Florida Virtual School Faces Hard Times

Enrollment declines for country’s largest state-run e-school

By Benjamin Herold

The Florida Virtual School—the largest state-sponsored online K-12 school in the country—is facing troubled times, a sign of major policy shifts now reshaping the world of online education.

On the heels of new state legislation aimed at containing costs and promoting competition among providers offering individual online courses to students, Florida Virtual School officials expect to see a 20 percent drop in state revenue this school year and announced this month that they have shed one-third of their workforce.

Experts in online education say the cuts reflect a national trend.

"States are moving away from singularly funding a state virtual school," said Susan D. Patrick, the president and CEO of the International Association for K-12 Online Learning, or iNACOL, in Vienna, Va. "They want to have multiple providers for students to choose from."

She cited as another example the Louisiana education department's recent decision to replace the Louisiana Virtual School with a broader menu of course options for students. ("'Course Choice' Venture Gets Started in Louisiana," this issue.)

An analogous shift occurred in the recording industry following the launch of iTunes and the "debundling" of music albums, said John Bailey, the executive director of Digital Learning Now, a national advocacy group based in Tallahassee, Fla.

"Students are now assembling a playlist of courses offered by different providers," Mr. Bailey said. "But the way the funding mechanism works, there's tension" among established state virtual schools, private operators looking to expand, and traditional districts, he added.

In Florida, proponents of the "iTunes" model tout the legislative changes as key to spurring innovation and efficiency.

"In my world, competition has never been a bad thing," said state Sen. Jeff Brandes, a Republican who sponsored legislation to expand online educational options. The bill, a version of which was included in legislation enacted this summer, allowed for conditional state approval for providers of online education that do not have prior experience. The legislation also opened the door for the authorization of massive open online courses, or MOOCs, in four K-12 subject areas.

This summer, Florida also enacted legislation changing the way virtual schools are funded, resulting in less revenue for the state-run Florida Virtual School.

Less State Money

New state legislation changing the way virtual schools are funded reduces the amount of money that the Florida Virtual School will receive for those students it serves this school year. Proponents of the measure argued that it will level the playing field for online education providers.
But while embracing a market-based approach can generate more options for families, Ms. Patrick said, there is also a danger of creating a "race to the bottom," with online schools competing to educate children at the lowest possible cost, with little regard for academic rigor and educational quality.

"Is every single one of these providers going to offer world-class education, or are students just clicking through software?" she said.

The new Florida legislation is also affecting the state's traditional school districts, many of which rely heavily on the Florida Virtual School to satisfy state requirements that students in all grades be offered online education options and that all students complete at least one online course in order to graduate.

"The tragedy here is that we've taken something that's been nationally recognized and stripped it of its funding," said Chris McGuire, the principal of the Broward Virtual School, a district-run online school in Broward County that was forced to quadruple its capacity overnight in response to the new state funding model and accompanying problems for flvs.

"Why fix something that's not broken?" Mr. McGuire said.

'The New Realities'

Established in 1997, the Florida Virtual School, or FLVS, functions as its own statewide public district. In 2012-13, more than 206,000 students from traditional public schools, charters, private schools and homeschool environments across Florida also enrolled in an online class offered by FLVS, completing a total of almost 411,000 individual courses.

Since last July, however, new enrollments have plummeted by 32 percent compared with July of 2012.

In addition, new state legislation changing the way virtual schools are funded reduces the amount of money that FLVS will receive for those students it does serve this school year. Under the old formula, when a full-time student in a traditional district completed an online course with the online school, the home district continued to receive the full per-pupil allotment for that student, and the online school received an additional per-course amount.

The arrangement constituted a considerable advantage for FLVS: when a student enrolled in an online course elsewhere, that other provider and the home district were required to split the single per-pupil allotment, resulting in less money for the provider and an incentive for the home district to discourage students from enrolling anywhere but FLVS.

Under the new funding formula, Florida Virtual School will have to operate under the same conditions as other online providers.

Florida Virtual School "is really a gem, but it's been treated differently for many, many years," said Mr. Brandes, the state senator. "So what we did is change it, so that everyone gets funded [the same]."

The impact has been dramatic.

Florida Virtual School officials say the combination of declining enrollment and decreased funding will result in a net reduction of about $40 million in state revenue compared with last year. That means the first layoffs in the school's 16-year-old history: A total of 802 staff members, most of whom are adjunct teachers of individual courses for part-time online students, were let go, and more than 84 open positions will remain unfilled.

"The entire [Florida Virtual School] family is saddened by the new realities we are facing," said Tania Clow, a community-relations specialist for the virtual district.
A full-time online school operated by FLVS, which last year enrolled more than 5,000 students, will not be affected by the layoffs, Ms. Clow said.

Critics have called the changes a vehicle for privatizing online education in Florida. In May, The Miami Herald reported that for-profit operators of virtual schools—including K12 Inc., Kaplan, and V Schoolz, a company affiliated with South Florida entrepreneur Wayne Huizenga—all lobbied for the new legislation.

Sen. Brandes voted in support of the new formula, but said the harmful short-term effects on FLVS did catch him and others off guard.

"I think the question is: Should we have phased this in over time, or flicked the switch, as we did?" he said. "That's something we need to come back and review."

'Turned Upside Down'

Twenty-seven states currently operate virtual schools that provide online courses to students, said Ms. Patrick of iNACOL.

In most cases, she said, the funding mechanism ensures that traditional districts are "held harmless" when their students enroll in part-time online courses at the state virtual school.

That approach, employed until recently in Florida, has its advantages, Ms. Patrick argued.

"What that did was create room for innovation without it being win-lose," she said.

Officials of the 261,000-student Broward County district agree.

Last year, nearly 25,000 Broward County students completed an online course in FLVS's statewide program, at no cost to the county district.

Under the new funding formula, though, similar enrollment this year could mean a significant cost increase for the Broward County schools. In response, the district has invested heavily in expanding its own Broward Virtual School — a franchise, ironically, of the state virtual school, established in 2001 because of Broward officials' high regard for the quality of FLVS's offerings.

In the 2012-13 school year, about 450 Broward County students were enrolled full time at the district's virtual school, and a "couple hundred" more took individual online courses there, said Mr. McGuire, the school's principal.

Now, to save money and to meet the state requirement that all high school students complete at least one online course, Broward Virtual is attempting to grow by roughly 400 percent almost overnight. It hired 50 new teachers last month alone.

"Everything has been turned upside down," Mr. McGuire said.

For some virtual education advocates, like Ms. Patrick, the rapid changes raise concerns about accountability.

"State virtual schools have always served a really important role in leveling the playing field across the state and doing a tremendous job of quality assurance," she said, but an influx of new providers could open the door for "some providers that could really damage the whole field" by seeking to cut corners.

Mr. Bailey of Digital Learning Now said the fundamental shift underway —moving to an iTunes-like approach in which students select individual courses, rather than a single school—will necessarily change the way states think about accountability, too.

"What we don't do well is hold schools accountable for each course they're teaching," he said.

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