



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 1718

PRINTERS NO. 2953

PRIME SPONSOR: Aument

COST / (SAVINGS)

FUND	FY 2013/14	FY 2014/15
General Fund	See "Fiscal Impact" below.	

SUMMARY: House Bill 1718 amends the Public School Code concerning the establishment of an “Online Education Initiative” by the PA Department of Education (PDE). It would take effect in 60 days.

ANALYSIS: Under this legislation, the PDE must establish a central online clearinghouse which must include an online database of online courses for students enrolled in grades six through twelve and must be accessible by school entities, nonpublic schools, home education programs, and the general public. “School entities” include school districts, joint school districts, charter schools, regional charter schools, cyber charter schools, intermediate units, and area vocational-technical schools. Additional requirements for the database are specified in the bill.

The PDE must also develop an application and an application process specifying the time, form, and manner by which providers may submit their online course offerings to the Department for inclusion in the clearinghouse. There must be two application approval procedures, one for courses providing instruction in a content area assessed by a Keystone Exam, and one for courses providing instruction in a content area not assessed by a Keystone Exam. The Department may collect an application fee not to exceed \$750 for courses in a content area assessed by a Keystone Exam and a fee not to exceed \$75 for courses in a non-Keystone content area. The Department may assess a course provider a fine of up to \$1,000 for each application on which the provider was found by the Department to have intentionally submitted false or misleading information, and prohibit that provider from participating in the clearinghouse for five years.

The clearinghouse must be established no later than the beginning of the 2015-16 school year, and must offer online courses and supplementary online courses for all content areas assessed by a Keystone Exam. These must be provided by the Department free of charge to school entities. Beginning in the 2016-17 school year, the clearinghouse must offer courses from providers approved through the process described above. The purchase price of an online course catalogued in the clearinghouse, or from any other source, will be determined by direct

negotiations between a school entity, nonpublic school, or home education program and the course provider.

Beginning in the 2016-17 school year, school entities may offer students the opportunity to participate in online courses. In providing this opportunity, a school entity may utilize any online course made available through a school entity, through the clearinghouse, or through any other source. The school must also establish policies and procedures for student eligibility and participation, including a policy on the selection of online courses made available to students by the school entity. The policies and procedures must be made accessible to parents and students and posted on the school's publicly accessible website. School entities must also ensure that parents and students are made aware of this opportunity by making information about available online courses easily accessible.

Two reports on the operation of the clearinghouse must be submitted by the Secretary of Education to the Governor and the majority and minority chairs of the House and Senate Education Committees. The minimum contents of these reports are detailed in the legislation. The first report must be submitted by June 30, 2019, and the second by June 30, 2021. These reports must also be posted on the Department's website.

FISCAL IMPACT: The fees and fines authorized by House Bill 1718 will be placed in a General Fund restricted revenue account to be known as the Online Course Clearinghouse Restricted Account established by the bill, which will also retain any interest generated by funds in the account. The Department believes these funds, along with existing funding sources, will be enough to cover any additional costs it may incur from implementation of this legislation.

Enactment of this legislation will only have a fiscal impact on local school entities to the extent that those entities choose to offer online course options to their students.

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House Appropriations Committee (R)

DATE: February 5, 2014

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.