

Department of Planning and Budget

2016 Fiscal Impact Statement

1. Bill Number: HB8

House of Origin	<input type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input checked="" type="checkbox"/> Enrolled

2. Patron: Bell, Richard P.

3. Committee: Passed both houses

4. Title: Virginia Virtual School; Board established.

5. Summary: Establishes the Board of the Virginia Virtual School as a policy agency in the executive branch of state government for the purpose of governing the full-time virtual school programs offered to students enrolled in the Virginia Virtual School. The Secretary of Education is responsible for such agency. The 14-member Board is given operational control of the School and assigned powers and duties. The bill requires the School to be open to any school-age person in the Commonwealth and provide an educational program meeting the Standards of Quality for grades kindergarten through 12. Effective FY 2019, the bill requires the average state share of Standards of Quality per pupil funding for each enrolled student to be transferred to the School. The bill also requires the Virginia Virtual School to submit to periodic audits by the Auditor of Public Accounts, as required by the Code of Virginia.

6. Budget Amendment Necessary: No. A standalone agency may be considered for this Board, though, which would require an amendment.

7. Fiscal Impact Estimates: Final. See Item 8.

8. Fiscal Implications: The total potential cost implications of this legislation are uncertain as a number of specific issues would need to be addressed. The bill would provide per pupil Standards of Quality (SOQ) funding for the Virginia Virtual School (VVS) beginning in FY 2019 for the 2018-2019 school year; however, VVS likely will need start-up funding in FY 2018 prior to the receipt of per pupil SOQ funding in FY 2019. Any amount of start-up funding would be in excess of the initial amount transferred from the SOQ funding in Direct Aid to Public Education in FY 2019. HB 30, 2016 General Assembly Session, as enrolled includes \$275,000 in FY 2018 from the general fund for a one-time start-up payment to VVS. This appropriation would cover the start-up cost of 4.00 full-time-equivalent positions employed by the VVS and VVS Board members' costs during FY 2018. Once students have enrolled in the VVS in the fall of 2017, the costs of VVS administration will be provided by the multidivision online providers that contract to provide full-time virtual school programs with the VVS. It cannot be determined if the amount provided in HB 30 as enrolled is sufficient to support VVS start-up costs.

The bill requires a staff member of the Department of Education (DOE) to serve as a consultant to the VVS Board pertaining to instruction, federal and state special education requirements, and school accreditation, and to provide technical assistance to the Board in meeting specific instructional and school accreditation needs. Such consulting services likely would need to begin in FY 2018 during start-up. The provisions regarding a DOE consultant mirror the requirement for DOE to provide a consultant to the Board of Visitors of the Virginia School for the Deaf and the Blind (VSDB). It is assumed that the services provided by the DOE consultant will be similar to those that DOE currently provides to the VSDB Board. It is anticipated that any cost related to this requirement in FY 2018 can be absorbed by existing resources. The provisions in the bill do not direct DOE to provide any staff work related to vendor contracts review and evaluations, special education instruction services, or support for Board meetings and reports.

Because additional provisions in this bill have a delayed effective date of FY 2019, a fiscal impact cannot be determined at this time. Any per pupil SOQ funding for the VVS beginning in FY 2019 would be dependent on the Direct Aid to Education budget as rebenchmarked for the 2018-2020 biennium.

The Auditor of Public Accounts states that it can use existing resources to perform any audits of the VVS required by this bill.

- 9. Specific Agency or Political Subdivisions Affected:** Department of Education, Board of Education, Virginia Virtual School, Auditor of Public Accounts, local school divisions
- 10. Technical Amendment Necessary:** HB 8 does not define how DOE should calculate the statewide average per pupil amount or the federal per pupil amount. Additionally, the bill should definitively state that VVS is responsible for providing a free and appropriate public education (FAPE), including special education, under state and federal law to all students enrolled in VVS, to ensure that this responsibility does not fall on DOE.
- 11. Other Comments:** The VVS is exempt from the Public Procurement Act under this legislation, an exemption which is not typically provided to executive branch agencies.