

Department of Planning and Budget

2017 Fiscal Impact Statement

1. Bill Number: HB1764

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

2. Patron: Bulova

3. Committee: Education

4. Title: Regional school boards; full-time virtual school programs.

5. Summary: Requires the establishment of eight regional school boards composed of one member of each local school board that governs each local school division in each of the eight superintendent's regions in the Commonwealth. Requires each such regional school board to enter into a contract with at least one approved multidivision online provider to operate a full-time virtual school program for students enrolled in each local school division in such region. The bill contains provisions relating to student eligibility, educational standards, and funding for such full-time virtual school programs. The bill requires each local school board to make the option to participate in a full-time online learning program or full-time virtual school program available to at least two percent of students enrolled in the local school division and permits school boards to satisfy such requirement by providing the option to participate in the full-time virtual school program offered by the relevant regional school board.

6. Budget Amendment Necessary: No

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

8. Fiscal Implications: Any state fiscal impact resulting from the provisions of this bill is indeterminate at this time.

The bill requires local school divisions to establish a regional school board in each of the eight superintendent's regions for the purposes of operating a full-time virtual school program for public school students in grades kindergarten through 12. Each student who participates in a full-time virtual school program offered by a regional school board would be counted in the March 31 average daily membership (ADM) of his local school division of residence. The per pupil share of state funds distributed to such local school division shall include all funds that are based on ADM, including Standards of Quality (SOQ) funding and Lottery funds. For those students currently included in the ADM of their division of residence, the bill should not have an impact on the per pupil share of state funds currently distributed to localities.

For students not currently included in the ADM of their division of residence, there will be an indeterminate state fiscal impact. Private school and home school students enrolling in the regional virtual school programs will increase state costs since these students are not currently included in ADM and funded through the SOQ. Additionally, if a student currently is enrolled in a public school virtual program hosted by a non-resident division, he is counted in the serving division's ADM unless the serving division receives tuition for that student in excess of the serving division's local share of tuition. The local share of tuition is the local share of the total operational cost per pupil based on the composite index of the serving division.

If new regional virtual programs are established, current virtual students might leave existing virtual programs to enroll in their region's virtual program. For such students, state SOQ payments could increase or decrease depending on whether the student's division of residence has a higher per pupil amount and composite index or lower per pupil amount and composite index than the division currently serving the student. Any state fiscal impact resulting from current private school, home school, and virtual students is indeterminate at this time.

Once the new regional virtual programs are fully implemented, it is anticipated that DOE gradually could phase out its current Virtual Virginia full-time high school program as existing students graduate. Eliminating this program could result in approximately \$0.5 million general fund savings each year with the potential for reduced savings as the program is phased out.

It is anticipated that DOE can absorb any additional administrative costs resulting from the provisions of this bill.

The bill gives each regional school board discretion to determine the per pupil amounts contributed by each participating school division, which may include local and federal funding in addition to all or part of the state's share of funding. The per pupil funding contributed by each participating school division must be based on local utilization and the actual costs of each full-time virtual school program and must be adequate to sustain the virtual program. Based on actual costs of each full-time virtual school program and the per pupil amounts dictated by each regional school board, localities could experience a savings or an additional cost to educate students through regional virtual school programs. Any actual fiscal impact is indeterminate.

The bill requires regional school boards to ensure equal access to and an equal opportunity to participate in full-time virtual school programs for all students, including students with disabilities, and regardless of whether such students are financially able to provide their own computer and internet access. The bill does not specify a funding source for student computers, internet access, and other equipment that may be necessary for each student to participate in a full-time virtual program at no cost to the student. Any such costs would be borne by the localities.

9. Specific Agency or Political Subdivisions Affected: Department of Education, local school divisions

10. Technical Amendment Necessary: No

11. Other Comments: This bill is identical to SB 1380.