

Multiple Agency Fiscal Note Summary

Bill Number: 5794 2S SB AMH APP H2556.1	Title: Alternative learning courses
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Estimated Cash Receipts

NONE

Local Gov. Courts *						
Loc School dist-SPI		(30,525,042)		(35,220,370)		(36,817,798)
Local Gov. Other **						
Local Gov. Total						

Estimated Expenditures

Agency Name	2013-15			2015-17			2017-19		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Superintendent of Public Instruction	.1	(30,467,000)	(30,467,000)	.0	(35,250,000)	(35,250,000)	.0	(36,500,000)	(36,500,000)
Total	0.1	\$(30,467,000)	\$(30,467,000)	0.0	\$(35,250,000)	\$(35,250,000)	0.0	\$(36,500,000)	\$(36,500,000)

Local Gov. Courts *									
Loc School dist-SPI			(30,525,042)			(35,220,370)			(36,517,798)
Local Gov. Other **									
Local Gov. Total									

Estimated Capital Budget Impact

NONE

Prepared by: Paula Moore, OFM	Phone: (360) 902-0540	Date Published: Final 5/20/2013
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

FNPID 35736

FNS029 Multi Agency rollup

Individual State Agency Fiscal Note

Bill Number: 5794 2S SB AMH APP H2556.1	Title: Alternative learning courses	Agency: 350-Supt of Public Instruction
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Part I: Estimates

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No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

	FY 2014	FY 2015	2013-15	2015-17	2017-19
FTE Staff Years	0.2	0.0	0.1	0.0	0.0
Account					
General Fund-State 001-1	(13,467,000)	(17,000,000)	(30,467,000)	(35,250,000)	(36,500,000)
Total \$	(13,467,000)	(17,000,000)	(30,467,000)	(35,250,000)	(36,500,000)

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates,

Check applicable boxes and follow corresponding instructions:

☒

If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

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If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☐

Capital budget impact, complete Part IV.

☐

Requires new rule making, complete Part V.

Legislative Contact: Jessica Harrell	Phone: 360-786-7349	Date: 04/28/2013
Agency Preparation: TJ Kelly	Phone: 360 725-6301	Date: 05/16/2013
Agency Approval: JoLynn Berge	Phone: 360 725-6292	Date: 05/16/2013
OFM Review: Paula Moore	Phone: (360) 902-0540	Date: 05/20/2013

Request # 2 SSB 5794-1

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Section 2 redefines alternative learning experience programs as alternative learning experience courses and classifies them as either: online courses, remote courses, or site-based courses. Each school district offering or contracting to offer alternative learning experience courses must: (1) report annually to OSPI regarding the course types and offerings, and number of students participating in each; and (2) document the district of residence for each student enrolled in an alternative learning experience course. The resident school district must be notified if a non-resident student drops out of an ALE course. School districts must also assess the educational progress of students at least annually.

Beginning with the 2013-14 school year school districts must designate alternative learning experience courses as such when reporting to OSPI. Rules adopted for weekly direct personal contact requirements and monthly progress evaluation must be flexible and reflect the needs of the student and the student's individual learning plan. Rules must establish a process through which districts can claim resident and non-resident FTE in a manner that prevents counting one student for more than one FTE.

New Section 3 takes affect 09/01/2013.

The calculation for state funding for students enrolled in ALE courses shall be based on the estimated statewide annual average allocation per full-time equivalent student in grades nine through twelve in general education, excluding the small school enhancements, and including the applicable rules and provisions of the omnibus appropriations act. School districts may claim funding for students enrolled in ALE courses as follows: (a) the student resides in the district, or (2) they do not reside in the district, but meet one of the following conditions: (1) all ALE courses in the student's written student learning plan are online courses, (2) the ALE course in which the student is enrolled is a site-based course, (3) at least 90% of the school district's total headcount number of students enrolled in ALE courses reside in the district, or (4) the student resides in an adjacent district.

Section 4 states that a certificated teacher has the primary responsibility for the student's instructional interaction. Instructional interaction between the teacher and the student includes but is not limited to, direct instruction, review of assignments, assessment, testing, progress monitoring, and educational facilitation.

Section 8 states that the office of online learning shall develop a standard form, which must be used by districts, for releasing a student to a nonresident school district for the purposes of enrolling in an online course or online school program.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

None.

II. C - Expenditures

Request # 2 SSB 5794-1

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

This fiscal note is based on enrollment in ALE courses through February 2013, which totaled 27,928.68.

The impact of funding ALE enrollment based on the statewide running start rate was calculated first in this fiscal note. Based on current year funding drivers, full funding of ALE enrollment would total \$139,459,027. Funding the same student enrollment through the current running start rate of \$4,961.76 would total \$138,575,407. The estimated school year impact of this change would be a reduction of school district revenue \$883,620 per year. This reduction is inflated by the Seattle CPI percentages of 2.71% for 2013-14; 2.30% for 2014-15; 2.00% for 2015-16; 1.83% for 2016-17; and 1.81% thereafter. The reduction is inflated because the running start rate floats with changes to the funding formula in grades 9-12 and MSOC only. As funding is increased in Full Day Kindergarten and K-3 High Poverty class sizes the ALE under full funding scenario would increase, but the running start rate would not. The impact of moving from full funding to funding via the running start rate is shown in tables 1 and 2 of the attached document.

The savings realized by switching to the running start rate for funding is impacted by eliminating the CTE funding enhancement currents generated by CTE ALE students. Districts with students enrolled in approved vocational programs receive funding enhancements in the form of lower class sizes and higher per student MSOC rates. By funding all ALE enrollments through the regular running start rate, the state realizes additional savings by not having to pay the enhanced funding for CTE ALE students as they do under current law.

After considering the impact of converting to full funding based on the running start rate, the impact of the limitations on ALE course enrollment as described in section 3 are considered. OSPI considered the impacts of this policy on the three ALE course types as described in the bill of Online, Site-Based, and Remote. The enrollment in each of the three ALE course types is shown in column A of table 3 of the attachment. OSPI assumes that the enrollment restrictions would reduce the overall ALE FTE from 27,928.88 to 22,454.18, a reduction of 5,474.49 or 19.6%. It is also assumed that a portion of these 5,474.49 would re-enroll in the district in either a different ALE course or through the traditional courses of study. The assumed percentage of FTE that would re-enroll in the public education system, by course type, is shown in column D of table 3. After applying the assume percentages to calculate students who would re-enroll, the result is an overall re-enrollment percentage of 43%, or 2,358.62. The overall net impact of the enrollment restrictions is a projected overall loss of FTE totaling 3,115.87. The current year running start rate inflated by the Seattle CPI is shown in the first line of table 4 of the attachment. The estimated reduction of revenue to school districts of the enrollment restrictions is shown in the last line of the same table.

The overall impact of the previously mentioned policy changes is shown in table 5 of the attachment.

OSPI would have to do the following in association with this bill:

1. Revise rules regarding online programs and ALE. OSPI estimates it would take 200 staff hours at a one-time cost in FY14 of \$13,000.
2. Create a choice form, which OSPI estimates a cost of \$8,000 to develop an electronic form. This is a one-time cost for an additional 140 hours of staff time in FY14.
3. Revise its enrollment reports; this would be a one-time cost of \$12,000 in FY14 only.

These costs are not reflected in the attached charts.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2014	FY 2015	2013-15	2015-17	2017-19
FTE Staff Years	0.2		0.1		
A-Salaries and Wages	14,253		14,253		
B-Employee Benefits	7,467		7,467		
C-Professional Service Contracts	11,280		11,280		
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	(13,500,000)	(17,000,000)	(30,500,000)	(35,250,000)	(36,500,000)
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$(13,467,000)	\$(17,000,000)	\$(30,467,000)	\$(35,250,000)	\$(36,500,000)

III. B - Detail: List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA

Job Classification	Salary	FY 2014	FY 2015	2013-15	2015-17	2017-19
Information Tech	78,900	0.1		0.1		
Other	93,000	0.1		0.1		
Total FTE's	171,900	0.2		0.1		0.0

Part IV: Capital Budget Impact

NONE

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

State Savings Associated with 2SSB 5794

Table 1 - Impact of Funding Through Running Start Rate (Current Year)				
ALE Enrollment	Full Funding	Running Start Rate	Funding Through R/S Rate	Estimated Annual Impact
27,928.68	\$139,459,027	4,961.76	\$138,575,407	(\$883,620)

Table 2 - Impact of Running Start Rate (Future Years)							
School Year	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Estimated Savings	(\$907,566)	(\$928,440)	(\$947,009)	(\$964,339)	(\$981,794)	(\$999,564)	(\$1,017,656)

Table 3 - Estimated Impact of Section 3 on ALE Enrollment Claimed for State Funding							
	A	B	C	D	E	F	G
Feb. 2013 Statewide ALE Enrollment		FTE Disallowed	Current Enrollment less FTE Disallowed	Assumed % of Enrollment Retained	FTE Re-Enrolled (BXD)	Remaining Enrollment (C+E)	Net Impact (A-F)
Online Course	8,807.07	(375.17)	7,956.88	85%	318.89	8,275.77	(531.30)
Site-Based Course	7,550.33	(850.19)	7,175.16	40%	340.08	7,515.24	(35.09)
Remote Course	11,571.28	(4,249.13)	7,322.14	40%	1,699.65	9,021.80	(2,549.48)
Total	27,928.68	(5,474.49)	22,454.18	43%	2,358.62	24,812.81	(3,115.87)

Table 4 - Fiscal Impact of Reduced Enrollment Shown in Table 3							
School Year	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Estimated Running Start Rate	\$ 5,096.22	\$ 5,213.44	\$ 5,317.71	\$ 5,415.02	\$ 5,513.03	\$ 5,612.82	\$ 5,714.41
Seattle CPI	2.71%	2.30%	2.00%	1.83%	1.81%	1.81%	1.81%
Estimated Savings	(\$15,879,193)	(\$16,244,414)	(\$16,569,303)	(\$16,872,521)	(\$17,177,914)	(\$17,488,834)	(\$17,805,382)

Table 5 - Combined Estimated Impact							
State Fiscal Year	14	15	16	17	18	19	20
Running Start Rate	(\$726,053)	(\$924,265)	(\$943,295)	(\$960,873)	(\$978,303)	(\$996,010)	(\$1,014,038)
Enrollment Changes	(\$12,703,354)	(\$16,171,370)	(\$16,504,325)	(\$16,811,877)	(\$17,116,835)	(\$17,426,650)	(\$17,742,072)
Total Savings	(\$13,429,407)	(\$17,095,635)	(\$17,447,620)	(\$17,772,750)	(\$18,095,138)	(\$18,422,660)	(\$18,756,110)

Individual State Agency Fiscal Note

Bill Number: 5794 2S SB AMH APP H2556.1	Title: Alternative learning courses	Agency: SDF-School District Fiscal Note - SPI
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Part I: Estimates

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No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2014	FY 2015	2013-15	2015-17	2017-19
School District Local-State NEW-1	(13,429,407)	(17,095,635)	(30,525,042)	(35,220,370)	(36,817,798)
Total \$	(13,429,407)	(17,095,635)	(30,525,042)	(35,220,370)	(36,817,798)

Estimated Expenditures from:

	FY 2014	FY 2015	2013-15	2015-17	2017-19
Account					
General Fund-State 001-1	(13,429,407)	(17,095,635)	(30,525,042)	(35,220,370)	(36,517,798)
Total \$	(13,429,407)	(17,095,635)	(30,525,042)	(35,220,370)	(36,517,798)

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates,

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Capital budget impact, complete Part IV.

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Requires new rule making, complete Part V.

Legislative Contact: Jessica Harrell	Phone: 360-786-7349	Date: 04/28/2013
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Section 8 states that the office of online learning shall develop a standard form, which must be used by districts, for releasing a student to a nonresident school district for the purposes of enrolling in an online course or online school program.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

See expenditure narrative.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

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After considering the impact of converting to full funding based on the running start rate, the impact of the limitations on ALE course enrollment as described in section 3 are considered. OSPI considered the impacts of this policy on the three ALE course types as described in the bill of Online, Site-Based, and Remote. The enrollment in each of the three ALE course types is shown in column A of table 3 of the attachment. OSPI assumes that the enrollment restrictions would reduce the overall ALE FTE from 27,928.88 to 22,454.18, a reduction of 5,474.49 or 19.6%. It is also assumed that a portion of these 5,474.49 would re-enroll in the district in either a different ALE course or through the traditional courses of study. The assumed percentage of FTE that would re-enroll in the public education system, by course type, is shown in column D of table 3. After applying the assume percentages to calculate students who would re-enroll, the result is an overall re-enrollment percentage of 43%, or 2,358.62. The overall net impact of the enrollment restrictions is a projected overall loss of FTE totaling 3,115.87. The current year running start rate inflated by the Seattle CPI is shown in the first line of table 4 of the attachment. The estimated reduction of revenue to school districts of the enrollment restrictions is shown in the last line of the same table.

The overall impact of the previously mentioned policy changes is shown in table 5 of the attachment.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2014	FY 2015	2013-15	2015-17	2017-19
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts					
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-9- School District Local	(13,429,407)	(17,095,635)	(30,525,042)	(35,220,370)	(36,517,798)
Total:	\$(13,429,407)	\$(17,095,635)	\$(30,525,042)	\$(35,220,370)	\$(36,517,798)

Part IV: Capital Budget Impact

NONE

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

School District Impact of 2SSB 5794

Table 1 - Impact of Funding Through Running Start Rate (Current Year)				
ALE Enrollment	Full Funding	Running Start Rate	Funding Through R/S Rate	Estimated Annual Impact
27,928.68	\$139,459,027	4,961.76	\$138,575,407	(\$883,620)

Table 2 - Impact of Running Start Rate (Future Years)							
School Year	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Estimated Savings	(\$907,566)	(\$928,440)	(\$947,009)	(\$964,339)	(\$981,794)	(\$999,564)	(\$1,017,656)

Table 3 - Estimated Impact of Section 3 on ALE Enrollment Claimed for State Funding							
	A	B	C	D	E	F	G
Feb. 2013 Statewide ALE Enrollment		FTE Disallowed	Current Enrollment less FTE Disallowed	Assumed % of Enrollment Retained	FTE Re-Enrolled (BXD)	Remaining Enrollment (C+E)	Net Impact (A-F)
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Table 5 - Combined Estimated Impact							
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Enrollment Changes	(\$12,703,354)	(\$16,171,370)	(\$16,504,325)	(\$16,811,877)	(\$17,116,835)	(\$17,426,650)	(\$17,742,072)
Total Savings	(\$13,429,407)	(\$17,095,635)	(\$17,447,620)	(\$17,772,750)	(\$18,095,138)	(\$18,422,660)	(\$18,756,110)