	West Franklin Virtual Program	0	N/A	K-12, adults
323	Rock Creek	Rock Creek Virtual Program	0	N/A	6-12, adults
336	Holton	Fresh Start Learning Center	0	N/A	Adults
353	Wellington	WHS/Roosevelt Virtual Program	0	N/A	9-12, adults
365	Garnett	Garnett Virtual Program	0	N/A	6-12, adults

APPENDIX B (cont'd)
Virtual Schools and Programs Approved by KSDE
(2013-14 school year)

USD #	USD Name	Program/School Name	FTE Enrollment	School Operated by...	Student Population
404	Riverton	Riverton USD 404 Virtual Program	0	N/A	6-12
417	Morris County Schools	Council Grove Virtual Program	0	N/A	6-12
421	Lyndon	Lyndon USD 421 Virtual program	0	N/A	6-12, adults
462	Central Plains	Central Virtual Program	0	N/A	6-12
498	Valley Heights	Valley Heights Virtual Program	0	N/A	6-12, adults
499	Galena	Galena Virtual Program	0	N/A	6-12, adults

Additional Virtual Schools (a)

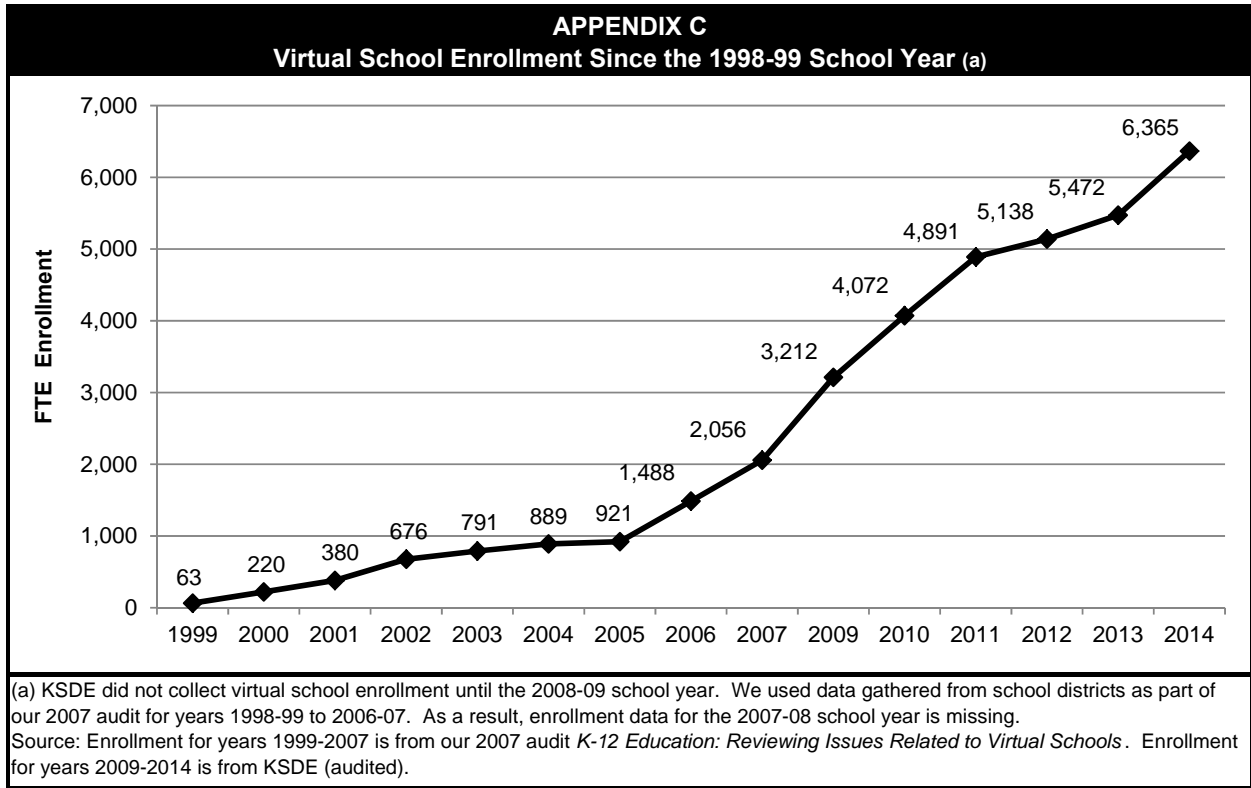
USD #	USD Name	Program/School Name	FTE Enrollment	School Operated by...	Student Population
501	Topeka Public Schools	N/A	234.8	Service Center	N/A
281	Graham County	N/A	24.7	Service Center	N/A
375	Circle	N/A	22.1	Service Center	N/A
396	Douglass Public Schools	N/A	20.5	Service Center	N/A
206	Remington-Whitewater	N/A	18.6	Service Center	N/A
437	Auburn Washburn	N/A	18.4	Service Center	N/A
394	Rose Hill Public Schools	N/A	16.7	Service Center	N/A
487	Herington	N/A	14.8	Service Center	N/A
345	Seaman	N/A	13.2	Service Center	N/A
102	Cimarron-Ensign	N/A	10.6	Service Center	N/A
240	Twin Valley	N/A	9.3	Service Center	N/A
466	Scott County	N/A	9	Service Center	N/A
490	El Dorado	N/A	7.8	Service Center	N/A
410	Durham-Hillsboro-Lehigh	N/A	6.8	Service Center	N/A
363	Holcomb	N/A	6.7	Service Center	N/A
334	Southern Cloud	N/A	5.7	Service Center	N/A
374	Sublette	N/A	2	Service Center	N/A
217	Rolla	N/A	1.4	Service Center	N/A
200	Greeley County Schools	N/A	1.3	Service Center	N/A
307	Ell-Saline	N/A	1	Service Center	N/A
341	Oskaloosa Public Schools	N/A	1	Service Center	N/A
359	Argonia	N/A	1	Service Center	N/A
388	Ellis	N/A	1	Service Center	N/A
477	Ingalls	N/A	0.9	Service Center	N/A
468	Healy Public Schools	N/A	0.3	Service Center	N/A
443	Dodge City	N/A	0	Service Center	N/A

(a) These schools are not on KSDE's publicly available list of virtual schools, but we identified them as having a virtual school in the 2013-14 school year.

Source: Audited KSDE data.

APPENDIX C
Virtual School Enrollment Trend Since 1998

This appendix shows the total virtual school FTE enrollment for every year, except the 2007-08 school year, since the 1998-99 school year.



APPENDIX D
Various Services Offered by Virtual Schools

This appendix contains information on what services each virtual school in our sample offered in the 2013-14 school year.

APPENDIX D							
Services Offered by Six Audited Virtual Schools							
(2013-14 school year)							
Service	Andover eCademy	Lawrence Virtual School	Lawrence Diploma Completion (a)	Kansas Connections Academy	Project Encore (a)	21st Century Learning Academy	Number of Districts Offering This Service
Curriculum							
Face-to-Face Classes	✓				✓		2
Live Online Classes	✓	✓	✓	✓	✓		5
Art	✓	✓	✓	✓	✓	✓	6
Advanced Placement	✓	✓		✓			3
Computer	✓	✓	✓	✓	✓		5
English	✓	✓	✓	✓	✓	✓	6
Foreign Language	✓	✓	✓	✓	✓	✓	6
Health	✓	✓	✓	✓	✓	✓	6
History	✓	✓	✓	✓	✓	✓	6
Geography	✓	✓		✓		✓	4
Government	✓	✓	✓	✓	✓	✓	6
Math	✓	✓	✓	✓	✓	✓	6
Music	✓	✓	✓	✓	✓		5
Physical Education	✓	✓	✓	✓	✓	✓	6
SAT/ACT Preparation		✓		✓	✓		3
Science	✓	✓	✓	✓	✓	✓	6
Support Services							
At-Risk Services	✓	✓	✓	✓	✓		5
English as a Second Language	✓		✓	✓	✓		4
Gifted	✓	✓	✓	✓	✓		5
Guidance Counseling	✓	✓	✓	✓	✓	✓	6
Job & Career Planning	✓	✓	✓	✓	✓		5
Special Education	✓	✓	✓	✓	✓	✓	6
Additional Materials or Services							
Clubs	✓	✓		✓			3
Computers	✓	✓					2
Field Trips	✓	✓		✓			3
Maps and Globes	✓	✓	✓	✓	✓		5
Science Supplies	✓	✓	✓	✓	✓		5
Textbooks or Workbooks	✓	✓	✓	✓	✓	✓	6
(a) This school offers diploma completion to adult students.							
Source: LPA summary of data collected from individual schools and programs.							

APPENDIX E

Detailed Methodology Related to Comparing Funding Levels to Operating Costs for Three Kansas Virtual School Models

We identified three virtual school models in Kansas, which vary primarily on the type of student they serve and what type of education those students received. Those models include:

- schools that serve K-12 students who attend full-time or nearly full-time
- schools that serve adult students seeking to complete their high school diploma
- one school that allows part-time private school students to take a course or two each year

To compare funding levels to operating costs for each of these three models, we took the following steps.

We worked with six virtual schools and two nationally recognized experts in virtual education to estimate the per-student costs for different models of virtual schools. We did not rely simply on virtual school expenditures because expenditures reflect only what a district spent rather than what the school should cost. We took four steps to determine how much virtual schools should cost:

- **We determined what services virtual schools provide and the resources it takes to provide those services.** We collected this information through a series of questionnaires and interviews with superintendents, principals, teachers, and other staff members.
- **We put each resource on a per-FTE basis.** We determined the resources virtual schools needed by looking at what our sample programs offered, reviewing studies conducted by other organizations, and through discussions with our consultants. For each model, we generated a per-FTE student cost for a school with 600 FTE students. Putting resources on a per-FTE basis allowed us to better assess the resource levels and make comparisons across models, even though the virtual schools in our sample varied in size.

We generally used student FTE, rather than head count, in our resource estimates. Although some schools do have greater student head counts than student FTE, student FTE is the primary driver of staff workload. Further, although other work indicated that FTE for adults was inflated, we did not adjust the resource ratios to reflect that FTE. Doing so would likely lead to adult models being under-resourced because the lower FTE numbers are largely a product of students dropping out of the programs. Basing resources on those numbers would not provide enough resources to schools if students did not drop out at the same rates.

- **We made adjustments to resource levels based on interviews with virtual school officials, academic literature, and input from our consultants.** For each resource, we determined the appropriate levels a virtual school would need to serve its students. For example, we used data from the six schools in our sample and input from our consultants to determine what an appropriate teacher-to-student ratio is for a virtual school.
- **We then estimated the cost for each of the resources we determined was necessary to operate a virtual school.** We used cost data provided by the districts for items such as curriculum and education materials and statewide average costs for personnel such as teachers and principals.

In many cases, our cost estimates are shown as a range. That is because we think it is reasonable for schools within each model to have some variation in how they operate. For example, within the K-12 school model, we determined that a reasonable ratio of students to teachers was between 25 and 30 students per teacher. Schools that choose to operate with a lower ratio of

students to teachers will require more teaching resources and thus will have slightly greater costs.

We did not include the cost of providing special education services to virtual school students in our cost estimates because those services are funded separately from virtual schools. Further, the state funds special education services for virtual school and traditional school students in the same way.

We re-calculated how much funding each school received for a full-time-equivalent student based on course loads instead of minutes spent working on count dates. Our re-calculation of funding levels was based on a projectable sample of 222 students attending the six schools in our three virtual school models. This was necessary because the number of minutes students spent working on school work during count dates do not always reflect their actual course loads, as described below.

- **The state funds virtual school students based on the average minutes each student spent working on school work on two separate count days.** Minutes are converted to an FTE by dividing the average minutes spent on two count days by 360. For example, a student who averaged 270 minutes would be funded as a 0.75 FTE student. 360 minutes is used as the basis for a full-time student because that number generally represents a full-time course load of six courses, or 60 minutes per course.
- **However, that FTE does not always reflect a student's actual course load during the school year.** For example, a student who was funded as one FTE based on their average minutes on count days (a full-time virtual school student) may have only taken two courses the whole year. That is because the time students spend working on courses on count dates is not tied to their actual course load. Consequently, for this student, a 0.3 FTE may have been more appropriate (because six courses per year is considered full time).
- **We evaluated student course loads to determine how much funding the state actually paid for each student and used that figure in our funding and cost comparison.** We compared the FTE the student was funded for to the FTE that was most appropriate based on the student's coursework. For example, a district receives \$4,029 for a student who was determined to be one FTE on the count days. However, if that student only took two courses all year, a 0.33 FTE a funding level of \$1,340 would have been more appropriate. In this case, the state effectively paid more than \$12,000 per FTE for this student ($\$4,029 \div 0.33 = 12,209$).

APPENDIX F

Consultant Qualifications

This appendix describes the qualifications of the two university professors we consulted with for K-12 academic outcomes and virtual school cost portions of this audit. Both consultants provided us with feedback on the reasonableness and completeness of the resources we allocated to each virtual school model. They also provided some guidance on the regression model we used to compare the academic outcomes of virtual school students to those of traditional school students.

Dr. Michael K. Barbour is the Director of Doctoral Studies and an Assistant Professor of Education in the Isabelle Farrington College of Education at Sacred Heart University. He holds a Ph.D. in Instructional Technology from the University of Georgia. His research agenda has focused on K-12 online teaching and learning, and improving the design and delivery of online learning opportunities. Prior to joining the College of Education faculty in 2013, Dr. Barbour was an assistant professor at Wayne State University, an online teacher at Illinois Virtual High School, and a teacher, course developer, and administrator of intermediate and secondary courses at a virtual school in Canada.

Dr. Luis A. Huerta is an Associate Professor of Education and Public Policy at Teachers College-Columbia University and holds a Ph.D. in Education from the University of California, Berkeley. His research and scholarship over the last eighteen years have focused on school choice reforms and school finance policy, including issues relating to virtual schools. Prior to joining the Teachers College faculty in January of 2002, Dr. Huerta served as a research associate and coordinator for K-12 education policy research for Policy Analysis for California Education (PACE). He also served as a California public school teacher for six years.

APPENDIX G
Comparison of Virtual School Costs on an FTE Basis for Each Model

This appendix compares the cost of each resource that a virtual school needs to operate for each model.

APPENDIX G			
Comparison of Estimated Virtual School Costs per FTE Student By Model			
(2013-14 school year)			
Category	Full-Time K-12 Curriculum	Adult Diploma Completion	Part-Time K-12 Courses
Staff			
Teachers	\$1,900 - \$2,200	\$1,400 - \$1,900	\$560
Student Support Staff	\$150 - \$210	\$210 - \$260	\$0
Administrative Staff	\$150 - \$180	\$240 - \$270	\$60
Principal	\$80 - \$160	\$160 - \$240	\$80
Subtotal	\$2,251 - \$2,785	\$2,000 - \$2,600	\$700
Curriculum and Educational Materials			
Curriculum	\$900 - \$1,200	\$500	\$820
Educational Materials	\$700 - \$800	\$150 - \$200	\$10
Subtotal	\$1,600 - \$2,000	\$650 - \$700	\$830
Other			
Facility Costs	\$230 - \$280	\$210 - \$270	(b)
Central Services	\$150 - \$210	\$130 - \$170	\$70
Miscellaneous	\$80 - \$90	\$80 - \$100	(b)
Travel	\$30 - \$60	(c)	\$0
Professional Development	\$20 - \$25	\$10 - \$20	\$10
Extracurricular Costs	\$10 - \$15	\$8	\$0
Subtotal	\$520 - \$670	\$440 - \$570	\$70
IT-Related			
IT Staff	\$90	\$130	\$40
Internet Service	\$10 - \$20	\$15 - \$25	(b)
Computers (a)	\$10 - \$15	\$10 - \$15	\$5
Printers (a)	\$2	\$2	\$1
Webcams (a)	\$1	\$1	\$1
Subtotal	\$110 - \$120	\$160 - \$170	\$50
Total (d)	\$4,500 - \$5,600	\$3,300 - \$4,100	\$1,700
<p>(a) Hardware costs have been annualized based on a three-year replacement cycle.</p> <p>(b) These costs are not included for the part-time K-12 model because the costs associated were negligible. This is because this model is largely providing access to a curriculum to students but no other services.</p> <p>(c) Travel was a small percentage of this model's cost and so was included as part of miscellaneous costs.</p> <p>(d) All numbers are rounded and may not add up to total.</p> <p>Source: LPA analysis of select K-12 virtual schools' resources and expenditures, interviews with school administrators, and interviews of virtual school consultants.</p>			

APPENDIX H
Recommendations to KSDE from Our 2007 Virtual School Audit

This appendix includes a list of the recommendations we made to KSDE in 2007 as a result of our audit *K-12 Education: Reviewing Issues Related to Virtual Schools*. We interviewed KSDE officials and conducted a file review to determine whether KSDE had implemented each of the recommendations.

Appendix H		
Summary of Kansas State Department of Education's Implementation of 2007 Virtual School Audit Recommendations		
Recommendation	KSDE Implementation Status	
Establish requirements for virtual schools and have those schools describe what policies or procedures they have adopted to address those requirements for the following risk areas:	1. Did KSDE establish requirements or guidance?	2. Are virtual schools required to describe how the requirement is met?
• Teachers are not available to answer questions	✓	✓
• Teachers do not know how to teach online	✓	✓
• Students may not do the work themselves		
• Students receive credit without learning material		
• Students under age 18 do not attend school as required by law	✓	
• Technology fails and students cannot work on their classes	✓	
3. Perform initial and periodic site visits to ensure schools have implemented the policies and procedures they described during registration (a).	✓	
4. Send a formal notification to districts once their virtual school has met all requirements and has been approved.	✓	
5. Change application due date to allow KSDE sufficient review time.	✓	
6. Ensure that registration forms are submitted on time and filed appropriately with KSDE.	✓	
7. Modify the KIDS database to include data which would make it possible to identify virtual students, their enrollment, and assessment scores.	✓	
8. Clarify whether the enrolling district or district a student lives in receives funding for a virtual student	✓	
9. Modify the KIDS database to include virtual students' home addresses	✓	
(a) KSDE officials decided not to perform initial or periodic site visits because they did not think they were cost effective. We consider KSDE's assessment and consideration of this recommendation to satisfy the intent of our recommendation. Source: LPA interviews with KSDE staff and review of relevant KSDE documents.		

APPENDIX I

Agency Responses

On December 12, 2014 we provided copies of the draft audit report to the Kansas State Department of Education (KSDE), the four school districts and one service center that participated in the audit, and to our consultants. KSDE's response and the districts that chose to submit a response are included as this Appendix. Following KSDE's written response is a table listing the department's specific implementation plan for each recommendation.

We made changes and clarifications to the report based on feedback from officials at KSDE, the Andover and Elkhart school districts, and our consultants.

Issues Related to KSDE

In its response, KSDE raised a concern that our sample sizes were too small for our findings to be generalized to the entire population of virtual students. Additionally, they thought that our small sample of adult students might significantly understate the actual course completion and graduation rates of adult virtual students. Although we acknowledge in our report that our findings are not statistically projectable to all virtual school students, we think that our findings are valid for both K-12 aged and adult students for the following reasons:

- Our samples are projectable to the six schools from which they were selected, and those schools cumulatively represent almost 50% of all FTE virtual school students in the state.
- Audited school districts generally confirmed the accuracy of our findings in terms of the services they provided and the cost of providing those services.
- Our finding regarding low adult credit completion and graduation rates, although based on a relatively small sample size (38 students), is consistent with other information we collected throughout the audit. For example, school district officials told us that adult students face significant challenges in completing their education including competing family and work responsibilities that make course completion difficult.

KSDE indicated they did not intend to implement our recommendation to require districts to describe how they were going to address the four risks we noted in the report. However, in a follow-up conversation, staff told us they plan to submit the audit recommendations to the Charter and Virtual Education Advisory Council and to the State Board of Education. Either of those entities could choose to implement the recommendations.

Issues Related to the South Central Kansas Education Service Center

The South Central Kansas Education Service Center noted in its response that 33%, or seven, of the adult students from its virtual program included in our sample resided in a mental health facility during the day. We re-ran our analysis with those seven students excluded from our sample to determine if the presence of those students had skewed our results concerning adult credit completion. When we excluded those students we found similar results. For example:

- The average number of credits earned per year increased from .55 to .60.
- The percent of students who earned at least one credit a year increased from 21% to 23%.
- The percent of students who did not earn any credits at all did not change (55%).

Because the results of this analysis—which excluded the seven adults who resided in a mental health facility during the day—was almost identical to what we initially reported, we did not alter the findings in the report.

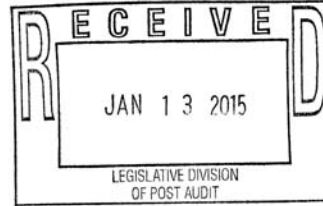


Office of the Commissioner

Kansas State Department of Education
Landon State Office Building
900 SW Jackson Street, Suite 600
Topeka, Kansas 66612-1212

(785) 296-3202
(785) 291-3791 - fax

www.ksde.org



January 9, 2015

Scott Frank
Legislative Post Audit
800 SW Jackson, Suite 1200
Topeka, KS 66612

Dear Mr. Frank,

Thank you for the opportunity to respond to your performance audit, *K-12 Education: Reviewing Virtual School Costs and Student Performance*. The Kansas State Department of Education truly appreciates the hard work of your staff and the attention that you have brought to virtual education in Kansas. There have been a number of misconceptions regarding virtual education and the academic outcomes of virtual students. Your audit helps to dispel these myths and successfully paints a picture of the different types of virtual schools in Kansas and the wide range of services they provide and students they serve. In true Kansas spirit, each district is able to create a virtual experience that best meets the needs of their identified student population.

The Kansas State Department of Education recognizes that there are always areas for improvement and thanks you for highlighting some specific areas in your audit report. Since virtual students are district students, they are subject to all district policies and procedures as well as state statutes, regulations and requirements. The agency does not feel it is necessary to establish virtual requirements that duplicate existing state law or to require virtual schools to submit local district policies for approval. The Kansas State Department of Education does not collect this information from districts as it relates to traditional students and is inclined to treat virtual schools with the same level of professionalism and trust. However, the agency is committed to addressing these areas of concern through additional technical support and training for districts with virtual schools.

The Kansas State Department of Education supports the exploration of alternative funding mechanisms for virtual schools as a 'one size fits all approach' may not be the most effective. However, we caution stakeholders against using this report as the sole source of information to make those decisions. With over 6,400 FTE virtual students currently enrolled, the sample size in the audit report (n=222) yields findings that cannot be generalized to the entire population. Further, the agency is concerned that the sample of only 38 adult students (out of 1,326 adult virtual FTE) in the *summary of credits earned* table may be significantly underestimating the actual course completion and graduation rates of adult virtual students.

Thank you again for your hard work on this audit report and for advancing quality virtual education within the state of Kansas.

Sincerely,

Brad Neuenswander
Interim Commissioner
Kansas State Department of Education

Itemized Response to LPA Recommendations

Audit Title: K-12 Education: Reviewing Virtual School Costs and Student Performance

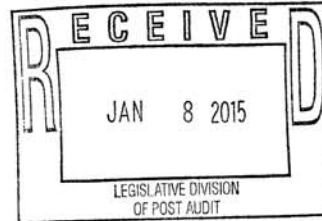
LPA Recommendation	Agency Action Plan
To fully implement the recommendations from our 2007 audit, the Kansas Department of Education should require districts applying for a virtual school to describe how the district plans to address the following risks:	
that middle school and elementary school students do not do the work themselves or earn credit without earning the material.	Every district in the state has local policies regarding cheating and student plagiarism which would extend to virtual students within the district. KSDE does not believe that it is necessary to request these policies from the districts as the agency does not collect these policies as they relate to traditional students. However, KSDE is committed to addressing this concern through continued technical support and providing best practice sample policies. KSDE has scheduled a webinar on this topic in May 2015.
that students under 18 may not attend school in accordance with state law.	Every district in the state has local policies regarding attendance which would extend to virtual students within the district. Further, state statutes 72-1111 and 72-1113 address compulsory attendance and truancy. KSDE does not believe that it is necessary to request these policies from the districts as the agency does not collect these policies as they relate to traditional students. However, KSDE is committed to addressing this concern through continued technical support and providing best practice sample policies. KSDE has recently provided training on attendance and truancy within virtual schools in Sept 2014 and will address it again during the April 2015 webinar.
that a technology failure will prevent students from doing their school work.	Every district in the state has local policies regarding contingency planning for schoolwide technology issues which would extend to virtual students within the district. The companies that districts purchase their curriculums from also have contingency planning policies. KSDE does not believe that it is necessary to request these policies from the districts as the agency does not collect these policies as they relate to traditional students. However, KSDE is committed to addressing this concern through continued technical support and providing best practice sample policies. KSDE has scheduled a webinar on this topic in April 2015.
To address the other issues with virtual school oversight, the Kansas Department of Education should:	

<p>require that districts be in compliance with all virtual school requirements <u>before</u> issuing approval to a district.</p>	<p>The Kansas State Department of Education does not approve virtual schools to operate in Kansas unless all requirements have been addressed. During the spring audits, virtual schools provide KSDE with audit documentation. After a review of the documentation provided, KSDE makes an initial determination as to whether the requirements were met or not. All virtual schools then participate in a conference call with KSDE staff during which time all requirements that received a "no" and any other areas of concern are discussed. KSDE works with the virtual school, during the conference call, to understand why the requirement wasn't met and to identify what they will do differently to come into compliance. In the past, KSDE has not required the virtual school to submit corrected audit documentation after the conference call. However, starting with the spring 2015 virtual audits, KSDE will ask the virtual school to submit changes in writing so that there is proof that the requirements were corrected prior to issuing approval.</p>
<p>provide guidance to school districts regarding how and when virtual school teacher training reports need to be submitted to KSDE.</p>	<p>The Kansas State Department of Education will begin collecting this information during the spring audits.</p>
<p>To address the issues with how districts report virtual school expenditures, KSDE should issue guidance to school districts explaining what expenditures must be accounted for in the virtual school fund.</p>	<p>The Kansas State Department of Education will issue guidance to school districts explaining what expenditures must be accounted for in the virtual school fund.</p>



January 5, 2015

Mr. Scott Frank
Legislative Post Auditor
800 Southwest Jackson Street, Suite 1200
Topeka, Kansas 66612



Dear Mr. Frank,

For 11 years, Lawrence Unified School District 497 has taken seriously the expectations set before us by the Kansas State Department of Education and the Kansas Legislature as they relate to serving the needs of Kansans through the online learning option afforded to families with unique needs, circumstances and rationales related to educating children and adults. Virtual schooling has allowed us to successfully serve more than 5,000 families under the direction and supervision of the state of Kansas and in concert with many dedicated individuals within our district.

Delivering an education virtually is considerably less controversial and unique than it once was, allowing us to educate students in a variety of settings. The virtual setting provides families with great flexibility. The flexibility to vary time and location is important to many Kansans. With this comes accountability standards, which are adhered to, and results that are in no way free from the expectations and policies of any Kansas school. Flexibility coupled with high expectations is imperative to the viability, sustainability and integrity of virtual education, and is vital to us as a district and a state.

We appreciate the thoroughness by which the Legislative Post Audit review was conducted and applaud the differentiation that has occurred via the report, as we believe we have been the flag bearer of a process that, when implemented with integrity, serves as an excellent and economical way to serve Kansans. We provide schools and programs that incorporate a strong human element, rigorous curriculum and school procedures that empower us to be good stewards of the state funds allotted to educating children and adults.

While not directly cited as USD 497-specific practices, the audit highlights many of the key components of our work:

- Special Education Services to students (14%)
- Weekly face-to-face educational opportunities with staff working with students
- "Live" online class sessions
- Constantly working to improve our service and responsiveness to KSDE and our Kansas families
- Weekly professional collaboration with staff to discuss student needs and develop best practices in online education
- Ongoing professional development designed to further strengthen online pedagogy and practices

An extremely challenging subgroup deserving our attention is the adult learner returning to high school. USD 497 is proud to have the only adult online-learning graduates noted in the audit. The face-to-face expectations of our diploma completion and credit recovery options continue to be key to our success. Each diploma awarded opens doors to a myriad of career and post-secondary opportunities otherwise not available, as well as alleviates pressure on already overburdened state-funded social programs.

We hope to draw meaningful attention to the funding discrepancies that exist as related to our brick-and-mortar school counterparts. The second question posed by the HS 2506 review exploration has been solidly addressed by the audit, as it clearly points out the significant shortage and reduction of funds due to the 2014 change in the Local Option Budget calculation, while providing comparable student achievement in a virtual setting. To further magnify this student educational funding gap, the LOB funds afforded to brick-and-mortar school students were eliminated for students served by virtual schools in the spring of 2014. This significant decrease is not reflected in this audit as the data was reported prior to this change.

USD 497 looks forward to testifying during any and all presentations of the audit's findings and will echo many of the facts being shared and offer additional details supporting the overall educational experiences being provided to Kansans served by virtual schools. Our students are appreciative of, and are flourishing, from this much-needed educational opportunity.

We as a district deserve to have this process funded properly to allow us to continue to make a difference and provide our students additional educational opportunities. Likewise, the state of Kansas deserves the right to hold districts accountable for these services and their results.

Sincerely,

A handwritten signature in black ink, appearing to read "Rick Doll", written in a cursive style.

Dr. Rick Doll
Superintendent of Schools



Office of the Superintendent

Greg Rasmussen, Superintendent
1432 N. Andover Road
Andover, Kansas 67002
Office: 316/218-4660
Fax: 316/733-3604
E-mail: rasmusseng@usd385.org
www.usd385.org

January 16, 2015

Heidi Zimmerman
Legislative Post Audit
800 SW Jackson
Topeka, KS 66612

Thank you for the opportunity to respond to *K-12 Education: Reviewing Virtual School Costs and Student Performance Audit*. The Andover Public School District and the Andover eCademy were pleased to volunteer to be part of the audit and appreciate the professional, thorough way your team addressed this important topic. We recognize that virtual education will play a key role in the future of Kansas and we also understand how important it is to develop a balanced, sustainable and forward thinking approach to determine funding levels.

As your audit points out, virtual schools in Kansas offer a variety of services ranging from full-time programs, which provide a high level of hands-on support to the students and parents, to automated programs that require less support, and everything in between. We believe each delivery model has merit and plays a vital role in providing a wide range of options for our students and parents. Virtual education is a shining example of school choice and will play an important role in the future of Kansas education. We are pleased to be able to participate in this emerging trend.

We also recognize there are areas for improvement in both the delivery and funding structure and were happy to share our various approaches so you could get a better idea of costs and related challenges. Because virtual education has so many different delivery models, it cannot be funded with a one-size-fits-all approach. As your audit points out, it costs considerably more to run a full-time program that offers parent training, student counseling, special education and face-to-face instruction than it costs to run a fully automated program. We hope the legislature will use your study as a jumping off point as they decide how to fund virtual schools in the future but also caution them to use due diligence and fully understand all the issues prior to acting. Virtual learning has the potential to help transform education in Kansas and just like any other new concept, a few ill-timed moves can jeopardize the entire movement, thus pushing Kansas back to the traditional delivery models.

Thank you again for the opportunity to participate in the audit and also for your hard work to help advance the emerging trend of virtual education in Kansas.

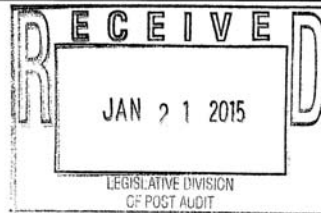
Sincerely,

Greg Rasmussen

Building on the Foundation of Excellence

January 8, 2015

Scott Frank
Legislative Post Auditor
800 Southwest Jackson Street, Suite 1200
Topeka, KS 66612



Dear Mr. Frank,

Thank you for allowing us to be part of your performance audit, *K-12 Education: Reviewing Virtual School Costs and Student Performance* and for the opportunity to present this response. We appreciated the diligent work and professionalism your team displayed throughout the entire process. We are grateful to have been given the chance to share how working with adults who have not yet earned their high school diploma is a gratifying yet challenging endeavor.

It is difficult to compare the adult virtual program with the "typical" K-12 virtual program because of the unique situations each adult brings with them. The adults we serve did not graduate on time when they were in a traditional K-12 setting and typically they bring those same obstacles with them the second time around. An adult without a high school diploma is unqualified for more than 90% of employment opportunities; leading to greater job instability within a world of already low wage jobs. Little to no money creates obstacles such as less than ideal living situations and transportation inconsistencies and forces adults to place their families' physical and emotional needs ahead of anything else.

Our staff works diligently on a daily basis, including most weekends, to stay connected with our students and to motivate them to work as much as their schedule and lifestyle allows. Unlike traditional K-12 programs, we do not close our programs at the end of May but continue to work with our adults through July 31, with just a two-week inactive period in August before beginning coursework again. We believe that a year-round approach functions as an intervention to help keep our students engaged and connected. Further, as the audit report points out, our adults do lean on us heavily for job and career planning and guidance counseling. Due to the unique life situations adults bring with them, it is of the utmost importance that we build relationships with them (even virtually) to help plan and guide them through this critical time in their lives. This is such a significant aspect of our work with adults.

We cannot, nor will we, dispute the academic progress made by the sample of 38 adults students within this audit, but we would like to point out that approximately 33% of the sample taken from our site were adults residing within a mental health facility during the day. Because we must abide by all district policies and state laws, we are required to enroll and serve all adults who meet the enrollment criteria and wish to complete their high school diploma despite the obstacles they bring with them. These challenges slow down the progress made by the students but do not diminish the time and effort needed on the part of the educators. It actually creates more work on the part of the teachers to reach these students with special needs.

Unfortunately, we are unable to predict how many courses an adult student will finish prior to the end of each year. Some students complete more than the average traditional student, whereas others may only complete two or three. We enroll adult students in two courses at a time so we do not overwhelm them with too many classes. When they complete a course they are immediately placed in another course no matter where they are in the semester. We have adopted this model because of the past experiences of our adult students who have been out of school for a few years and are very intimidated about the thought of

continuing their education. This model has shown success and we are pleased to share that during the 2013-2014 school year our combined 370.4 adult virtual FTE students completed 1296 credits (or 2592 courses) with 86 of these students completing graduation requirements. It is our hope this data will convey the success we have had with many students that went beyond the sample.

The adult virtual program is an amazing and wonderful intervention that has helped thousands of Kansans achieve their high school diploma while opening doors of opportunity. Obtaining a high school diploma allows our adults to have options such as, going on to post-secondary education, joining the military or gaining stable employment which makes them less reliant on social services. Adults are able to not only improve their own lives, but also the lives of their families and communities.

Again, we thank you for the opportunity to respond to your audit and we look forward to working with you in the future as we continue to make Kansas educational opportunities even more successful.

Respectfully,



Dr. Brad Pepper
Executive Director
South Central Kansas Education Service Center