

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 13-0366

Date: February 4, 2013

Prime Sponsor(s): Sen. Roberts
Rep. Coram

Bill Status: Senate Education

Fiscal Analyst: Josh Abram (303-866-3561)

TITLE: CONCERNING SUPPLEMENTAL ON-LINE EDUCATION SERVICES.

Fiscal Impact Summary	FY 2013-2014	FY 2014-2015
State Revenue		
State Expenditures	See State Expenditures section.	
FTE Position Change		
Effective Date: August 7, 2013, if the General Assembly adjourns on May 8, 2013, as scheduled, and no referendum petition is filed.		
Appropriation Summary for FY 2013-2014: None required. See State Appropriations section.		
School District Impact: See School District Impact section.		

Summary of Legislation

This bill transfers the authority to contract for supplemental online programs from the Mountain Board of Cooperative Educational Services (BOCES) to the Online and Blended Learning Office in the Colorado Department of Education (CDE). The bill requires that the CDE develop a request for proposal (RFP) process to solicit one or more nonprofit providers of supplemental online course offerings, professional development for educators, and consulting assistance for schools wanting to use online and blended learning with their students. The CDE must develop a biennial RFP process beginning February 15, 2014, and assume reporting requirements for the program commencing March 15, 2014.

If a school district chooses to use services from the current supplemental online provider, the district may be charged no more than \$200 per student per semester. The course cost may not increase regardless of the number of students enrolled or courses provided. This bill removes the \$200 cost limitation.

Finally, the bill requires that each high school student in Colorado have the opportunity to take at least one supplemental online course per year. Charter schools, districts, or BOCES that contract with a supplemental online course provider must report student participation in online courses to the CDE.

Background

Supplemental online programs offer one or more computer-based courses to K-12 students to augment an educational program provided by a school district, charter school, or BOCES. Supplemental online programs are not a full-time "cyberschool." Rather, these programs add to, or supplement, the course offerings of a local school. Under current law, the Mountain BOCES has the exclusive authority to contract with a supplemental online education provider, track performance, and report to the General Assembly. The principal vendor providing supplemental online programs is Colorado Online Learning.

State Expenditures

This bill does not change state expenditures. Each year, the General Assembly appropriates funds to the CDE for supplemental online education services. In FY 2012-13, the appropriation is \$480,000 from the State Public School Fund. For FY 2013-14, the CDE has requested the same amount of funding in its budget request. Currently, the full appropriation is then passed to the Mountain BOCES who contracts with a provider. The Mountain BOCES receives the funding to manage the contract, and is allowed to spend administrative overhead from the appropriation to cover costs. Under this bill, the appropriation and spending authority remains with the CDE.

Beginning in FY 2013-14, the CDE will assume the responsibility to issue a biennial RFP, evaluate proposals, award supplemental online program funding to one or more nonprofit providers, track performance, and report to the General Assembly. The administrative effort for the CDE is about \$9,000 and 0.1 FTE annually.

School District Impact

Under current law, school districts that choose to purchase supplemental online courses from the contract vendor cannot be charged more than \$200 per student. Since the bill removes that limitation, the price charged by one or more vendors in the future may change. Depending on the course and the supplier, online courses range from \$200 to \$500 or more; however the actual cost charged by providers selected by CDE will be determined through the RFP process, and may be more than, equal to, or less than the current amount.

The bill also requires that each high school student in Colorado have the opportunity to take at least one supplemental online course per year. School districts that currently make no online courses available for students must ensure that such opportunities exist in the future. Total costs will be driven by how many students choose to take a supplemental course, and the cost of each course provided. For example, if 45 percent of students at a high school enrolling 300 students choose a course from one or more state-selected providers at a cost of \$300 per course, the total expense is \$40,500. If the course cost remains \$200, the total expense is \$27,000.

Pursuant to Section 22-32-143, C.R.S., as specified by House Bill 11-1277, school districts and BOCES may submit estimates of fiscal impacts within seven days of a bill's introduction. As of the date of this fiscal note, no summaries of fiscal impacts were submitted by districts or BOCES for this bill. If summaries of fiscal impacts are submitted by districts or BOCES in the future, they will be noted in subsequent revisions to the fiscal note and posted at this address: <http://www.colorado.gov/lcs>

State Appropriations

The funding necessary to transfer oversight of supplemental online education services from the Mountain BOCES to the CDE is included in the CDE base budget request for the 2013 Long Bill. No appropriations clause is necessary to implement this bill, unless that request is not approved.

Departments Contacted

Education

Law

Public Schools