

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

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**MEASURE NUMBER:** SB 767

**STATUS:** C-Engrossed Minority Report

**SUBJECT:** Online learning through virtual charter schools

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

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**REVIEWED BY:** Monica Brown, Daron Hill

**DATE:** June 17, 2009

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**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:** 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. The measure allows virtual public charter schools to continue existing contracts until the expiration of the contracts. The measure specifies the applicability of the 50 percent residency requirement to all public charter school operating prior to, on or after the effective date of the measure unless the school has been granted a waiver by the State Board of Education. The measure repeals the moratorium on March 1, 2010. The measure defines a virtual public charter school and places additional requirements on the operation and accountability of virtual public charter schools. The measure specifies that if a virtual public charter school had its charter before July 1, 2005 then the school can remain in existence until their charter needs to be renewed.

The measure establishes a seventeen-member Online Learning Task Force for the purpose of ensuring that this state provides appropriate access to online learning through public charter schools. The task force is charged with preparing a report that addresses several issues related to public online instruction through public charter schools. The task force shall submit a work plan that describes the activities of the task force not later than September 1, 2009. The Legislative Administrator is directed to provide staff support to the task force. The task force, to the extent practicable, is directed to use contributions of funds and any other assistance provided by the public and private sources. The task force shall submit its report to the legislative education committees not later than December 15, 2009. The task force 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.

This measure would impact the two statewide virtual public charter schools currently in existence. Under this bill both ORVA and ORCA couldn't have their waivers renewed unless they met the 50% residency requirement. These schools would not have to comply with the 50-percent residency requirement of ORS 338.125 (2)(b) until their charters are renewed. The measure makes changes to the standards which a virtual public charter school is required to fulfill. 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. Upon the expiration of the waivers of the existing virtual public charter schools, 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 the task force with information and implementing new rules that will be applicable to online charter schools. ODE reports that information sharing and rule-writing can be accomplished within its existing resources.

Legislative Administration anticipates a fiscal impact as a result of providing staff support to the task force. Legislators who participate in the task force are eligible to receive per diem and mileage reimbursement for attending meetings of the task force. The Legislative Assembly budget contains funding for the participation of legislators in interim meetings. Legislative Administration reports that the average cost per member to attend a meeting is \$167 per day. If the task force meets four times the cost to the Legislative Assembly will be \$4,008. If Legislative Administration needs additional staff to support the task force, the cost would be \$37,746 for one Committee Administrator (0.13 FTE) and one Committee Assistant (0.13 FTE). This estimate is based on one-half of a Committee Administrator and Committee Assistant's time for a six-month period. 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. If the intent of the measure is to allow Legislative Administration to use contributions of funds and any other assistance provided by public or private sources for the purposes of the task force, Legislative Administration would require an indeterminate amount of expenditure limitation.