



State of Idaho

DIVISION OF FINANCIAL MANAGEMENT

Executive Office of the Governor

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MEMORANDUM

DATE: February 4, 2010

TO: Members, Idaho State Senate
Members, Idaho State House of Representatives

FROM: Wayne L. Hammon, DFM Administrator

RE: Governor's FY 2011 Budget Recommendation – IDLA

Wayne L. Hammon
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From reading press reports there appears to be some misunderstanding regarding the Governor's FY 2011 budget recommendation concerning support from the General Fund for the Idaho Digital Learning Academy (IDLA).

Hopefully the attached two-sheet question and answer page will address any questions you may have. Please feel free to contact me (208-334-3900) should you need any additional information.



C.L. "BUTCH" OTTER
GOVERNOR

QUESTION AND ANSWER:

Idaho Digital Learning Academy

What is the Idaho Digital Learning Academy (IDLA)?

IDLA is an online virtual school that provides students with greater access to a diverse assortment of courses. Courses are offered to a wide range of students including those attending traditional public schools as well as home schooled students.

Does Governor Otter support this type of programming?

Governor Otter has a clear history of supporting reform and innovation in public education. He is a long-standing supporter of home schooling and the development of parent-directed charter schools, including virtual charter schools. He also supports dual credit enrollment (where students get credit at both the high school and college level for advance coursework) and other ground-breaking educational opportunities, including IDLA.

How is the IDLA funded?

IDLA's funding is unique in public education. Except for a small fee of only \$50, IDLA does not charge for any of the services it provides. Instead, it relies on the state's General Fund to cover its expenses. In this manner, IDLA draws tax dollars from every Idaho citizen, in addition to the property taxes they pay to support their local schools.

How much does IDLA cost taxpayers?

Despite recent declines in the State's General Fund, IDLA continues to experience budgetary increases every single year since it was created. Started in State fiscal year 2004 with \$450,000, the IDLA budget has ballooned unchecked to over \$5 million in 2010. This continuous growth at taxpayer expense is made possible by a unique funding mechanism that guarantees budget increases despite cuts made elsewhere in education.

Is there overlap between what IDLA does and the work of the Idaho Department of Education?

Yes. Funding from several sources – including the State's General Fund, dedicated funds such as the public education endowment, and federal education dollars – go to support the development of statewide minimum standards and programming used by public schools across Idaho. Curriculum in Idaho has always been developed locally by individual teachers, schools and school districts. Instead of adjusting this work to the online environment, IDLA recreates its own curriculum and programming at taxpayer expense. In addition, IDLA replicates other services being conducted by the Department and local school districts such as technology directors, district liaisons, content specialist, and communication personnel.

Is it true that IDLA provides this service “cheaper and better” than any other source?

While it is true that the IDLA programming is less costly than other alternatives for the individual users who participate in its courses, IDLA can maintain this competitive advantage only because it is so highly subsidized by the State’s General Fund. When calculating the cost to the entire state, IDLA’s services are no more cost efficient than the many other online providers that do not receive taxpayer subsidies.

Aren’t there private providers doing the same thing without government subsidy?

Yes. All across the nation private online course providers, educational associations and parent organizations are doing similar work without asking taxpayers to pick up the bill.

THIS YEAR’S BUDGET

Since funding for local public schools is being reduced again this year, will IDLA funding also be decreased?

No. IDLA receives an automatic increase in its budget every year regardless of cuts made to local public schools.

Does the Governor’s budget propose eliminating IDLA?

No. Governor Otter has not proposed the elimination of IDLA. Instead, he has asked lawmakers to examine if there might be a better way to fund its work and to consider eliminating the automatic budget increases IDLA receives each year. The first step is to end the double funding of each online student between the local district and IDLA. When a student from a public school takes an IDLA course, the local school district receives full funding from the state for the student’s enrollment and IDLA also receives its state subsidy as well.

Have other states accomplished this? If so, what were the results?

Yes. The state of Florida’s online educational program remains among the most highly respected systems of its kind. Like IDLA, the Florida program was started with a reliance on the state’s General Fund. However, as it grew it was moved off the subsidy and developed a system of funding that was more effective for the online program and more cost efficient for the state. The very successful program now receives funding directly from those who benefit from the service – students who take online classes and the local schools who receive support through property taxes – once the student successfully completes the online course. The change in the funding formula actually allowed the program to flourish and enabled it to continue to provide quality programming and services.

Is there any evidence to show that what the Governor has proposed would be an improvement?

Yes. A recent academic study reviewed both funding options for online material and concluded that states and online consumers – students and schools – are better served by the funding formula outlined by Governor Otter and implemented in other states (see http://publications.sreb.org/2008/08T03_Crit_Transition_SVS.pdf).

Is the Governor trying to eliminate IDLA to benefit the Idaho Education Network (IEN)?

No. IDLA and IEN are two separate, although related, State initiatives. While IDLA supplies schools with curriculum and programming, IEN provides the hardware and high-speed access necessary to operate more efficiently online. In the short time IEN has been operating it has brought greater access to rural schools and more opportunities to students all across Idaho. It should be noted that the Governor’s FY 2011 budget recommendation does not include any General Fund support for IEN.