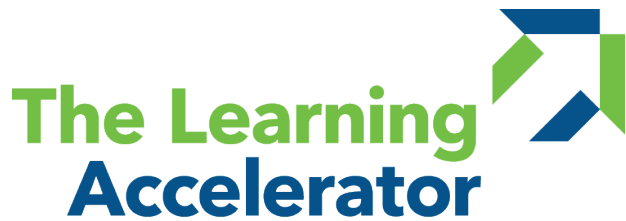


# Financing to Scale Blended Learning

## Overview

October 2015



# Financing to Scale Blended Learning

Finance is one of the key elements for implementing scalable and sustainable high-quality blended learning.

## Content

- Financial planning steps
- Cost drivers
- Funding sources
- Getting started

## Our Belief:

*Most districts can implement blended learning with careful financial planning and by making reasonable cost tradeoffs over time.*

## Blended Learning Implementation Elements



Version 1.0: this document is meant to provide some valuable information in parallel to collecting feedback from the field on usefulness, developing use cases, and continuing to assess cost driver data. The current cost driver data is based on averages from case studies and white papers; local competition and economies of scale may impact cost estimates.

# Financial Planning Steps

Many districts already do financial planning as part of their annual budget cycle. This resource will help districts improve their ability to create a financial plan to pilot and scale high-quality blended learning.

## Ask yourself:

*Are you willing to make financial tradeoffs today to sustain implementation costs over time?*

Step	Brief Description of Importance
Understanding Costs	Estimate the cost to scale blended learning up front
Funding Sources, Priorities, and Tradeoffs	Identify funding sources, prioritize against other initiatives, and identify decisions that can be made today to help offset implementation costs
A Multi-Year Budget	Create a budget that serves as a first year plan, multi-year target, and sets clear expectations for funding
Plan for Contingency	Develop contingency scenarios in case you do not achieve funding targets and cost reduction measures
Monitor and Improve	Establish process for revisiting and updating projections to improve the annual budget cycle

# Financial Planning Steps / Key Cost Variables

Once you have a general understanding of your blended learning implementation needs and inventory your existing resources, you can use key cost variables and cost drivers to estimate implementation costs:

## Key cost variables:

- Number of teachers and administrators (staff) that will require professional development each year
- Staff you can dedicate to planning and implementation each year
- Whether or not you need external professional services to help with implementation
- The bandwidth and overall network required for your instructional model(s) as it scales
- The number of devices based on the students and staff that will be leveraging the model each year
- The software stack you plan to leverage and licensing fees based on student and staff that will be using the software as the model scales
- The age of your building(s) and classrooms, whether or not there is sufficient space and access to electricity, etc.
- Existing communications and measurement resources

# Financial Planning Steps / Cost Drivers

Area	Cost Category	Frequency	Average Cost Range
Human Capital and Project Management	Up Front PD and Support Services	One-Time	\$2,000 - \$4,000 per teacher and admin
	Ongoing Professional Development	Periodic	\$1,000 - \$3,000 per teacher and admin per year
	Internal Staff for Planning and Managing Implementation	Existing Resources	Varies based on size of team and salaries
	Up Front Professional Services	One-Time	\$25,000 - \$100,000 per school
Infrastructure	Network Upgrade	One-Time	Basic - \$1,500 - \$2,000 per classroom
	Network Maintenance and Upgrades	Periodic	Varies based on in-house vs. contracted services
	IT Network Monitoring	Recurring	Varies based on in-house vs. contracted services
	Internet Connectivity (School and Home)	Recurring	\$1,200 - \$7,500 per month Home-\$360 per year per qualified student
Devices	Devices	Periodic	\$275 - \$800 per device every 3 years
	Device Accessories	Periodic	\$25 per device every 3 years
	Device Support and Maintenance	Recurring	Varies based on in-house vs. contracted services, \$50 - \$75 per student annually
Education Software	Digital Content, LMS, Etc.:	Recurring	\$15 - \$100 per student Integration \$5,000 - \$40,000 per school
	Software Support	Recurring	Varies based on in house vs. contracted services, may be bundled into licensing
Classroom Upgrades	Building Infrastructure and Furniture	One-Time	Basic \$500 per classroom Complex varies based on building, etc.
Communications	Resources to Communicate to Stakeholders	Recurring	\$0 - \$5000 per school
Evaluation Resources	Resources to Measure Success	Periodic	Varies based on measures chosen and existing tools

## Cost Drivers / Biggest Up Front Costs

While the biggest costs will vary district to district based on the instructional model chosen and existing technology investments, most districts report the following as the three biggest cost drivers for implementing blended learning:

- Devices: purchasing new devices for students and staff
- Infrastructure: upgrading their existing network
- Human Capital: professional development and staff time to support implementation

# Funding Sources

Funding sources, or ways to both reallocate funds and identify new funds, can be broken into two major categories: internal funding sources and external funding sources. Districts typically use a combination of internal and external funding to pilot and scale high-quality blended learning. Districts should focus on incremental tradeoffs as they plan to scale.

## Remember:

*Piecing together funds to support a pilot is one thing, but assessing longer term funding sources for scaling and sustainability up front is the key value add. Too many districts get stuck in the pilot stage.*

### Internal Sources

- Resource reallocation
  - Instruction
  - People
  - Other

### External Sources

- Federal funding
  - E-Rate, Title 1 and 2, etc.
- State and local funding or grants
- Bonds
- Philanthropic funding

# Getting Started

Once you have identified the blended learning models and a rough implementation plan:

1. Review the **cost drivers** and create a high level cost estimate
2. Assess **funding sources** to support the implementation plan costs
3. Work to get better estimates for high impact cost items
4. Develop a **multi-year budget** based on refined cost estimates and planned funding from internal and external sources
5. Include **contingency** for the unknown (more unknowns, higher % contingency)
6. Begin implementation and ensure you **monitor and update the financial plan** as needed

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The Learning Accelerator created a sample worksheet you can use:  
<https://drive.google.com/open?id=0B2Dc3cp3WgWSXzFgenZlcU1Odzg>



# APPENDIX

# Funding Sources / Internal

## Area

## Opportunity

### Instruction

Digital Content	reduce spending on textbooks, worksheets, copies and paper in general
Poor Performing Programs	decommission poor performing programs
Software Inventory	assess license usage and get rid of unused software and licenses
Device Inventory	inventory existing technology and consolidate piloting blended learning
SPED Inclusion	some models increase the ability for SPED inclusion

### People

Staff Mix	leverage larger class sizes and lower cost instructional support resources
Staff Reallocation	lessen the need for substitutes and elective teachers, break away from fixed staff allocation models (unplanned smaller classes), use existing positions differently
Human Capital	strategic staff retention, flexible student and teacher groupings
Reallocate PD	use existing PD funds

### Other

Enrollment	Improve enrollment projections to minimize budget disruptions
Engagement	some districts experience a decrease in dropouts / increase in enrollment
Operations	benchmark against other districts to identify opportunities to cut costs

# Funding Sources / External

## Federal Funds

Guidance from US Department of Education – Office of Educational Technology on how federal funds can be used for blended learning.

- General budgeting and planning guidance - <http://tech.ed.gov/funding/>
- Guidance on using federal funds - <http://tech.ed.gov/wp-content/uploads/2014/11/Tech-Federal-Funds-Final-V2.pdf>
- Guidance on E-rate - <http://www.educationsuperhighway.org/form-471-help/>

## State and Local Grants

Many states have dedicated funds to assist schools with building out infrastructure and/or purchasing devices in prep for online instruction and assessments.

- Multiple states - <http://www.setda.org/priorities/digital-learning/digital-learning-state-policy-exemplars/>
- Arkansas commitment to high-speed and highly secure broadband connectivity - <http://www.arkansasonline.com/news/2015/apr/23/top-of-the-class-20150423/>

## Bonds

Some districts choose to leverage local or state bonds to pay for infrastructure upgrades and devices.

- Massachusetts offers state bond matching grants for digital connections - <http://www.doe.mass.edu/grants/2015/DCPSG/>

## Philanthropic Funding

Many district look to the philanthropic community to help with getting the ball rolling. But, smart grants will ensure districts think through longer term financing and assess funding sources up front.

- Search for philanthropic foundations - <http://foundationcenter.org/>
- Search for grants - <http://www.grantsalert.com/>