



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 857

PRINTERS NO. 939

PRIME SPONSOR: Zimmerman

COST / (SAVINGS)

FUND	FY 2016/17	FY 2017/18
General Fund	\$0	See "Fiscal Impact"

SUMMARY:

House Bill 857 amends the Private Academic Schools Act concerning online schools. It would take effect in 60 days.

ANALYSIS:

House Bill 857 adds online schools to the types of schools licensed, regulated, and inspected by the State Board of Private Academic Schools. An online school is defined as a school with at least one office located in this Commonwealth which uses technology to provide a significant portion of its curriculum and to deliver a significant portion of instruction to its students through the Internet or other electronic means. It does not include a public cyber charter school.

The Board must promulgate rules and regulations and establish policies, principles and standards related to online schools which address the unique provision of instruction and services to students by online schools, and provide for any additional requirements or exemptions as may be required to accommodate the ability of online schools to provide instruction and student services. These rules must take effect within 18 months of the effective date of this legislation. The board may not issue a license to an online school until these rules are in effect.

FISCAL IMPACT:

According to the Department of Education and the Office of the Budget, licensing fees paid by brick and mortar private schools cover approximately 23 percent of the costs incurred by the Board. Because private online schools could not be licensed until new regulations are in place, a separate regulation package specific to online education must be drafted within 18 months of the effective date of this legislation. The Department further indicates that consultants with professional expertise in online education must be hired by the Department to assist with the development of the regulations with one-time costs estimated at approximately \$30,000. The current 2016-17 budget for the Department of Education's general government operations line is nearly \$24 million.

The number of private online schools that may apply for a license under this legislation is unknown. Therefore, it cannot be determined if the Department will need any additional

personnel to review and approve license applications. The Department has indicated that if the board were to receive less than 16 applications in a year, the additional work could be absorbed within current complement levels.

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House Appropriations Committee (R)

DATE: May 22, 2017

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