

Funding Pilot Program

For Online Dropout Prevention and Recovery Schools



OFFICE OF BUDGET AND SCHOOL FUNDING

DECEMBER 2022

INTRODUCTION

Online learning is an important part of Ohio’s education system. It provides a way for students and families to choose a mode of learning that, for some students, is more effective, meaningful and responsive to their needs or circumstances than the more traditional in-person learning. It represents a key element of Ohio’s school choice portfolio. Moreover, online learning serves as a critical part of the system serving students who are at-risk or have dropped out of school.

In December 2020, the Ohio General Assembly established a pilot program for dropout prevention and recovery (DOPR) e-schools¹. The pilot program, initially established for the 2020-21 school year by Substitute House Bill 123 of the 133rd General Assembly, was extended through the 2022-23 school year in the current state operating budget. The pilot program allows participating dropout prevention and recovery e-schools the ability to generate state funding through a hybrid funding model based on a combination of enrollment, documented learning opportunities, and credit attainment/course completion².

This document has been prepared for Governor Mike DeWine and the General Assembly to report on the pilot program. The report reviews the implementation of the pilot from the perspective of both the Department and the six participating pilot schools. The report also provides observations and reflections in the context of previous studies and recommendations regarding e-school funding³.

FUNDING E-SCHOOLS IN OHIO

In Ohio, e-schools are funded based on a student’s participation in learning opportunities, including both online and offline opportunities. Online learning opportunities include live lessons presented by an educator, modules and courses built in a learning management system, one-on-one or small group tutoring, and other synchronous and asynchronous activities delivered through a computer. Offline activities include in-person tutoring and interventions provided by educators, reading a book, exercising for physical education class, meeting with a teacher or attending a class field trip. Each e-school is required to track a student’s participation in various learning opportunities. This information is used to determine the state funding provided to the school. Students enrolled in an e-school for the full year with documented learning opportunities of at least 920 hours (the minimum calendar for all community schools) will generate the maximum full-time equivalency. Students enrolled for only a portion of the year, or who participate in less than the expended learning opportunities for the enrollment period, generate less than the maximum full-time equivalency.

¹ Throughout this document, the term “e-school” is used to mean the statutorily specified “internet- or computer-based community school.”

² To receive the designation of dropout recovery community school, a school must meet one of three criteria defined in Ohio Revised Code. Community schools that operate a drug recovery program in cooperation with a court ([ORC 3314.361](#)), a community school in which a majority of the students are enrolled in a dropout prevention and recovery program ([ORC 3314.35](#) (A)(4)(a)), or a community school granted a waiver prior to July 1, 2014 ([ORC 3314.36](#)) based on serving a majority of students through a dropout prevention and recovery program, are eligible to receive the dropout recovery designation.

³ Am. Sub. H.B. 166 of the 132nd General Assembly required the Department of Education to study the feasibility of new funding models for e-schools in 2019. The report opined on considerations for hybrid funding models, and funding based on courses or credits. <https://education.ohio.gov/getattachment/Topics/Finance-and-Funding/School-Payment-Reports/State-Funding-For-Schools/Community-School-Funding/Community-School-Funding-Information/Study-of-Internet-or-Computer-Based-Community-School-Funding-Models-1-1.pdf.aspx?lang=en-US>.

Ohio's foundation funding system for schools is comprised of a base per-pupil amount and several additional allocations of funding based on the characteristics and demographics of both the student and school. Beginning in the 2021-22 school year, funding for all schools moved from a fixed per-pupil amount (\$6,020) to a variable base cost per-pupil amount and a modest amount of additional per-pupil funding for facilities (\$25 per pupil). While each school or district generates a different base cost per pupil amount the statewide average base cost per-pupil is approximately \$7,352 for both the 2021-22 and 2022-23 school year⁴. E-schools also may receive special education funding for students with disabilities and career-technical education funding for students participating in approved career-technical education programs.

Like e-schools, brick-and-mortar community schools receive base per-pupil, special education and career-technical education funding; however, they receive a greater amount in facilities funding than e-schools. Brick-and-mortar schools also receive additional funding for students who are economically disadvantaged, students who are English learners, and students who are transported to school by the community school. While these differences generally provide additional funding to brick-and-mortar community schools, the biggest difference is the way each student's full-time equivalency is determined. Generally, funding for brick-and-mortar schools is based on student enrollment and engagement in documented learning opportunities is not a factor. This results in e-schools, on average, generating less on a per-pupil basis, than brick-and-mortar community schools. In the 2021-22 school year, the average state foundation funding generated by students in a brick-and-mortar community school was \$10,711.69 per full-time equivalent. Using the amount of state funding generated by the six DOPR e-schools and counting students without adjustments for documented learning opportunities yields \$6,077.21 per-pupil⁵.

PILOT SCHOOL DATA AND DEMOGRAPHICS

The establishment of the pilot program followed the advocacy of several Dropout Prevention and Recovery e-schools in the spring of 2020. In their testimony, school leaders spoke to the challenges of engaging students to generate funding, while providing additional supports to aid the at-risk student population DOPR schools seek to serve. The advocacy for a pilot program – and a three-part funding structure – was not intended to provide funds beyond what a full-time equivalent student generated, but rather provide a pathway for pilot participants to generate full funding.

In July 2020, the Ohio Senate passed Sub. H.B. 123. The Ohio House concurred to the Senate changes in November 2020, and pilot was effective immediately upon the Governor's signature on Dec. 21, 2020. The funding pilot program was limited to internet- or computer-based community schools (e-schools) operating a dropout prevention and recovery program, did not use a for-profit operator, and received a rating of "exceeds standards" on the combined graduation component of the 2018-19 report card.

In the first year of the pilot (2020-21 school year), 15 e-schools operated in the state. While e-schools represent only 4.8% of community schools operating in Ohio, they serve more than 22.8% of total students enrolled in community schools. Of these 15 schools, 9 served a general student population, and 6 primarily served at-risk students through a DOPR program. All six DOPR schools met the eligibility criteria to participate in the pilot program. In the first year of the pilot program, these six DOPR e-schools generated funding for 1,799 FTE. This represented 5.29% of the 34,036 FTE funded at online community schools.

⁴ This is the amount calculated for traditional districts before application of the local share (not applicable to community schools) and before the phase-in. Generally, all schools and districts are generating less than this amount in the current school year but are protected by various funding guarantees.

⁵ The per-pupil amount was determined by using maximum funded FTE displayed in Table 3, rather than the funded FTE to allow for a comparison to brick-and-mortar community schools.

Table 1 illustrates the size, academic performance and key demographic information about each of the participating e-schools, as reported on the 2021-22 Ohio School Report Cards.

Table 1. 2021-22 Pilot Program Participating E-School Performance and Demographic Data

E-School Name	Grade Span	Average Daily Membership (ADM)	Overall Report Card Grade	Students with Disabilities %	Economically Disadvantaged %	Mobility %	Graduation Rate %
Auglaize County Educational Academy	K-12	80	Exceeds Standards	NC	62.5	50.0	92.4
Fairborn Digital Academy	9-12	134	Exceeds Standards	16.4	66.4	59.9	39.3
Findlay Digital Academy	9-12	117	Exceeds Standards	23.9	56.4	49.5	67.9
Goal Digital Academy	K-12	676	Meets Standards	26.6	70.6	57.7	43.9
Greater Ohio Virtual School	7-12	363	Meets Standards	19.6	26.2	51.0	42.3
Quaker Digital Academy	K-12	548	Exceeds Standards	17.7	60.8	36.9	53.2

Source: 2021-22 Ohio School Report Cards.

Note: A school may choose not to serve all grades it is authorized to serve in a given school year.

While **Table 1** displays the grade levels each e-school is authorized to serve, **Table 2** displays the age ranges served by each e-school and the distribution of students across grade levels during the 2021-22 school year. The data below is displayed based on a headcount of students.

Table 2. 2021-22 Pilot Program Participating E-School Enrollment Data

E-School Name	Student Age Range	Grade														Total
		K	1	2	3	4	5	6	7	8	9	10	11	12		
Auglaize County Educational Academy	12-22	0	0	0	0	0	0	6	3	8	14	28	32	61	152	
Fairborn Digital Academy	14-22	0	0	0	0	0	0	0	0	0	93	83	74	55	305	
Findlay Digital Academy	14-21	0	0	0	0	0	0	0	0	0	27	38	42	114	221	
Goal Digital Academy	5-21	26	12	26	19	32	41	75	91	103	132	183	166	253	1,159	
Greater Ohio Virtual School	12-22	0	0	0	0	0	0	0	27	61	106	153	186	327	860	
Quaker Digital Academy	5-22	14	5	8	13	17	18	33	62	77	149	128	119	150	793	
Total		40	17	34	32	49	59	114	183	249	521	613	619	960	3,490	

Source: FY22 EMIS data.

Table 2 shows that nearly 3,490 students were enrolled in the e-schools participating in the pilot program during the course of the 2021-22 school year with most (84.9%) students enrolled in grades 8 through 12. This is a slight increase from the 2020-21 school year when (82.7%) of students were enrolled in grades 8 through 12.

Finally, **Table 3** compares the headcount of students at each pilot program participating e-school, the FTE that each e-school generated during the year, and the maximum FTE possible during the enrollment period.

Table 3. Student Headcount and Full-Time Equivalency Data Comparison

E-School Name	Student Headcount	Maximum FTE Based on Enrollment	Funded FTE	Funded FTE as a Percent of Maximum FTE	Funded FTE as a Percent of Student Headcount	Maximum FTE as a Percent of Student Headcount
Auglaize County Educational Academy	152	96	80	83.4%	52.6%	63.2%
Fairborn Digital Academy	305	186	133	71.8%	43.7%	60.9%
Findlay Digital Academy	221	151	117	77.5%	52.8%	68.2%
Goal Digital Academy	1159	730	673	92.1%	58.0%	63.0%
Greater Ohio Virtual School	860	600	361	60.2%	42.0%	69.8%
Quaker Digital Academy	793	608	543	89.3%	68.5%	76.6%
Total	3,490	2,371	1,907	80.4%	54.6%	67.9%

Source: FY22 EMIS and state foundation payment data.

Table 3 displays the same headcount summarized in **Table 2**. However, the more striking comparison in this table is the comparison between the unique number of students in each e-school and the e-school’s final funded FTE. Based on documented learning opportunities, the e-schools were funded for approximately 1,907 FTEs, or 54.6% of the headcount.

There are two reasons for the gap between the headcount of students and the percentage funded - the length of the student’s enrollment period in the e-school and the amount of learning opportunities each student engaged in during the enrollment period. Both are discussed in greater detail below.

Enrollment period. The first cause of the gap between headcount and funded FTE is enrollment.⁶ Just over half of the nearly 3,490 students who were enrolled in one of the six DOPR e-schools during the 2021-22 school year stayed in that e-school the entire year (50.8%). This is evidenced by the mobility data presented in **Table 1**. Almost one-quarter of the DOPR e-school students (23.2%) left an e-school *at least* once during the school year.

All Ohio community schools must withdraw any student who, without a legitimate excuse, fails to participate in 72 consecutive hours of the learning opportunities offered to the student.⁷ Of the students withdrawn from pilot participating e-schools, 30.44% were withdrawn due to 72 hours of consecutive unexcused absences.

Table 3 displays what each e-school’s maximum FTE would have been in 2021-22 if the school had been paid solely on enrollment (without adjustments for documented learning opportunities). The table shows that pilot program participating e-schools would have been funded based on 2,371 FTEs, or approximately 75.4% of the total number of unique students.

⁶ Headcount represents a count of all students enrolled at any point during the school year. Students enrolled for a single day are given the same weight in the headcount as students enrolled for the entire school year. Full time equivalency (FTE) represents not only the student’s enrollment period, which may be less than the full academic year, but also the student’s participation in documented learning opportunities during that period.

⁷ [ORC 3314.03\(A\)\(6\)\(b\)](#)

Documented learning opportunities. While partial-year enrollment and withdrawals for non-attendance account for a large part of the variance between headcount and the funded FTE, the second cause of the variance is explained by the percentage of time each school can document students engaged in learning opportunities.

Table 3 shows the funded FTE for the DOPR e-schools is 80.4% of the maximum FTE. This means that on average pilot program participating e-schools cannot document 19.6% of a full-time student's expected learning opportunities. Said differently, the average student enrolled for the full year engaged in 740 hours of learning opportunities out of the 920 hours established by the school's calendar.

PILOT FUNDING

Funding for the pilot program allows participating e-schools to fill the gap between funding generated based on documented learning opportunities and the student's enrollment period. This is a critical point and aligned with the testimony provided by school leaders. The pilot does not allow a student to generate more than the maximum full-time equivalency portion of the school year for which the student is enrolled in the school. Using the example above, the pilot allows a school to generate funding for the 180-hour gap between the 740 hours of learning opportunities and the 920 hours of expected engagement. In addition to funding based on documented learning opportunities, the pilot includes funding based on enrollment and the number of courses completed or credits earned.

Pilot funding is available to students in grades 8-12 and excludes students some DOPR e-schools enroll in grades K-7. As **Table 2** indicates, however, nearly 85 percent of students in these six schools were enrolled in grades 8-12. Funding is calculated for each student by taking the lesser of the following:

1. The formula amount of \$6,020⁸ multiplied by the maximum FTE during the portion of the school year the student was enrolled; or
2. The sum of the following:
 - a. \$1,750 if the student was enrolled for at least 30 calendar days in the school.
 - b. \$6.54 (\$6,020/920 hours) for each hour of documented learning, up to 920 hours.
 - c. \$500 for each course completed for 8th grade students, or credits earned by students in grades 9-12, up to a maximum of \$2,500.

Using the lesser of the two calculations above ensures the pilot payment is only filling the gap between the student's documented learning opportunities and enrollment period. The funding the student generates based on the school funding formula is subtracted from the amount calculated above to determine the pilot payment. If the amount is negative, the student does not generate a payment.

Relying on a combination of enrollment, engagement, and courses completed/credits earned allows schools to maximize funding for these at-risk students. To contextualize the practical implications of the pilot payment, four examples are included below.

⁸ Beginning in FY22, the base-cost per-pupil amount exceeds \$6,020 and is a variable per-pupil amount. The \$6,020 was the amount used from FY19-FY21 under the previous funding formula and represented the base funding amount for 1 full time equivalent student.

Scenario 1: The student was an 8th grader enrolled for a portion of the year (460 hours of enrollment), had 100 hours of documented learning opportunities, and completed 1 course.

Scenario 1 Result: Without the pilot payment, the student generated 0.11 FTE and the school received \$654. The maximum the school can receive based on the student's enrollment period (460 hours) is \$3,010. The pilot payment calculation includes the \$1,750 enrollment payment, \$654 for engagement, and \$500 for the completed course, for a total of \$2,904. This amount does not exceed the maximum amount based on the enrollment period. The pilot payment was \$2,250 (\$2,904 less the \$694 already paid through the funding formula).

Scenario 2: The student was a 12th grader enrolled for almost a full year (911 hours of enrollment), had 500 hours of documented learning opportunities, and earned 5 credits.

Scenario 2 Result: Without the pilot payment, the student generated 0.54 FTE and the school received \$3,271. The maximum the school can receive based on the student's enrollment period (911 hours) is \$5,961. The pilot payment calculation includes the \$1,750 enrollment payment, \$3,271 for engagement, and \$2,500 for the credits earned, for a total of \$7,522. This amount exceeds the maximum amount based on the enrollment period. The pilot payment was \$2,689 (\$5,961 less the \$3,271 already paid through the funding formula).

Scenario 3: The student was a 9th grader enrolled for 25 days (94 hours of enrollment), had 30 hours of documented learning opportunities, and earned 0.5 credit.

Scenario 3 Result: Without the pilot payment, the student generated 0.03 FTE and the school received \$196. The maximum the school can receive based on the student's enrollment period (94 hours) is \$615. The student was not eligible for the \$1,750 enrollment payment under the pilot payment calculation, but did generate \$196 for engagement, and \$250 for the partial credit earned, for a total of \$446. This amount does not exceed the maximum amount based on the enrollment period. The pilot payment was \$250 (\$446 less the \$196 already paid through the funding formula).

Scenario 4: The student was a 10th grader enrolled the entire year (920 hours), had more than 920 hours of documented learning opportunities, and earned 6 credits.

Scenario 4 Result: Without the pilot payment, the student generated 1 FTE and the school received \$6,020, which is the maximum. The pilot payment calculation includes the \$1,750 enrollment payment, \$6,020 for engagement, and \$2,500 for credits earned (even though the student earned 6 credits, only 5 can be counted for funding). The total pilot payment calculation was \$10,270. This student did not generate a pilot payment because the maximum amount was already generated based on the student's engagement.

A deeper review and analysis of the enrollment, course completion and credits earned elements of the pilot payment calculation is included below.

Enrollment

A one-time payment of \$1,750 is calculated for each student enrolled at least 30 calendar days. DOPR e-school leaders advocated for a one-time funding amount, regardless of the number of documented learning opportunities or credits earned, in acknowledgement of the fixed and upfront costs each school incurs to onboard new students. This amount represents the equivalent of approximately 0.29 FTE. **Table 4** displays how many students were enrolled at least 30 calendar days and were eligible to generate the \$1,750 payment for each pilot participating e-school.

Table 4. One-Time Enrollment Payment

E-School Name	Fiscal Year 2021			Fiscal Year 2022		
	Student Headcount	Number of Students Eligible for \$1,750 for 30 Day Enrollment	Students Eligible for \$1,750 for 30 Day Enrollment as a Percent of Headcount	Student Headcount	Number of Students Eligible for \$1,750 for 30 Day Enrollment	Students Eligible for \$1,750 for 30 Day Enrollment as a Percent of Headcount
Auglaize County Educational Academy	144	126	87.5%	143	126	88.1%
Fairborn Digital Academy	235	216	91.9%	305	281	92.1%
Findlay Digital Academy	204	199	97.5%	221	212	95.9%
Goal Digital Academy	744	711	95.6%	837	801	95.7%
Greater Ohio Virtual School	679	654	96.3%	833	793	95.2%
Quaker Digital Academy	483	461	95.4%	623	606	97.3%
Totals	2,489	2,367	95.1%	2,962	2,819	95.2%

Source: FY21 and FY22 EMIS data.

As **Table 4** indicates, most students were eligible for the one-time enrolment payment. In FY22, 2,819 students were enrolled for at least 30 days, with only 143 students enrolled for less than 30 days. That said, the eligibility does not automatically guarantee these students received \$1,750. In FY22 464 students were enrolled for at least 30 days, but their maximum enrolled full time-equivalency was less than 0.29 FTE, making them eligible for only a portion of the \$1,750 payment. Limiting pilot payments to the lesser of the maximum enrollment period or the pilot payment calculation serves as a safeguard.

Course Completion (Students in Grade 8)

Students in the 8th grade generate funding based on the number of courses completed. The pilot payment calculation provides \$500 for each course completed, up to \$2,500 (five courses). This amount represents the equivalent of approximately 0.42 FTE. The Department leveraged course data reported in the Educational Management Information System (EMIS) data to calculate this portion of the payment. This funding is based on the number of courses a student completes. It is important to note the Department does not collect grades for completed courses, so the EMIS data does not include this information.

Table 5 displays the number of completed courses reported for 8th grade students. Of the six participating pilot e-schools, four serve 8th grade students.

Table 5. Courses Completion

E-School Name	Fiscal Year 2021			Fiscal Year 2022		
	Number of 8th Grade Courses Reported as Being Completed	Student Headcount	Average Courses Completed Per Student	Number of 8th Grade Courses Reported as Being Completed	Student Headcount	Average Courses Completed Per Student
Auglaize County Educational Academy	52	10	5.2	54	8	6.8
Goal Digital Academy	501	89	5.6	675	103	6.6
Greater Ohio Virtual School	357	53	6.7	392	61	6.4
Quaker Digital Academy	493	69	7.1	576	77	7.5
Totals	1,403	221	6.3	1,697	249	6.8

Source: FY21 and FY22 EMIS data.

As **Table 5** indicates, the average 8th grade students at each school complete more than 5 courses each year. In FY22, the four pilot e-schools serving 8th grade students averaged 6.8 completed courses per student. As a result, all but seven 8th graders were eligible for the maximum \$2,500. Conversely, students who were only enrolled in the school for a short period of time were more likely to have no completed courses reported.

Credits Earned (Students in Grades 9-12)

Students in grades 9-12 generate funding based on the number of credits earned. The pilot payment calculation provides \$500 for each credit earned, up to \$2,500 (five credits). This is similar to the calculation for 8th grade students and represents the equivalent of approximately 0.42 FTE. Unlike the course completion calculation for 8th grade students, however, a student must earn credit in the course (indicating a passing grade). Schools report the specific courses students are enrolled in and the amount of credit granted for each course. As advanced by the DOPR e-schools, the goal for this at-risk student population is a high school diploma. To the extent that students are able to earn credit toward high school graduation in fewer than the number of hours the student is enrolled in the school, funding based on the number of credits earned accommodates for this.

Table 6 displays the number of courses reported and the number of credits earned by students in grades 9 through 12.

Table 6. Courses Reported vs. Credits Earned

E-School Name	Fiscal Year 2021				Fiscal Year 2022			
	Number of Courses Reported	Number of Course Credits Earned	Student Headcount	Average Number of Credits Earned by Student	Number of Courses Reported	Number of Course Credits Earned	Student Headcount	Average Number of Credits Earned by Student
Auglaize County Educational Academy	1,074	557.0	134	4.2	1,334	500.8	135	3.7
Fairborn Digital Academy	1,882	564.5	235	2.4	2,257	610.8	305	2.0
Findlay Digital Academy	1,431	1,019.3	204	5.0	1,512	900.7	221	4.1
Goal Digital Academy	7,447	1,766.5	655	2.7	6,866	1,581.0	734	2.2
Greater Ohio Virtual School	6,406	1,643.3	626	2.6	7,265	2,299.2	772	3.0
Quaker Digital Academy	4,617	1,568.7	414	3.8	5,796	1,357.3	546	2.5
Totals	22,857	7,119.2	2,268	3.1	25,030	7,249.7	2,713	2.7

Source: FY21 and FY22 EMIS data.

As **Table 6** demonstrates, there is a wide gap between the number of courses reported and the number of credits earned across the six e-schools. Of the 25,030 courses reported in FY22, 7,249.7 credits were granted. There are two primary reasons attributed to this gap. First a course may only come with a partial credit. Second, a student may (for partial-year enrollment or a failing grade) not have earned credit in the course.

In FY22, high school students in the six e-schools earned an average of 2.7 credits, down from 3.1 in FY21, with Fairborn Digital Academy reporting students earned an average of 2.0 credits and Findlay Digital Academy reporting students earned an average of 4.1 credits. The data indicates that most high school students did not earn five credits in a year, making the average student eligible for less than the \$2,500 maximum course credit payment calculation. Of the 2,713 high school students in FY22, 602 students did not earn any credits, making them ineligible for this element of the pilot payment calculation.

Leveraging the EMIS data, the Department also reviewed courses where students earned credits. In both years of the pilot, the Department observed the majority of the credits earned supported graduation requirements. In FY22, 71% of the credits earned were awarded in English language arts (20%), mathematics (19%), social studies (17%) and science (15%). The remaining credits were primarily awarded in career-based intervention and career exploration, physical and health education, community service (volunteer program), and study skills courses.

Pilot Payment Calculation

As described above, the pilot payment is calculated on a student-by-student basis. **Table 7** displays the base funding and pilot payment received by each school in both years of the program.

Table 7. Pilot Program Payments

E-School Name	Fiscal Year 2021 Payment				Fiscal Year 2022 Payment			
	Base Funding	Pilot	Total	Pilot as % of Base Funding	Base Funding	Pilot	Total	Pilot as % of Base Funding
Auglaize County Educational Academy	\$510,744.98	\$62,589.35	\$573,334.33	12.3%	\$518,186.17	\$72,030.27	\$590,216.44	13.9%
Fairborn Digital Academy	\$723,390.92	\$212,331.97	\$935,722.89	29.4%	\$912,505.32	\$274,153.81	\$1,186,659.13	30.0%
Findlay Digital Academy	\$768,359.91	\$145,799.71	\$914,159.62	19.0%	\$777,312.53	\$171,082.21	\$948,394.74	22.0%
Goal Digital Academy	\$4,376,404.44	\$173,107.08	\$4,549,511.52	4.0%	\$3,955,891.59	\$210,522.10	\$4,166,413.69	5.3%
Greater Ohio Virtual School	\$1,775,438.23	\$947,312.19	\$2,722,750.42	53.4%	\$2,394,871.68	\$1,094,014.08	\$3,488,885.76	45.7%
Quaker Digital Academy	\$2,629,311.02	\$216,513.22	\$2,845,824.24	8.2%	\$2,881,630.46	\$254,750.41	\$3,136,380.87	8.8%
Totals	\$10,783,649.50	\$1,757,653.52	\$12,541,303.02	16.3%	\$11,440,397.75	\$2,076,552.87	\$13,516,950.62	18.2%

Source: FY21 and FY22 Final #2 Foundation Payment Data

Note: Base Funding in FY21 is the Opportunity Grant portion of the total funding without the addition of weighted funding, facilities and graduation bonus. Base Funding in FY22 is Base Cost of the total funding without addition of weighted funding, facilities and guarantee.

As **Table 7** illustrates, the pilot payments totaled nearly \$4 million over the last two years. The additional pilot payment increased FY22 funding by approximately 18 percent, indicating the one-time enrollment payment and funding for courses completed/credits earned provided a significant boost for the pilot schools. The Greater Ohio Virtual School was the largest beneficiary of the pilot payments, increasing funding by nearly 46 percent, compared to Goal Digital, that only saw a 5 percent increase. Greater Ohio Virtual School saw the largest increase due to the wide gap that exists between their funding based on documented learning opportunities and the maximum full-time equivalency (as displayed in **Table 3**). Conversely, Goal Digital reported a relatively high level of student engagement, and serves a K-12 student population, excluding 18 percent of the school's student population from the pilot payment (as displayed in **Table 2**).

Table 8 takes the aggregate payment displayed in **Table 7** and examines the pilot payments on an individual student basis by comparing the eligible headcount of students at each e-school with the number who generated funding for the pilot payment.

Table 8. Number of Students Generating Pilot Program Funding from Each School

E-School Name	FY22 Student Headcount	FY22 Number of Students Generating Pilot Funding	FY22 Students Generating Pilot Funding as a Percent of Headcount
Auglaize County Educational Academy	143	74	51.7%
Fairborn Digital Academy	305	212	69.5%
Findlay Digital Academy	221	153	69.2%
Goal Digital Academy	837	361	43.1%
Greater Ohio Virtual School	833	626	75.2%
Quaker Digital Academy	623	312	50.1%
Totals	2,962	1,738	58.7%

Source: FY22 EMIS Data

Of the 3,490 students enrolled at the six e-schools, 2,962 were enrolled in grade 8-12 and included in the pilot payment calculation. Of those students, **Table 8** displays the percent of students who generated funding. Across the six e-schools, 1,738 (58.7%) generated funding. If a student did not generate funding, it indicates the student was not enrolled for at least 30 days, the student did not earn any credits or complete courses, or the student previously generated maximum funding based on documented learning opportunities.

Pilot Payment Structure

The calculation and disbursement of pilot payments does not follow the standard process for paying community schools. Generally, EMIS data is leveraged each month to calculate an annualized payment, and a monthly disbursement is provided to each community school. Payments are then reconciled and adjusted when various student and related data inputs are finalized. Due to the initial establishment of the pilot (mid-way through the school year), the limited number of schools participating, and the availability of EMIS data (course/credit data) to calculate the pilot payments, the Department worked with pilot e-schools to structure the payment process.

For each fiscal year, the school received five payments. The first four payments disbursed during the last four months of the fiscal year (March through June), and the final payment disbursed with the second/final reconciliation payment for the year (November). For each payment, Department staff leveraged FTE data from the larger payment system, enrollment data, and course/credit data to calculate an annualized pilot payment, with 20% disbursed with each payment. As described above, the pilot payment was calculated as a difference between the amount of state funding a student generated based on documented learning opportunities and the maximum amount during the enrollment period. As a result, the calculation of the pilot payment used dynamic data. Mid-year enrollments or withdraws made new students eligible and reduced maximum funding for other students. Reductions (or increases) in expected documented learning opportunities caused the FTE data from the larger payment system to decrease (or increase), which inversely caused the pilot payment to increase (or decrease).

The timing of data reporting for course completion for students in grade 8 and credits earned for students in grades 9 through 12 created challenges in calculating and disbursing pilot payments. As a practical matter, schools cannot report the number of credits earned until the event occurs, typically at or after the end of the semester and/or school year. Because a significant portion of the pilot payment funds courses completed or credits earned, the Department worked with pilot schools to structure the five payments at the end and after

the end of the school year. Schools begin reporting course and credit information in EMIS in early fall, but the data used for the pilot payment relies on completed course and credits earned data from the Student Course record. This data is first available in early winter. The EMIS reporting window for course and credit data closes in August following the end of the school year. Following each monthly calculation, the Department prepared and distributed student level reports to document the payment calculation in a fully transparent manner.

Ultimately, the pilot payment was calculated following the finalization of student enrollment data, calendar data, and course and credit data. The final payment was calculated with the final reconciliation payment in the larger funding calculation to accommodate this. While each payment was calculated with an estimated 20% payment, the final pilot payment was higher or lower, based on the final data. In both fiscal years, five schools received a pilot payment that was more than 20% of the total calculated amount and one school had to repay a portion of the prior pilot payments. This is the result of when and how e-schools adjust the EMIS element (percent of time) that reflects documented learning opportunities. Foundation funding and pilot payments have an inverse relationship. As one increases, the other decreases.

- Findlay Digital Academy reported lower engagement during the course of the year and finalized documented learning opportunity (percent of time) calculations between the June payment and first reconciliation payment. The e-school reported increased engagement and generated a positive adjustment in the first reconciliation payment. However, when the Department calculated the final pilot payment, the increase in foundation funding offset the pilot payment, generating a negative adjustment in the pilot payment in the second reconciliation payment (14% in FY21 and 16% in FY22).
- Goal Digital, conversely, reported higher engagement during the course of the year and finalized documented learning opportunity calculations following the June payment. A reduction in engagement caused the e-school's calculated FTE to decrease and generated a negative adjustment in the first reconciliation payment. However, when the Department calculated the final pilot payment, the drop in documented learning opportunities was offset by the enrollment and course/credit components of the pilot payment calculation in the second reconciliation payment. The e-school received most of the total pilot payment with this final adjustment (88% in FY21 and 97% in FY22).

Generally, the participating e-schools were supportive of the process employed to calculate and disburse pilot payments. At the same time, pilot schools acknowledged the tension that exists between receiving payments sooner in the year while also avoiding a scenario where a school is overpaid in either the base funding or pilot funding calculation. While schools expressed a need for more immediate funding when a student enrolls, this was generally outweighed by a desire to avoid repayments to the Department. Because of the dynamic nature of student and course data, along with the sequencing and close of the reporting windows, these adjustments still occurred.

Pilot Payment Impact

In the 2021-22 school year, the six DOPR e-schools generated an average of \$6,077.21 per-pupil, excluding the pilot payment and counting students without adjustments for documented learning opportunities. Including the pilot payment, the average per-pupil amount increased by \$982 to \$7,059.21. While this amount is still less than the average brick-and-mortar community schools per-pupil amount of \$10,711.69, it represents a significant increase.

OVERSIGHT OF PARTICIPATING E-SCHOOLS

Under state law,⁹ the Department has the authority to review enrollment records at community schools to verify the data used to calculate state funding for community schools. These FTE reviews also seek to ensure schools' policies are compliant with applicable state laws and rules. For e-schools, the review team compares the schools' enrollment, attendance documentation data and participation in learning opportunities documentation with the EMIS data.

To ensure additional oversight, participation in the pilot program requires the Department to conduct an FTE review. All six schools received FTE reviews in FY21 and FY22 and are scheduled to have FTE reviews in FY23. The reviews allow the Department to more thoroughly understand the processes and procedures each school uses to document learning opportunities and reconcile the data with the information reported in EMIS. In addition to the examination of documented learning opportunities, the Department also reviewed and verified the data used to calculate the pilot payment.

While verification of enrollment and documented learning opportunities is standard in an FTE review, the Department also reviewed course completion data and the data reported for credits earned by students. To verify course completion reporting for students in grade 8, schools provided student report cards. To verify credits earned, schools provided student transcripts.

Generally, there were no significant issues identified during the course of the reviews, for either documented learning opportunities or course and credit data, and any minor differences between the EMIS data used for the pilot payment calculation and source data at the schools were promptly resolved. None of the FTE reviews yielded a final determination, where the Department identified unresolved issues in a school's EMIS reporting.

OUTREACH AND ENGAGEMENT WITH E-SCHOOLS

The Department worked closely with participating e-schools. Following the creation of the pilot program, a kick-off meeting was held with leaders and staff at each school to discuss the program, describe the payment calculation process, discuss the use of EMIS data and receive feedback on the program design. Subsequent to each payment, participating e-schools received student-level reports with detailed calculations. The Department approached the pilot program in partnership with participating schools and welcomed feedback.

In advance of this report, the Department met with participating e-schools to review the Department's requirements and seek input on the format and content of the information participating e-schools can provide. The Department prepared a survey (see Appendix A), to which all six schools responded. A summary of the survey results follows.

Enrollment and Onboarding: The pilot payment of a one-time \$1,750 payment is rooted in the cost of enrolling and onboarding a new student at an e-school. Participating e-schools were requested to detail the hours spent to onboard a new student. Pilot schools expressed the financial hardship that occurs if a new student enrolls but does not engage or stay for the entire year. Without student engagement and documented learning opportunities, schools cannot generate state funding. The one-time payment works to address this challenge. Below are the most common onboarding tasks and the average time each task takes, as reported by the six pilot schools.

⁹ [ORC 3314.08](#)

1. Registration (3.16 hours)
2. Student guidance and counseling (5.56 hours)
3. Academic diagnostics/formative assessments (5.32 hours)
4. Technology coaching and implementation (4.82 hours)
5. Student services coordination (e.g., special education, individualized education program (IEP), psychology, intervention, etc.) (9.85 hours)
6. Attendance tracking (3.98 hours)
7. Tracking and following up on student records, etc. (3.15 hours)

The most time was spent on coordinating student services, including services for students with disabilities through an IEP. Among the participating e-schools, the average cost to onboard a student without a disability in FY22 was \$1,279. The average cost to onboard a student with a disability was \$1,860. These costs include both staff time as well as supplies, materials, and equipment provided to students upon enrollment. Ultimately, if a student fails to engage in learning opportunities during the year, these costs will not be covered with state foundation payments. Each participating e-school reported using a portion of the pilot payment to maintain the onboarding process while also identifying opportunities for greater efficiencies.

Student Engagement: Following onboarding, ensuring students are engaged in learning opportunities is a top priority. Participating e-schools report devoting a substantial amount of time and resources to prepare and empower students to succeed in an online learning environment. If students do not engage in learning opportunities, the schools cannot cover the cost of programing.

The participating e-schools have taken a number of steps to increase student engagement. The list below contains some of the most common strategies that were mentioned.

1. Increasing staff capacity to ensure more engagement with students.
2. Creating mentoring programs.
3. Establishing more frequent in-person and online meetings with students.
4. Expanding career awareness and exploration efforts.
5. Supporting co-curricular and extracurricular activities.
6. Offering family engagement supports.
7. Leveraging school facilities for more in-person, one-on-one, and small group supports.

Barriers to Student Engagement: While funding based on documented learning opportunities requires a focus on academic activities, all six e-schools provide resources, programs, and supports to address the non-academic barriers students face.

All six e-schools provide counseling and support services to students and three employ mental health professionals to support students. For e-schools that do not employ mental health professionals, e-schools work to connect students with external service providers. All e-schools work closely with county behavioral health agencies and supports.

Pilot e-schools report staff serving students have multiple roles and responsibilities. Supporting, mentoring and counseling students is often described as a role that all e-school staff assume and is a key element in engaging students.

OBSERVATIONS, POLICY CONSIDERATIONS AND ISSUES FOR FURTHER STUDY

The legislative directive to the Department was to report on the pilot program. The Department offers the following observations of the pilot program, reflections in the context of the Department's 2019 study on e-school funding, and issues for further study.

- **Pilot e-schools serve an at-risk population.** E-schools are an important part of Ohio's education offerings. Students choose e-schools for a variety of reasons, and these schools have a place in the landscape of school choice for families and students. If not for DOPR e-schools, some students would otherwise drop out of school without obtaining a high school diploma. Non-academic barriers to engagement make the flexibility of e-schools a good fit for some students.
- **Pilot program data is auditable.** As emphasized in the Department's 2019 study on e-school funding, a uniform and consistent method for auditing against any funding model is critical. The pilot program's hybrid funding model that leverages existing EMIS data and annual FTE reviews conducted by Department staff of pilot e-schools demonstrates the data is verifiable.
- **Safeguards exist.** A concern expressed in the Department's 2019 study on e-school funding was the design of any funding model to produce unintended consequences. A key feature of the pilot payment is limiting funding to the maximum full-time equivalency of the enrollment period. This limits total funding for students to no more than what a student in a brick-and-mortar school or an e-school student with the expected engagement would generate. As noted in the enrollment section, some students did not generate the full \$1,750 one-time enrollment payment, because the amount would have exceeded the maximum full-time equivalency payment for the student's period of enrollment.
- **Credits earned support graduation.** High school students in pilot e-schools earned, on average, less than the five-credit hour maximum allowed under the payment mechanism. Moreover, the credits earned support core academic coursework and support graduation requirements. In FY22, 71% of the awarded credits were in English language arts, mathematics, social studies, and science. While granting credit is a local decision, and the pilot did not place any limits on the type of courses e-schools could count for inclusion in the payment, the Department did not observe any significant concerns in this element of the payment mechanism. Funding based on credits earned allowed pilot e-schools to support the belief that students can earn credits without engaging in the expected number of hours.
- **Course completion funding provided to most students.** As noted in **Table 5**, the average 8th grade student completed more than five courses, making nearly all 8th grade students eligible for the maximum \$2,500. Additionally, the pilot program funded course completion, regardless of if a student passed a course or not. The Department does not collect grades. As a result, the Department does not have the data to report the percent or number of pilot funded courses that 8th grade students passed. That said, a change in EMIS reporting would be needed if future funding streams only funded courses when a student earned a passing grade. Such a requirement would necessitate a significant change in EMIS reporting that would likely impact all schools, not just pilot e-schools, and increase the administrative burden on schools and districts.
- **Pilot payments are not supplemental.** Schools uniformly reported that the pilot funding did not function as "supplemental" funding, but rather, allowed schools to generate up to the same base funding as a brick-and-mortar student through a three-pronged approach. Pilot e-schools reported using funds to maintain service levels and cover basic operating costs. All pilot e-schools described supports to address non-academic barriers to student success for an at-risk population.
- **Pilot cost is relatively low.** Pilot payments totaled \$2.08 million in FY22. This represents less than 0.2% of the \$1.05 billion state foundation payment for community schools.

- **Alignment with new funding model.** Subsequent to the creation of the pilot program, the General Assembly established a new funding model for schools and districts. While the pilot payments are based on the previous formula amount of \$6,020, beginning in FY22 each community school generates a unique base cost per-pupil amount. The statewide average base cost per-pupil is \$7,351.71 in FY22 and FY23. If the pilot continues, the payment structure could be aligned with either the statewide average base cost per-pupil amount or the base-cost per-pupil amount generated by each pilot school.
- **Categorical funding.** The pilot payment is limited to base cost funding. Categorical funding for students with disabilities or students enrolled in career-technical education programs is not adjusted under the pilot program. If the pilot program is continued, the categorical funding could be included.
- **Pilot e-schools maintain physical spaces.** All six e-schools maintain facilities to support students. While facilities are not designed to simultaneously support the total student population and is not a requirement of DOPR e-schools, the pilot participants uniformly reported the use of facilities to support in-person activities, tutoring and counseling, and student interactions with staff and classmates. A key feature in engaging these vulnerable students is maintaining facilities for both academic and non-academic supports.
- **Relationship between foundation funding formula and pilot payments.** There is an inverse relationship between an e-school's foundation payment and the pilot payment. As one increases, the other decreases. This is the result of how documented learning opportunities (percent of time element) increase or decrease a student's funded FTE that is used in the foundation funding formula. The pilot payment allows schools to fill in the funding gap when documented learning opportunities decrease.
- **Payment mechanics.** Related to the previous observation, e-schools do not finalize EMIS reporting for documented learning opportunities, course completion, and credits earned until after the end of the fiscal year. Should the pilot program continue, operating the payment calculation outside the larger foundation funding process can occur without impacting EMIS reporting windows or existing data reporting processed by schools and districts. If the pilot payment mechanisms are modified or integrated into the larger payment system, schools may need to estimate credit completion or course completion during the year. This places more risk for schools to accurately report data but could also reduce delays in receiving payments for credits earned. It may also eliminate the simultaneous positive and negative adjustments between the foundation payment system and the pilot payment mechanism.

CONCLUSION

The Ohio Department of Education appreciates the opportunity to report on the progress of the pilot program. The funding provided to these six e-schools allow them to serve a vulnerable student population – students at-risk of dropping out. Without the pilot payments, several e-schools reported they would significantly reduce operations or close. For many students enrolled in these e-schools, a dropout prevention and recovery program is one of the last opportunities to engage in learning and earn a high school diploma. This program provides an opportunity for these e-schools to maximize funding through a combination of enrollment, engagement, and achievement, and acknowledges the additional supports schools provide to students not captured and funded based only on documented learning opportunities.

Should Governor DeWine or the General Assembly have interest in continuing this pilot funding model, expanding the model to other dropout prevention and recovery e-schools or more fully integrating the funding model into the funding formula for schools and districts, the Department of Education staff stands ready to assist.

Appendix A – Pilot School Survey

The time, resources, and cost associated with enrolling students in the school and preparing students to engage in learning opportunities.

- 1) Could you please detail the onboarding requirements that must be met for each new student enrolled?
- 2) How much (in dollars) do you spend on personnel costs to handle the demand of initial onboarding and registration?
- 3) What efforts are required to maintain the enrollment of returning students?
- 4) Please provide a breakdown of time expended in hours on these various onboarding items within the first 30 days.
 - a) Registration
 - b) Student Guidance and Counseling
 - c) Academic Diagnostics/Formative Assessments
 - d) Technology Coaching and Implementation
 - e) Student Services Coordination
 - i. Special Ed, IEP, Psychology, Intervention, etc.
 - f) Attendance Tracking
 - g) Tracking and following up on student records, etc.
 - h) Investigation of 2 year testing cycle for students
 - i) Student contacts made by coaches/teachers/tutors
- 5) Have you spent any pilot program funding to maintain your onboarding process? Y/N
- 6) How much pilot program funding was spent on improving efficiencies?
- 7) Could you please describe some of the processes that you have maintained?

The time and cost associated with providing counseling and other supports to students.

- 8) Are counseling and other supports provided to students? Y/N
- 9) If the answer to question 8 regarding counseling and other supports was "Yes", please explain in detail what is being provided and further expand on what types of supports are offered. In the narrative, please include the following:
 - a) What percent of your students use counseling services?
 - b) How many staff are available to counsel students?
 - c) Is there adequate staff available to counsel students?
 - d) Has pilot project funding helped to maintain the levels of these types of supports that the school has been providing to these students?
 - e) If the school has been able to maintain the levels of supports, please explain what you have been able to do?
 - f) If not, please explain.

- 10) How much was spent on counseling and other supports during the FY22 school year?
- 11) Are you able to discern how much funding used for counseling and other supports came from pilot program funding? Y/N
- 12) Has the pilot program funding been used to maintain the level of student supports to help meet your students' needs? Y/N
- 13) If the answer to the previous question was "No", please explain.
- 14) Does your school offer Individualized Student Plans (ISP)?
- 15) If the answer to the previous question was "Yes", could you please describe what your school does for an Individualized Student Plan (ISP)? In the narrative, please include the following:
 - a) What percentage of the student population has an ISP?
 - b) How often is an ISP checked for progress?
 - c) What percentage of students graduate utilizing an ISP?
 - d) Once an ISP is adopted, are they typically followed until graduation, or the student moves elsewhere?
 - e) What percentage of ISP's end up being disregarded?
 - f) What if any additional plans do you provide for your students?
- 16) Please describe in detail the strategies that you have employed to increase student engagement. In the narrative, please include the following:
 - a) Have you been successful in deploying these strategies?
 - b) What percentage of the increase in student engagement can you attribute to these strategies?
 - c) How have you arrived at that percentage?
- 17) Please explain the steps you used to calculate your student engagement percentage. In the narrative, please include the following:
 - a) How many personnel are involved with increasing student engagement?

Any other data the Department considers relevant.

- 18) Was any of the pilot funding used to combat the effects of learning loss from the COVID-19 pandemic? Y/N
- 19) What strategies were used in an existing online environment to aid in some of the known issues in learning that the pandemic has exposed?
- 20) What percentage of students went to college?
- 21) What percentage of graduating students entered the workforce?
- 22) Was the use of course completion data important to affect the student achievement with the use of pilot dollars?
- 23) By being given the opportunity to use multiple measures for funding (hours/attendance/course completions), was your school able to maintain operations?