

2009 Regular Legislative Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: SB 767

STATUS: A-Engrossed

SUBJECT: Online learning through virtual charter schools

GOVERNMENT UNIT AFFECTED: Department of Education, local education agencies, Legislative Administration

PREPARED BY: Erica Kleiner

REVIEWED BY: Monica Brown

DATE: April 29, 2009

-CORRECTED-

2009-2011

2011-2013

EXPENDITURES:

See analysis

EFFECTIVE DATE: On passage

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

ANALYSIS: *This fiscal has been corrected to reflect the moratorium repeal date of July 1, 2011.* The measure places a moratorium on chartering virtual public charter schools that would be established after this measure becomes effective, increasing the number of students to which online instruction is provided by a virtual charter school, and state board waivers for a virtual public charter school, including waivers pending prior to the effective date of this measure. The measure repeals the moratorium on July 1, 2011. The measure defines a virtual public charter school and places additional requirements on the operation and accountability of virtual public charter schools. The measure directs the President of the Senate and the Speaker of the House to convene a work group to ensure that the state provides appropriate access to online learning through public charter schools. The work group is charged with considering a number of issues relating to online instruction through public charter schools and shall submit its report and any recommendations to the next session of the Legislative Assembly convening in 2010. The work group is repealed on the date of the convening of the next regular biennial legislative session.

There is an indeterminate fiscal impact to virtual public charter schools. Currently there are two virtual public charter schools that operate statewide in Oregon: the Connections Academy (ORCA) and the Oregon Virtual Academy (ORVA). One virtual public charter school, the West Lane Technology Learning Center is not operated on a statewide basis. The two schools that are operated on a statewide basis have a combined enrollment of approximately 2,200 students for the 2008-09 school year. Currently, these schools do not meet the requirement that 50 percent or more of the students who attend the school reside in the school district where the public charter school is located. The 50% residency waiver was approved for ORVA in June 2008 and it sunsets on July 1, 2010. ORCA submitted a waiver request on the 50% residency requirement beginning with the school year starting July 1, 2010 when the school expected to operate under a renewed charter with the Scio School District (current waiver ends with the current charter). The state board voted in February to delay action on the request, and has not taken the issue up since that time. The measure prohibits the State Board of Education from approving a waiver for a virtual public charter school established in this state prior to, on or after the effective date of this measure. This provision applies to waivers that are currently pending and any requested after April 27, 2009 and would impact the two statewide virtual public charter schools currently in existence. The

measure makes changes to the standards which a virtual public charter school is required to fulfill. The existing virtual charter schools would need to comply with all of the new requirements outlined in the bill to continue into the 2009-2010 school year. The costs to virtual charter schools to comply with the requirements of this measure are unknown.

There is an indeterminate fiscal impact to school districts. Due to the expiration of the waivers of the existing virtual public charter schools the currently enrolled students will be reintegrated into schools within their home districts. Approximately ten percent of the students enrolled in ORCA have individual education plans (IEP). Although the funding for these students would transfer to the student's home district, there may be services that these students require that the school districts would have to pay for that is not included in the double-weight formula that the district would receive. For example, there are students who are enrolled in the virtual public charter schools who have medical needs and could potentially require a school district to meet certain conditions on campus at the expense of the district. It is not known to what extent the expenses associated with these students will exceed the funding provided to the districts.

ODE anticipates a minimal fiscal impact as a result of providing staff support to the work group and implementing new rules that will be applicable to online charter schools. ODE reports that both staff participation in the work group and rule-writing can be accomplished within its existing resources.

Legislative Administration anticipates an indeterminate, but likely minimal fiscal impact as a result of providing staff support to the work group. Legislators who participate in the workgroup are eligible to receive per diem and mileage reimbursement for attending meetings of the work group. The Legislative Assembly budget contains funding for the participation of legislators in interim meetings. The fiscal impact depends on how many times the work group meets. Legislative Administration reports that the average cost per member to attend a meeting is \$167 per day. If the cumulative effect of the enactment of other bills exceeds expenditure levels assumed in Legislative Administration's budget, Legislative Administration may need to seek additional resources.