

Department of Legislative Services  
Maryland General Assembly  
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FISCAL AND POLICY NOTE

Senate Bill 537 (Senator Shank, *et al.*)  
Education, Health, and Environmental Affairs

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State Board of Education - Online Courses - Graduation Requirement

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This bill requires a student to complete an online course to graduate from high school beginning with students entering grade nine in the 2015-2016 school year. The online course must be approved by either the Maryland State Department of Education (MSDE) or the local board of education as specified under current law.

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Fiscal Summary

**State Effect:** Special fund revenues and expenditures for the Maryland Virtual Learning Opportunities Fund (MVLOF) may increase proportionately due to increased requests from local school systems via vendors to review additional online courses.

**Local Effect:** Local school system expenditures may increase significantly to ensure that each student is given the opportunity to complete an online course. These costs may be offset somewhat by a need for fewer high school teachers. The actual costs are dependent on the current capacity and resources of each particular school system to offer such courses, and cannot be reliably estimated at this time. Local school system revenues and expenditures may increase proportionately due to evaluations of online courses developed by vendors.

**Small Business Effect:** None.

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Analysis

**Current Law:** According to 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.

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.

A local board of education may request that MSDE develop or review and approve online courses and services. MSDE may delegate this responsibility to a local board of education. If MSDE delegates this authority to a local board, the local board must request approval of the online course from MSDE once it has completed the development or the review and approval.

A local board may impose reasonable fees to be paid by the vendor to cover the cost of reviewing and approving online courses and services and must remit 15% of the fees collected to MSDE. The State Board of Education may set reasonable fees for developing or reviewing online courses and services and for processing approvals for online courses and services.

**Background:** In 2006, Michigan became the first state to require its students to take at least one online course to graduate. Since that time Alabama, Florida, Idaho, Indiana, North Carolina, Virginia, and West Virginia have added requirements. In addition, individual school districts in at least 10 other states require an online course or experience to graduate.

Online courses offered on the market range from remedial credit recovery to Advanced Placement. Course delivery methods can be one-on-one tutoring with a certificated teacher, pre-recorded lectures, or even intelligent software that guides a student through individually paced instruction and problem modules. Blended or hybrid courses with some online components and some face-to-face components are also offered.

The Governor's proposed fiscal 2014 budget includes \$5 million for a new Digital Learning Innovation Fund. The new initiative will support competitive grants to local school systems to create digital learning environments, such as multimedia assets to students and teachers, differentiated instruction, differentiated assignments and materials for students advancing at different paces, training and support to educators and students, and offering more current information than traditional textbooks on an ongoing basis.

MSDE reports it is currently in the process of collecting data regarding online courses and has received responses from eight local school systems. In those eight local school systems, 273 students are taking an online course, of which 3 are special education students. MSDE further advises that during fall 2012, at least one student was taking 35 of the 49 course titles currently approved for students. Some of the course titles are available from more than one vendor or source; therefore, there are currently about 80 course options available.

**Local Expenditures:** Local school system expenditures may increase significantly to ensure that each student is given the opportunity to complete an online course. The actual costs are dependent on the current capacity and resources of each particular school system to offer such courses, and cannot be reliably estimated at this time.

*For illustrative purposes only*, beginning in fiscal 2016, local school system expenditures increase by a total of \$19 million annually in order for each student entering grade nine in the 2015-2016 school year to complete an online course. The following information and assumptions were used in this estimate.

- During the 2010-2011 academic year, there were approximately 260,000 high school students in the State, which equates to 65,000 students per grade if students were evenly distributed.
- In one-third of local school systems, 273 students took an online course in fall 2012. It is assumed, for this estimate, that the number of students taking online courses is evenly distributed throughout the State. Thus it is assumed that approximately 819 students took an online course during the fall 2012 semester. It is assumed that an additional 819 students will take an online course during the spring 2013 semester, for a total of 1,638 students a year.
- Therefore, using these assumptions, local school systems will need to provide an online course for an additional 63,300 students per year.
- Course fees charged by vendors for online courses typically range from \$100 to \$800 per course, although local school systems may be able to arrange discounts with vendors. It is assumed that course fees will be approximately \$300 per student per course and are paid by the local school systems.
- Therefore, local school system expenditures for course fees will increase by approximately \$19 million per year beginning in fiscal 2016 in order for each student entering grade nine in the 2015-2016 school year to complete an online course.

This estimate does not include any additional cost associated with providing computers for students to take online courses, as not enough information is available to make any assumptions about current availability. The estimate also does not account for any potential savings due to needing fewer certificated teachers in high schools, as that will be determined by local overall staffing needs and cannot be accurately determined at this time.

Additional information about current online course offerings and capacity is required for a more accurate estimate.

**Additional Comments:** Online courses may be inaccessible to some students with disabilities.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 532 (Delegate Serafini, *et al.*) - Ways and Means.

**Information Source(s):** Maryland State Department of Education, National Conference of State Legislatures, International Association of K-12 Online Learning, Onlinecolleges.net, WRAL.com, Department of Legislative Services

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