

**Department of Legislative Services**  
Maryland General Assembly  
2009 Session

**FISCAL AND POLICY NOTE**

House Bill 1543  
Ways and Means

(Delegates Boteler and Kach)

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**Education - Public Schools - Virtual Schools**

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This bill authorizes the Maryland State Department of Education (MSDE) or a local board of education to establish a virtual school. A student who is eligible for enrollment in a public school in the State may enroll in a virtual school. Enrolled students must be provided with a sequential curriculum and regular assessments. A virtual school is required to provide the parents and guardians of enrolled students with access to necessary technology, such as a computer and printer and access to an Internet connection.

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**Fiscal Summary**

**State Effect:** If MSDE develops a virtual school, general fund expenditures increase by \$3.0 million for two fiscal years to build capacity necessary for implementation. If local school systems develop virtual schools, general fund expenditures will increase for MSDE personnel to review and approve online courses. If home school and private school students migrate to public schools with the availability of virtual schools, general fund expenditures for State education aid increase. Long-term capital costs for public school construction may decrease.

**Local Effect:** Local school expenditures increase in accordance with local decisions about implementation of virtual schools. Per pupil costs for virtual schools are not expected to be higher than current per pupil costs, and may be lower. Long-term savings for public school construction may be realized.

**Small Business Effect:** None.

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## Analysis

**Bill Summary:** A virtual school is required to provide each enrolled student access to a sequential curriculum that meets or exceeds the standards adopted by the local board of education in the county of the virtual school's principal place of business. Unless a virtual school can show that a student has demonstrated mastery or completion of the subject area, the virtual school is required to provide the same length of time for learning opportunities per academic year that is required for other public school students. Regular assessment of students in reading, math, science, and social studies is required. The curriculum adopted for virtual schools must have an interactive program with significant online components.

Other than providing access to necessary technology such as a computer and printer and access to an Internet connection, a virtual school may not provide funds for the purchase of instructional programs or materials to a student or to a student's parent or guardian. However, a virtual school is not prohibited from reimbursing a student or a student's parent or guardian for costs associated with an Internet connection for use in the virtual school program.

A virtual school is subject to all applicable federal and State laws and regulations governing the operation of a public school. A teacher employed by a virtual school must have a teacher's certificate issued by the State Superintendent of Schools. A virtual school has to be evaluated each year by its sponsor on demonstrated increases in student achievement and its accountability and viability. A virtual school must maintain an administrative office in the State that will be considered its principal place of business. The State Board of Education may adopt regulations to implement the bill.

**Current Law:** With the approval of the State Superintendent, a local board of education may establish a public school. On approval by the State Superintendent, a school becomes a part of the State program of public education.

MSDE must provide virtual learning opportunities that include expanded educational choices not otherwise available to students. Virtual professional development opportunities for educational staff must also be provided. MSDE is responsible for developing and procuring online courses and services.

Consistent with local school system policies and procedures, credit may be given for correspondence courses and MSDE-approved online courses. If the credit is to be applied toward minimum graduation requirements, the correspondence course or online course must be provided by the local school system.

**Background:** According to the International Association for K-12 Online Learning as of fall 2008, 21 states offer full-time online schools. These schools are often charter schools, although some noncharter, district-run programs are also available to students. Other states, including Maryland, offer supplemental online courses.

In Maryland supplemental online courses are offered through the Maryland Virtual Learning Opportunities Program (MVLO). MVLO is managed by MSDE and is designed to expand the access of Maryland public school students to challenging curricula aligned to the Maryland Content Standards and other appropriate standards through the delivery of high quality online courses. MVLO offers approximately 62 online courses through the Maryland Virtual School (MVS) in collaboration with the local school systems. While MVS offers online courses, it is not authorized to grant high school diplomas and does not offer a full high school curriculum. Students may only take a course through MVS with the permission of the local school system and their school principal, and credit can only be awarded for MSDE-approved courses. MVLO is designed for use by high school students; Maryland does not offer online learning opportunities designed for elementary and middle school students.

**State Expenditures:** If MSDE chooses to increase MVLO course offerings to develop a true virtual school that is able to offer a full-time course schedule and issue diplomas, general fund expenditures will increase for at least the first two years of implementation. MSDE estimates that it will cost approximately \$3.0 million per year for two years to build the capacity necessary to operate a full virtual school. After the initial investment, MSDE assumes that local school systems will reimburse MSDE for students who enroll in the online school through payment of a share of the systems' per pupil revenues.

A more likely scenario may have some local school systems implementing and operating virtual schools, meaning the local school systems will be responsible for the costs. If local virtual schools are established, MSDE will need additional personnel to monitor the schools and to review and approve online courses as required by Maryland regulations. Currently, MVLO only has one staff person dedicated to managing the program and reviewing online courses.

It is also possible that the implementation of virtual public schools will draw students who would otherwise be home schooled or attend private schools. To the extent that this occurs, public school enrollment counts will increase and general fund expenditures for State education aid will increase accordingly. In fiscal 2010, the State is expected to spend approximately \$6,800 per student in kindergarten through grade 12. There are approximately 140,000 private school students in the State and an estimated 25,000 home schooled children. The number of these students who might transfer to a public virtual school if it were available is unknown but is not expected to be a large proportion of the total.

If a large number of public school students choose to enroll in virtual schools, long-term expenditures on capital projects may decrease due to a reduced number of students attending school buildings. The State and local jurisdictions share the costs of school construction.

**Local Fiscal Effect:** Local school system expenditures for virtual schools will depend on local implementation decisions. Major expenditure categories for systems implementing virtual schools will include teachers, course delivery software, course development, training, and the provision of access to computers and Internet connections. If MSDE operates an online school, local school systems may be charged for participating students.

Overall, however, the cost per student for a virtual school, whether it is operated by MSDE or the local school system, may be less than the cost to operate a traditional school. Unless enrollments increase because of the availability of virtual schools, ongoing costs for local school systems with virtual schools will not necessarily be any higher than they are currently. Including federal, State, and local funding available to schools, local school systems are expected to spend approximately \$13,900 per student in fiscal 2009.

Local boards of education may also allow a charter school to establish a virtual school. If they do, local expenditures will be the same as if a traditional charter school was established. Charter schools receive funding on a per student basis that is equivalent to the amount of funding received in other public schools in the system.

Large enrollments in virtual schools may reduce long-term local school construction costs.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Allegany, Harford, and Montgomery counties; Baltimore City; Maryland State Department of Education; International Association for K-12 Online Learning; Department of Legislative Services

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