

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 648** HLS 13RS 1132  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> May 13, 2013 5:23 PM	<b>Author:</b> PYLANT
<b>Dept./Agy.:</b> Education	<b>Analyst:</b> Mary Kathryn Drago
<b>Subject:</b> Online/Virtual Courses	

BESE OR INCREASE GF EX See Note Page 1 of 1  
 Requires the State Bd. of Elementary and Secondary Education (BESE) to adopt rules requiring high school students to complete at least one course offered by a BESE-authorized online or virtual course provider as a prerequisite to graduation. The proposed legislation requires the Board of Elementary and Secondary Education to develop and adopt rules and regulations requiring all public high school students to successfully complete at least one course offered by an online or virtual course provider authorized by the board pursuant to R.S. 17:4002.4 as a prerequisite to graduation. Implementation of the provisions of this Act will begin with the class of students entering the ninth grade in the fall of 2014.

<b>EXPENDITURES</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>						
<b>REVENUES</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**EXPENDITURE EXPLANATION**

The proposed legislation could increase state general fund expenditures significantly to provide funding for students to take online courses through course choice providers. The legislation requires BESE to adopt rules requiring all public high school students to successfully complete at least one course offered by an online or virtual course provider authorized by the board pursuant to R.S. 17:4002.4 as a prerequisite to graduation.

Based on data from FY 09-10, there are approximately 180,000 students in grades 9 - 12. If we assume that 25% will take a course each year, then approximately 45,000 students will take a course offered by an online or virtual course provider as a prerequisite for graduation. According to the Department of Education, the average cost per course through the Course Choice Program is \$700. If 45,000 students took 1 course each year at a cost of \$700, the total cost would be \$31.5 million per year.

It is not clear how these courses will be funded due to the ruling by the Supreme Court that SCR 99 (the FY 13 Minimum Foundation Program formula) and Act 2 (act creating the Course Choice Program) unconstitutionally divert MFP funds to nonpublic entities. However, current statute (R.S. 17:4002.6) states that an eligible participating student (students in "A" or "B" rates schools and home study students) may be charged tuition, while eligible funded students (students in "C", "D" or "F" rated schools) may take courses and the Department of Education will make a payment for such course on their behalf. This fiscal note assumes that the Department of Education will require state general funds to provide payments to course providers on behalf of eligible funded students. According to current law, eligible participating students will be charged tuition. It is not clear if these students will be required to pay tuition for such courses or if the state will provide funds for these students to complete their courses.

**REVENUE EXPLANATION**

There is no anticipated direct material effect on governmental revenues as a result of this measure.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}	<input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost {S}	
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}	<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}	

*Evan Brasseaux*  
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**Evan Brasseaux**  
 Staff Director