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## SENATE BILL NO. 598

## AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on Finance  
on February 9, 2012)

(Patrons Prior to Substitute—Senators Newman and Barker [SB 580])

*A BILL to amend and reenact § 22.1-212.24 the Code of Virginia, and to amend the Code of Virginia by adding a section numbered 22.1-212.25:1, relating to public schools; virtual education.*

**Be it enacted by the General Assembly of Virginia:**

**1. That § 22.1-212.24 of the Code of Virginia is amended and reenacted and that the Code of Virginia is amended by adding a section numbered 22.1-212.25:1 as follows:**

§ 22.1-212.24. Approval of multidivision online providers; contracts with local school boards.

A. The Superintendent of Public Instruction shall develop, and the Board of Education shall approve, (i) the criteria and application process for approving multidivision online providers; (ii) a process for monitoring approved multidivision online providers; (iii) a process for revocation of the approval of a previously approved multidivision online provider; and (iv) an appeals process for a multidivision online provider whose approval was revoked or whose application was denied. The process developed under this subsection shall require approvals and revocations to be determined by the Superintendent of Public Instruction, and either the denial of an application or revocation of approval may be appealed to the Board of Education for review. The approval of a multidivision online provider under this section shall be effective until the approval is revoked, for cause, pursuant to the terms of this section. Any notice of revocation of approval of a multidivision online provider or rejection of an application by a multidivision online provider shall state the grounds for such action with reasonable specificity and give reasonable notice to the multidivision online provider to appeal. These criteria and processes shall be adopted by January 31, 2011.

B. In developing the criteria for approval pursuant to subsection A, the Superintendent of Public Instruction shall (i) require multidivision online providers to be accredited by a national, regional, or state accreditation program approved by the Board; (ii) require such courses or programs, pupil performance standards, and curriculum to meet or exceed any applicable Standards of Learning and Standards of Accreditation; (iii) require any educational objectives and assessments used to measure pupil progress toward achievement of the school's pupil performance standards to be in accordance with the Board's Standards of Accreditation and all applicable state and federal laws; and (iv) require such courses or programs to maintain minimum staffing requirements appropriate for virtual school programs; and (v) consider the statewide pricing schedule developed pursuant to subsection D.

C. Local school boards may enter into contracts, consistent with the criteria approved by the Board pursuant to this section, with approved private or nonprofit organizations to provide multidivision online courses and virtual school programs. Such contracts shall be exempt from the Virginia Public Procurement Act (§ 2.2-4300 et seq.).

D. The Department of Education, with the assistance of the Department of General Services, shall establish statewide pricing schedules for full-time virtual school programs offered by multidivision online providers approved by the Board of Education. Such pricing schedules shall establish a maximum per pupil price that multidivision online providers may charge a local school board for a full-time virtual school program but shall not include any other terms or conditions affecting a local school board's contract with a multidivision online provider, shall be exempt from the Virginia Public Procurement Act (§ 2.2-4300 et seq.), and shall be updated periodically to reflect changes in program offerings and costs or as new multidivision online providers are approved by the Board of Education. In contracting with multidivision online providers for full-time virtual school programs pursuant to subsection C, local school boards may use such pricing schedules or they may negotiate their own pricing with multidivision online providers.

§ 22.1-212.25:1. Funding; calculation of state and local share for enrollment in virtual school programs.

A. Effective with the 2013-2014 school year, any local school division that offers a full-time virtual school program through an approved multidivision online provider may require that students within its school division who choose to enroll in a virtual school program enroll in such approved program. State and local funding for students enrolled in a full-time virtual school program served by an approved multidivision online provider offered by the local school division in which they reside shall be the same as for any other student in that school division.

If a local school division offers a full-time virtual program that does not meet the approval criteria developed for multidivision online providers pursuant to § 22.1-212.24, students in such school division may choose to enroll in any virtual school program offered by an approved multidivision online

60 provider in the Commonwealth.

61 B. Effective with the 2013-2014 school year, any student who resides in a local school division that  
62 does not offer a full-time virtual school program served by an approved multidivision online provider  
63 may choose to enroll in any virtual school program served by an approved multidivision online provider  
64 in the Commonwealth. The state and local funding for any such student shall be provided to the  
65 enrolling school division, as follows:

66 1. The state share per pupil funding provided shall be based on the resident division composite index  
67 and shall include the resident division's per child share of state sales tax funding in basic aid.

68 2. The local share per pupil funding transferred from the resident division to the enrolling division  
69 shall be 76 percent of the local share per pupil based on the resident division composite index.

70 3. In no case shall the total state and local share per pupil funding provided to the enrolling  
71 division exceed the actual per pupil cost of the virtual school program. If the total state and local share  
72 per pupil funding provided to the enrolling division would exceed the actual cost, the local share per  
73 pupil amount shall be reduced first. If the actual per pupil cost of the virtual program is less than the  
74 state share, the state per pupil share transferred to the enrolling school division shall be reduced to the  
75 actual per pupil cost.

76 C. Students residing in a division who enroll on a full-time basis in a virtual school program served  
77 by a multidivision online provider outside the division shall not be counted in the March 31 average  
78 daily membership or fall membership of the resident division. Such students shall be counted in the  
79 required local effort of the resident division.

80 D. The state and local share Standards of Quality per pupil funding of the resident school division  
81 shall be provided for eligible students based on their March 31 average daily membership counted in  
82 the enrolling division. The Department of Education shall pay the state share per pupil funding directly  
83 to the enrolling division on a semimonthly basis. Such state share per pupil funding shall be based on  
84 the Standards of Quality per pupil funding enacted in the current appropriation act. The division  
85 superintendent of the enrolling division shall certify on a quarterly basis each school year the number of  
86 students enrolled from outside the division in its multidivision online provider virtual school program  
87 and the legal residence of such enrolled students. Based upon such quarterly certification, the enrolling  
88 division shall invoice the affected resident school divisions on a quarterly basis in order for a  
89 one-quarter portion of the local share per pupil amount to be transferred from the resident division to  
90 the enrolling division. The resident school division shall transfer the certified quarterly local share per  
91 pupil payment to the enrolling division within 30 calendar days of the receipt of the quarterly invoice  
92 from the enrolling division. Such quarterly local share per pupil funding shall be based on the  
93 Standards of Quality per pupil funding enacted in the current appropriation act. The quarterly local  
94 share per pupil amount transferred shall be prorated for the portion of the quarter that a student was  
95 not enrolled in the virtual school program served by a multidivision online provider outside his school  
96 division of residence.

97 E. Any student who intends to enroll full time in a virtual school program served by a multidivision  
98 online provider outside his school division of residence for the next school year must notify the school  
99 division of residence of his intent to do so by August 15 each year, in order to be eligible to have the  
100 state and local share of Standards of Quality per pupil funding of the school division of residence  
101 provided to the enrolling school division in the next school year. For any student who enrolls full time  
102 in a virtual school program served by a multidivision online provider within his school division of  
103 residence, the resident school division shall receive state funding for such student on the same basis as  
104 other students in the school division, and such student shall be included in the required local effort of  
105 the division based on March 31 average daily membership.

106 F. Students who are enrolled on a full-time basis in a virtual school program served by a  
107 multidivision online provider shall be excluded from the calculation of instructional position costs of the  
108 Standards of Quality in budgeting for each state biennial budget. Any student who enrolls full time in a  
109 virtual school program served by a multidivision online provider outside his school division of residence  
110 shall be enrolled in a school in the enrolling division and such school shall be responsible for any  
111 federal and state accountability requirements applicable to such students.

112 2. That for the 2013-2014 school year, any student who intends to enroll full time in a virtual  
113 school program served by a multidivision online provider outside his school division of residence  
114 for the next school year must notify the school division of residence of his intent to do so by  
115 November 15, 2012, and that for the 2014-2015 school year, any student who intends to enroll full  
116 time in a virtual school program served by a multidivision online provider outside his school  
117 division of residence for the next school year must notify the school division of residence of his  
118 intent to do so by November 15, 2013.

119 3. That the provisions of this act shall not apply to any student currently enrolled in a full-time  
120 virtual program offered through a local school division other than that of the student's residence,  
121 for as long as the student remains enrolled in such program.