

SUBJECT: Virtual school network expansion and changes to the funding mechanism

COMMITTEE: Public Education — favorable, without amendment

VOTE: 9 ayes — Eissler, Allen, Aycock, Farias, Jackson, Olivo, Patrick, Shelton, Weber

0 nays

2 absent — Hochberg, Dutton

SENATE VOTE: On final passage, April 15 — 30-0

WITNESSES: None

BACKGROUND: The Texas Virtual School Network allows school districts and open-enrollment charter schools to offer online course credit to eligible students under the age of 21 both in and out of their service areas. The Texas Education Agency operates the statewide network, and the commissioner of education approves all courses offered. The state pays the cost of operating the network, and school districts and open-enrollment charter schools are entitled to a reimbursement equal to the cost of providing the electronic course, plus 20 percent, upon each student's completion of a course.

A student may take a course provided by the virtual school network if the student has not graduated from high school and is otherwise eligible for public school in Texas. A student may enroll in a full-time course load in the virtual school network if the student was enrolled in public school in Texas the preceding year, or the student is a dependent of a member of the military, was previously enrolled in high school in this state, and does not reside in this state due to military deployment or transfer.

DIGEST: SB 955 would amend the funding mechanism and student eligibility requirements for the Texas Virtual School Network. It would permit students under supervision of the juvenile probation department, Texas Youth Commission (TYC), and the Texas Department of Criminal Justice (TDCJ) to participate.

An open-enrollment charter school could provide services through the network to a student outside its service area through an agreement with the school district in which the student resided or the juvenile probation department, TYC, or TDCJ.

A student who transferred from one educational setting to another after beginning enrollment in an electronic course would be entitled to continue enrollment in the course. The bill would permit high school students who were military dependents and no longer resided in the state due to military deployment or transfer to enroll in one or more courses or full-time in courses provided by the network.

State Virtual School Network Allotment. For each student who completed an electronic course as a part of a normal course load, a school district or open-enrollment charter school would be entitled to a \$400 allotment, plus \$80 to cover administrative costs. Other entities authorized to participate in the network would receive comparable reimbursement.

For each student who completed a course in excess of normal course load, a school district or open-enrollment charter school could be entitled to an allotment in an amount determined by the commissioner based on appropriations made for this purpose. The commissioner could set aside up to 50 percent of the funds dedicated for this purpose to pay for costs of courses provided to students to retake failed courses. A portion of the set-aside funds could be reserved to pay for the costs associated with the participation of students who were a part of disciplinary alternative education programs, juvenile justice alternative education programs, TYC, TDCJ, or students supervised by a juvenile probation department.

Funding would be distributed in addition to Foundation School Program payments, and the allotment would not be used in calculation of a school district's weighted average daily attendance.

Fees. A school district or charter school could charge a fee for enrollment in a course provided through the network during the summer.

A school district, charter school, juvenile probation department, or state agency that was not the virtual school network provider could charge a fee to a student enrolling in an electronic course that exceeded the course load normally taken by students in the equivalent grade level. The commissioner would determine the maximum allowable fee amount.

Course approval. TEA would pay the cost of evaluating and approving courses. If funds appropriated for that purpose were determined to fall short of the demand, a school district or open-enrollment charter school could pay the fee necessary for the commissioner to evaluate and approve a course. If the commissioner determined that funds appropriated for this purpose would not be sufficient to pay the costs of evaluating and approving all electronic courses submitted, TEA would give priority to the following courses:

- courses that satisfied high school graduation requirements;
- courses that likely would benefit a student in obtaining admission to a postsecondary institution;
- courses that would allow a student to earn college credit or other advanced credit;
- courses in subject areas most likely to be highly beneficial to students under the supervision of a juvenile probation department, TYC, or TDCJ; and
- courses in subject areas commonly experiencing a shortage of teachers.

Alternative educator professional development. A school district or open-enrollment charter school could provide professional development courses — approved by the commissioner — to teachers seeking to become authorized to teach electronic courses provided by the virtual school network, regardless of whether the teacher was employed by the district or school.

Commissioner rules. The commissioner would adopt rules as necessary to prohibit a school district or charter school that received funding for an electronic course from charging an enrollment fee higher than would otherwise be charged and would require those districts and schools to reduce the fee assessed by the amount of funding received. The commissioner would adopt rules governing the division of the administration allotment when a student transferred from one education setting to another after beginning enrollment in a course provided by the virtual school network.

Research and reports. The bill would require TEA to investigate and report on the feasibility of making electronic language acquisition courses available through the network and of creating one or more series of courses that would focus on the needs of students in alternative settings.

The bill would not make an appropriation, and would take effect only if a specific appropriation were made in the general appropriations act.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2009, and apply beginning with the 2009-2010 school year.

**SUPPORTERS
SAY:**

SB 955 would simplify the funding mechanism for the virtual school network and would bring equity to its students by providing access to quality teachers and courses that might not be available in a traditional setting. The network was underused in the past biennium because the state failed to fund the initiative adequately, which made districts hesitant to utilize it.

The bill would allow all public school students to enroll in the virtual school network, while current law only permits high school students to enroll. It would increase the access afforded to students with parents and guardians in the military by allowing them to enroll both part-time and full-time in the network.

The bill would ensure that professional development was available to educate and prepare teachers to teach effectively through the online medium. This provision would ensure that the quality and rigor of all courses would be maintained.

The bill would offer another educational option for Texas students and their families, in the same way that charter schools offer such alternatives. It would not divert a significant amount of funding from traditional programs, but rather would provide public schools with an important supplement to their existing programs. Virtual schools provide students the opportunity to enroll in courses that the students' home districts do not offer, such as for rural students who otherwise may not have the opportunity to take four years of a foreign language, or students from families who must travel a great deal.

**OPPONENTS
SAY:**

SB 955 would divert money from public schools at a time when the state is not meeting basic educational needs for public school students. While electronic courses may benefit many students, the cost of these courses should be borne by individual students, families, and, in many cases, individual school districts.

NOTES:

The LBB estimated that the bill would necessitate a \$20 million appropriation for fiscal 2010-2011. This estimate includes the annual renewal cost of current state contracts and \$300,000 per year for TEA to evaluate and approve each course submitted for inclusion in the virtual school network. The estimate assumes approximately 13,000 students would enroll in an online course in fiscal 2010. Because course completions would increase by approximately 10,000 each year over the next four years, the state allotment would increase by \$4 million each year. Administrative cost payouts would be about \$1 million in fiscal 2010, increasing by \$800,000 each year thereafter.

The House-passed version of the general appropriations bill would appropriate \$5.3 million for the virtual schools network. The Senate-passed version would appropriate \$2.3 million. Both versions include for consideration in Art. 11 a rider that would appropriate \$18 million for this purpose.

The companion bill, HB 1479 by Madden, was heard and left pending in the Public Education Committee on March 24.