

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS FOR HB 799 K-8 Virtual School Program
SPONSOR(S): Schools & Learning Council
TIED BILLS: **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Committee on Education Innovation & Career Preparation</u>	<u>8 Y, 0 N</u>	<u>Beagle</u>	<u>White</u>
2) <u>Schools & Learning Council</u>	<u>11 Y, 2 N, As CS</u>	<u>Beagle</u>	<u>Cobb</u>
3) <u>Policy & Budget Council</u>	<u></u>	<u></u>	<u></u>
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5) <u></u>	<u></u>	<u></u>	<u></u>

SUMMARY ANALYSIS

The K-8 Virtual School Program is an educational choice program administered by the Department of Education (DOE). The program delivers academic instruction via on-line and distance learning technology to full-time students in kindergarten through eighth grade. Schools wishing to participate in the program may be nonprofit or for-profit entities and must be approved by the DOE.

Currently, the K-8 Virtual School Program is funded by specific appropriation in the General Appropriations Act. In 2006, the Legislature appropriated \$7,200,000 in general revenues to the program. Proviso allows a maximum grant of \$5,200 per student. Enrollment capacity based on the maximum grant amount is 1,384 students for 2006-2007.

The Council Substitute for House Bill 799 (bill) amends provisions pertaining to the K-8 Virtual School Program. Specifically, the bill:

- Provides a mission statement for the K-8 Virtual School Program;
- Requires K-8 virtual schools to enroll an eligible student that submits a timely application, unless capacity for the school would be exceeded;
- Provides that enrollment priority must be given to specified students;
- Provides funding for the K-8 Virtual School Program through the Florida Education Finance Program (FEFP) and requires K-8 virtual schools to report full-time equivalent (FTE) students;
- Establishes the district cost differential for K-8 virtual schools at 1.00;
- Allows K-8 virtual schools to receive grants and donations; and
- Requires K-8 virtual schools to be non-profit entities.

The bill may result in an indeterminate savings to the state. Please see "FISCAL IMPACT ON STATE GOVERNMENT."

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Empower families – The bill enhances school choice options by expanding the potential enrollment capacity for the K-8 Virtual School Program. Under the bill, funding for the program is through the FEFP based on FTE student enrollment, rather than capped in specific appropriation and proviso.

Safeguard individual liberty – The bill enhances school choice options by expanding the potential enrollment capacity for the K-8 Virtual School Program. Under the bill, funding for the program is through the FEFP based on FTE student enrollment, rather than capped in specific appropriation and proviso.

B. EFFECT OF PROPOSED CHANGES:

Present Situation

Background: The K-8 Virtual School Program is an educational choice program established within the DOE. The program delivers academic instruction via on-line and distance learning technology to full-time students in kindergarten through eighth grade.¹ Participation is free to the student. Students are instructed by Florida-certified teachers. Learning coaches, usually a parent or other adult living in the student's home, supervise the student's in-home learning activities. The virtual school curriculum is aligned to the Sunshine State Standards. Students enrolled in the K-8 Virtual School Program must participate in the statewide assessment program required under s.1008.22, F.S.

Virtual schools must apply and be approved by the DOE to participate in the K-8 Virtual School Program. A K-8 virtual school may be a non-profit or for profit entity. Participating schools must provide each enrolled student with all necessary instructional materials, computer equipment, and a stipend for Internet access. K-8 virtual schools are subject to the Florida school grading system² and "adequate yearly progress" provisions under Title I of the No Child Left Behind Act of 2001. At present, Florida Connections Academy and Florida Virtual Academy have been approved by the DOE to deliver program instruction.

Currently, the K-8 Virtual School Program is funded by specific appropriation in the General Appropriations Act. In 2006, the Legislature appropriated \$7,200,000 in general revenues to the K-8 Virtual School Program. Students are funded based on a maximum grant amount of \$5,200 per student.³ Thus, enrollment capacity is limited to approximately 1,384 students. According to the DOE, there is a large waiting list of students wishing to participate in the program.⁴

Student Eligibility: The K-8 Virtual School Program is available to full-time students in kindergarten through eighth grade. Eligibility for the program is limited to:

- Students who spent the previous school year in attendance at a Florida public school and who were reported by the school district for funding through the Florida Education Finance Program;
- Students who were enrolled during the previous school year in a K-8 virtual school and their siblings; or
- Students who are eligible to enroll in kindergarten or the first grade.⁵

¹ Section 1002.415, F.S.

² Section 1008.34, F.S.

³ Specific Appropriation 106B of the Conference Committee Report on HB 5001, Enrolled Chapter 2006-25, Laws of Florida.

⁴ Florida Department of Education Bill Analysis for House Bill 799.

⁵ Section 1002.415(5), F.S.

School Attendance: Students enrolled in the K-8 Virtual School Program are subject to the compulsory school attendance requirements of s. 1003.21, F.S. State Board of Education Rule 6A-6.0980(2)(b), F.A.C., requires each K-8 Virtual School to keep daily attendance for each enrolled student and to verify the continued attendance of each student to the DOE four times during the academic year.

Performance: According to the DOE website for the K-8 Virtual School Program, students in the Florida Connections Academy and Florida Virtual Academy are performing the same or better than their peers statewide on the Florida Comprehensive Assessment Test in most subjects and grade levels. Further, both schools earned school performance grades of "B" in 2005-06.⁶

Effect of Proposed Changes

The bill amends s. 1002.415, F.S., to state that the mission of the K-8 Virtual School Program is to provide students with technology-based educational opportunities to gain the knowledge and skills necessary to succeed. The bill requires K-8 virtual schools to serve any student who meets the profile for success in an online learning context. Priority is to be given to students who need access to virtual courses in order to meet their educational needs and goals in a home environment and to students seeking accelerated access to move at their own pace in their educational progress. The bill also requires K-8 virtual schools to enroll an eligible student who submits a timely application, unless the number of applications exceeds program capacity. In such case, all applications are required to have an equal chance of being admitted through a random selection process.

The bill revises current law providing that the K-8 Virtual School Program shall be funded as provided in the General Appropriations Act; instead, under the bill, funding for the program is through the FEFP and thus, based on the number of FTE students enrolled in the program. K-8 virtual schools are required to report FTE students to the DOE and the district cost differential is set at 1.000. In addition to FEFP funding, the bill allows K-8 virtual schools to receive funding as provided in the General Appropriations Act and through grants and donations.

The bill revises current law allowing K-8 virtual schools to be for-profit or nonprofit entities and instead, authorizes only nonprofit entities. Further, the bill specifies that a K-8 virtual school, which has received a grade of a "D" or "F", may not increase its enrollment until it receives a "C" or better.

Finally, the bill removes outdated, obsolete language allowing the two pilot K-8 virtual schools to continue through the 2006-2007 school year.

C. SECTION DIRECTORY:

Section 1. Amends s. 1002.415, F.S.; provides a mission for the K-8 Virtual School Program; provides for FEFP funding of the program; requires K-8 virtual schools to enroll specified children; requires K-8 virtual schools to be non-profit entities; removes outdated pilot school provisions; and prohibits specified schools from increasing enrollment.

Section 2. Provides an effective date of July 1, 2007.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

This bill does not appear to have a fiscal impact on state revenues.

⁶ See: http://www.floridaschoolchoice.org/Information/virtual_schools/faqs_pilot.asp

2. Expenditures:

The bill provides funding for the K-8 Virtual School Program through the FEFP, instead of through specific appropriation in the General Appropriations Act. For the 2007-08 school year, funding models project that K-8 virtual schools will receive approximately \$5,190 per FTE. The per FTE state average funding in the 2006-07 FEFP is \$6,840, which is a savings of \$1,650 for each K-8 virtual school student. Students enrolled in a K-8 virtual school would also generate a savings in capital outlay expenditures because these students receive services in their homes and would not require a classroom. The number of students that may participate in this program is unknown.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

This bill does not appear to have a fiscal impact on local revenues

2. Expenditures:

This bill does not appear to have a fiscal impact on local expenditures.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

Please see "FISCAL IMPACT ON STATE GOVERNMENT."

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

This bill does not appear to require counties or municipalities to take an action requiring the expenditure of funds.

This bill does not appear to reduce the authority that counties or municipalities have to raise revenue in the aggregate.

This bill does not appear to reduce the percentage of state tax shared with counties or municipalities.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

This bill does not appear to create, modify, or eliminate rulemaking authority.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

D. STATEMENT OF THE SPONSOR

IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES

On March 13, 2007, the Committee on Education Innovation and Career Preparation adopted a strike everything amendment and reported the bill favorably with a recommended council substitute.

The strike everything amendment:

- Provides that the K-8 Virtual School Program is a component of the delivery of public education within Florida's K-20 education system.
- Requires schools participating in the K-8 Virtual School Program to be non-profit.
- Requires the DOE to annually provide forms to schools seeking to participate in the program at a time sufficient to enable participation by the beginning of the next school year.
- Retains the bill's expansion of K-8 virtual school eligibility to students who, during the prior school year, attended a: parochial, religious, or denominational school; private school; home education program; or private tutoring program.
- Removes outdated provisions relating to the pilot of the K-8 Virtual School Program.
- Requires the school district in which an exceptional student resides to be responsible for the provision of exceptional student services that a K-8 virtual school is unable to provide. Permits the school district to report such services for funding purposes under the Florida Education Finance Program (FEFP).
- Revises funding for the K-8 Virtual School Program by:
 - Removing provisions that made program subject to legislative appropriation.
 - Authorizing funding for the program through the FEFP based on "full-time equivalent students," as defined by the amendment.
 - Setting the district cost differential at 1.00.
 - Requiring the appropriation of discretionary operating funds to the program from nonvoted discretionary millage.
 - Authorizing additional state funds for the program as may be provided in the General Appropriations Act.
- Providing that a K-8 virtual school may not increase its enrollment until it achieves a performance grade category of "C" or better.

The amendment has a fiscal impact, but the amount is currently indeterminate.

On April 10, 2007, the Schools and Learning Council reported the bill favorably as a committee substitute (CS). The CS removes the provisions of the strike everything amendment adopted on March 13, 2007, relating to: expansion of K-8 virtual school eligibility to non-public school students; exceptional student services; and discretionary operating funds from nonvoted discretionary millage. The CS adds provisions that specify a mission statement and require enrollment priority to be given to specified students.