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FISCAL IMPACT STATEMENT

LS 6898

BILL NUMBER: HB 1246

NOTE PREPARED: Jan 10, 2008

BILL AMENDED:

SUBJECT: Student Graduation Plan and Online Learning.

FIRST AUTHOR: Rep. Austin

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: *Online Learning:* This bill authorizes the Department of Education, (DOE), to establish an online learning cooperative.

Graduation Plan: The bill changes the student career plan to the student graduation plan.

Dual Credits: The bill provides up to five dual credit courses to all high school students at no cost.

Effective Date: July 1, 2008.

Explanation of State Expenditures: *Online Learning:* The bill authorizes DOE to establish the Indiana Virtual Learning Cooperative. DOE is required to organize the cooperative, approve providers, and determine the total allowable cost of an online program. The Department would incur additional expense associated with operating the program. The cost would depend on the number of additional people needed. If two people were required then the increased costs would be about \$166,000 for FY 2009 and \$114,000 for FY 2010. The funds and resources required above could be supplied through a variety of sources, including the following: (1) existing staff and resources not currently being used to capacity; (2) existing staff and resources currently being used in another program; (3) authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) funds that, otherwise, would be reverted; or (5) new appropriations. DOE had 76 vacant positions worth \$763,192 as of January 3, 2008. Of the vacant positions, 35 had been vacant for more than two years. DOE reverted about \$5.2 M to the state General Fund on June 30, 2007. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

Dual Credits: The bill could increase state expenditures for higher education. The state currently provides an adjustment for state institutions with a history of growth. The adjustment is based on a four-year rolling average. The adjustment for enrollment change was \$1,750 per student for FY 2008 and \$3,500 for FY 2009. The enrollment change calculation does not apply to Indiana University - Bloomington, Purdue University - West Lafayette, Indiana State University, or Ball State University. The increase in expenditures would depend on the increase in enrollments.

Current law requires schools to offer at least two courses to high school students who qualify to enroll in dual credit or advancement courses. The bill would increase the number to five courses. State educational institutions could have increase costs due to providing dual credit courses to local schools. The additional costs would be covered from tuition revenue and any increase the higher education formula. Additional state expenditures would be subject to appropriation.

Explanation of State Revenues:

Explanation of Local Expenditures: *Online Learning:* The bill provides different methods of funding depending on where the online student attends school and takes the online courses. A student enrolled in a nonpublic school or home schooled is required to pay 100% of the cost of the online learning program. A student enrolled in a public school cannot be charged tuition for the course but may be charged a fee for instructional materials. How the cost of online learning is paid depends on where the public school student takes the course. There are three possible options:

1. If the course is taken in the school corporation where the student resides then the school counts the student in their ADM and receives funding in the school formula.
2. If the student takes a course offered by a school corporation other, than where they reside, then the school where the student resides counts the student in their ADM. DOE payed the school corporation providing the course transfer tuition and deducts the transfer tuition from the resident corporation.
3. If the student takes a course offered privately then the school counts the student in their ADM. and is required to pay the cost of the course up to the amount of transfer tuition.

The impact on schools would depend on the number of online courses offered and who offered the courses.

Graduation Plan: The bill changes the name of the career plan to the graduation plan and has the plan to begin in the 6th grade instead of 9th grade. The fiscal impact of the change should be minor.

Dual Credits: The fiscal impact on local schools should be minor.

Explanation of Local Revenues: *See Explanation of Local Expenditures:*

State Agencies Affected: Department of Education, State Educational Institutions.

Local Agencies Affected:

Information Sources:

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