

Fiscal Estimate Narratives
DPI 1/25/2008

LRB Number 07-3144/6	Introduction Number SB-396	Estimate Type Original
Description The bill defines a virtual charter school as a charter school that provides an online learning program.		

Assumptions Used in Arriving at Fiscal Estimate

Senate Bill 396 specifies that any person, who teaches in a public school, including a charter school, must hold a teaching license or permit issued by the Department of Public Instruction. Until July 1, 2009, this bill exempts from this requirement any person who teaches in a virtual charter school. This bill defines a virtual charter school as a charter school that provides an online learning program.

Current law provides that a charter school must be located in the school district. This bill provides that this restriction does not apply to virtual charter schools.

Beginning in the 2009-10 school year, the bill provides that if a school board establishes or contracts for the establishment of a virtual charter school, the school board must ensure that no more than 85 percent of the pupils attending the virtual charter school do so through the Open Enrollment Program. The bill prohibits a school board that establishes or contracts for the establishment of a virtual charter school for the attendance of pupils during the 2008-09 school year from allowing more pupils to attend the school through the Open Enrollment Program during the 2008-09 school year than the number that attended the school through that program in the 2007-08 school year. Beginning in the 2009-2010 school year, the bill provides that the amount of the state aid adjustment for a pupil attending a virtual charter school through the Open Enrollment Program is 50 percent of the amount determined for other pupils. The bill prohibits a school board or any other entity authorized to establish a charter school from establishing or contracting of the establishment of a new virtual charter school that opens for the attendance of pupils before the 2009-10 school year.

The bill directs DPI to make online courses available for a reasonable fee, through a statewide web academy, to school districts, cooperative educational service agencies, charter schools, and private schools. DPI must also establish instructional standards for online courses taken by pupils enrolled in public and charter schools.

The bill directs each school board (or chartering entity, if other than a school board) to do all of the following:

1. Determine which pupils may enroll in an online course, which online courses are available, and the number of online courses a pupil may take.
2. Provide a safe and secure online environment, ensure the confidentiality of pupil coursework and records, and verify the authenticity of pupil coursework.
3. Except for teachers in virtual charter schools in existence on the bill's effective date, assign an appropriately licensed teacher for each online course.
4. Ensure that pupils enrolled part-time in online courses have direct contact with a teacher, each week school is scheduled, for at least 20 minutes for each online course; ensure that elementary school pupils who are enrolled full-time in online courses have direct contact with a teacher for at least two hours each day that school is scheduled; and ensure that high school pupils enrolled full-time in online courses have direct contact with a teacher for at least 30 minutes each day that school is scheduled.
5. Determine the average equivalency hours for online courses.
6. Ensure that only pupils who reside in this state enroll in online courses.

State Fiscal Effect: SB 396 will have an indeterminate fiscal effect on the Department of Public Instruction in that it would require DPI to make online courses available for a fee to school districts, cooperative educational service agencies, charter schools, and private schools. DPI would either have to hire staff for these services or contract out, but the cost should be offset by the fees DPI charges. This bill could increase the amount of applications for open enrollment since it removes location restrictions, and could potentially increase the number of appeals the Department would have to review. The number of new virtual charter schools that would be created under this bill is indeterminate.

Local Fiscal Effect: Indeterminate. This bill will have an unknown impact on the number of virtual charter

schools due to the requirement that no more than 85 percent of the pupils attending the virtual charter school do so through the Open Enrollment program.

This bill will decrease the Open Enrollment transfer amount by 50 percent for virtual charter schools, also having an indeterminate effect on the number of virtual charter schools. In contrast, the resident school district will keep 50 percent more of the Open Enrollment transfer payment than under current law. The total amount of school districts' open enrollment transfers reduced under this bill is unknown.

This bill also removes the restrictions that virtual charter schools must be located in the school district. The number of new virtual charter schools that could potentially open is indeterminate, as is the number of pupils who would transfer to virtual charter schools from other school districts, private schools, and home-based private education programs. Therefore, the effect on revenue limit authority, both statewide and in individual school districts, is indeterminate. The number of students attending virtual schools is steadily increasing since the first virtual schools were created in 2002, with the majority of the students attending the virtual schools being non-residents of the chartering districts. The virtual charter schools receive the open enrollment transfer amount of \$6,043 per FTE pupil in 2007-08 for each non-resident pupil.

Long-Range Fiscal Implications