

Department of Legislative Services  
 Maryland General Assembly  
 2012 Session

FISCAL AND POLICY NOTE

House Bill 1222 (Delegate Boteler, *et al.*)  
 Ways and Means

State Board of Education - Online Courses - Approval Processing Fees

This emergency bill authorizes the State Board of Education to set reasonable fees for processing approvals for online courses and services.

Fiscal Summary

**State Effect:** Special fund revenues increase from fees charged to online course vendors for processing approvals for online courses and services. Special fund expenditures increase by an equal amount to pay content and review specialists a set fee to review each course. This estimate assumes that the Maryland State Department of Education (MSDE) will charge vendors \$850 to review each online course and that 72 courses are reviewed annually beginning in FY 2013. The estimate for FY 2013 includes an additional 17 backlogged course reviews.

(in dollars)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
SF Revenue	\$75,700	\$61,200	\$61,200	\$61,200	\$61,200
SF Expenditure	\$75,700	\$61,200	\$61,200	\$61,200	\$61,200
Net Effect	\$0	\$0	\$0	\$0	\$0

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect*

**Local Effect:** None.

**Small Business Effect:** None.

Analysis

**Current Law:** MSDE must provide Maryland virtual learning opportunities that include: (1) offering a distance-learning program to provide Maryland public school

students with equal opportunities to develop a strong academic foundation; (2) offering expanded educational choices not otherwise available to students through online courses and services; and (3) expanding the professional development opportunities available to educational staff in Maryland public schools through online courses and services.

With the approval of the State Board of Education and the State Superintendent of Schools, MSDE must:

- develop online courses and services;
- procure online courses and services;
- develop standards for teachers and other school system employees for the offering of courses or services on the Internet or through other developing technologies; and
- review courses and courseware to assure quality and alignment with the Maryland content standards and other appropriate standards.

There is a Maryland Virtual Learning Opportunities Fund. The State Board of Education may set reasonable fees for online courses and services. The fees charged must be set so as to produce funds to support maintenance of Maryland virtual learning opportunities.

According to the Code of Maryland Regulations (COMAR), consistent with local school system policy and procedure, credit may be given for correspondence courses and for MSDE-approved online courses. If credit is to be applied toward minimum graduation requirements, the correspondence course or the MSDE-approved online course must be provided by the local school system.

**Background:** 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.

However, MSDE does not have the staff or funding to approve any new online courses for MVS and currently has a backlog of 17 courses that need to be reviewed. MSDE

anticipates that the number and variety of online courses will continue to grow and local school systems and online course vendors will continue to ask MSDE to review online courses for approval.

**State Fiscal Effect:** Special fund revenues increase by approximately \$75,700 in fiscal 2013. Special fund expenditures increase by an equal amount to pay content and review specialists a set fee to review the online courses. This estimate is based on the following assumptions.

- Vendors of online courses will pay the course review fees.
- MSDE reports it costs approximately \$850 to review each online course. This includes paying three content specialists and one online course review specialist a set fee to review the course.
- MSDE currently has a backlog of 17 courses that need to be reviewed.
- In response to the department's July 8, 2011 solicitation for online courses, MSDE received 72 requests for review.

In future years MSDE anticipates there will be 72 annual requests for online course review; therefore, special fund revenues and expenditures increase by \$61,200 annually.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** SB 735 (Senator Rosapepe) - Education, Health, and Environmental Affairs.

**Information Source(s):** Maryland State Department of Education, Department of Legislative Services

**Fiscal Note History:** First Reader - February 29, 2012  
ncs/mwc

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