

FILED MAR 13 '03

SENATE FILE 383  
BY COMMITTEE ON EDUCATION

(SUCCESSOR TO SF 304)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to the delivery of curriculum via the internet by  
2 instructional personnel employed by an accredited  
3 postsecondary educational institution under a contract with a  
4 school district.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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SF 383

1 Section 1. Section 256.7, subsection 7, Code 2003, is  
2 amended to read as follows:

3 7. a. Adopt rules under chapter 17A for the use of  
4 telecommunications as an instructional tool for students  
5 enrolled in kindergarten through grade twelve and served by  
6 local school districts, accredited or approved nonpublic  
7 schools, area education agencies, community colleges,  
8 institutions of higher education under the state board of  
9 regents, and independent colleges and universities in  
10 elementary and secondary school classes and courses. The  
11 rules shall include but need not be limited to rules relating  
12 to programs, educational policy, instructional practices,  
13 staff development, use of pilot projects, curriculum  
14 monitoring, and the accessibility of licensed teachers.

15 b. When curriculum is provided by means of  
16 telecommunications, except as provided in paragraph "c", it  
17 shall be taught by an appropriately licensed teacher. The  
18 teacher shall either be present in the classroom, or be  
19 present at the location at which the curriculum delivered by  
20 means of telecommunications originates.

21 The rules shall provide that when the curriculum is taught  
22 by an appropriately licensed teacher at the location at which  
23 the telecommunications originates, the curriculum received at  
24 a remote site shall be under the supervision of a licensed  
25 teacher. The licensed teacher at the originating site may  
26 provide supervision of students at a remote site or the school  
27 district in which the remote site is located may provide for  
28 supervision at the remote site if the school district deems it  
29 necessary or if requested to do so by the licensed teacher at  
30 the originating site. For the purposes of this subsection,  
31 "supervision" means that the curriculum is monitored by a  
32 licensed teacher and the teacher is accessible to the students  
33 receiving the curriculum by means of telecommunications.

34 c. Notwithstanding paragraph "b", if a school district  
35 fails to employ a licensed teacher for a course after making

1 every reasonable effort to employ a licensed teacher, the  
2 school district may enter into a contract with an accredited  
3 postsecondary educational institution located in this state  
4 for delivery of the course via the internet to students  
5 enrolled in the school district. Curriculum delivered via the  
6 internet in accordance with this paragraph shall be taught by  
7 instructional personnel licensed as provided in section 272.2,  
8 subsection 17. The school district shall provide adequate  
9 supervision for students receiving the curriculum at an  
10 attendance center in the school district. Standards for  
11 quality assurance of faculty and ongoing quality professional  
12 development for instructional personnel employed to deliver  
13 curriculum via the internet to students enrolled in  
14 kindergarten through grade twelve at a school district shall  
15 be the accreditation standards of the north central  
16 association of colleges and schools and the faculty standards  
17 required under specific programs offered by the institution  
18 that are accredited by other accrediting agencies, or shall be  
19 standards agreed to by the institution and the board of  
20 educational examiners in accordance with section 272.2,  
21 subsection 17.

22 d. The state board shall establish an advisory committee  
23 to make recommendations for rules required under this  
24 subsection on the use of telecommunications as an  
25 instructional tool. The committee shall be composed of  
26 representatives from community colleges, area education  
27 agencies, accredited or approved nonpublic schools, and local  
28 school districts from various enrollment categories. The  
29 representatives shall include board members, school  
30 administrators, teachers, parents, students, and associations  
31 interested in education.

32 e. For the purpose of the rules adopted by the state  
33 board, telecommunications means narrowcast communications  
34 through systems that are directed toward a narrowly defined  
35 audience and includes interactive live communications.

1 Sec. 2. Section 272.1, subsection 7, Code 2003, is amended  
2 to read as follows:

3 7. "Practitioner" means an administrator, teacher, or  
4 other licensed professional who does not hold or receive a  
5 license from a professional licensing board other than the  
6 board of educational examiners and who provides educational  
7 assistance to students. "Practitioner" may mean an online  
8 teacher employed by an accredited postsecondary educational  
9 institution to provide educational assistance under a contract  
10 with a school district in accordance with section 256.7,  
11 subsection 7.

12 Sec. 3. Section 272.2, Code 2003, is amended by adding the  
13 following new subsection:

14 NEW SUBSECTION. 17. License instructional personnel for  
15 delivery of courses via the internet to students in accordance  
16 with section 256.7, subsection 7, paragraph "c", if an  
17 accredited postsecondary educational institution certifies to  
18 the board that the applicant for an online teaching license  
19 meets the institution's academic standards. The board may  
20 collaborate with an institution wishing to deliver curriculum  
21 via the internet in accordance with section 256.7, subsection  
22 7, to develop competencies for online teacher licensure.  
23 Applicants shall be disqualified for any reason specified in  
24 section 272.2, subsection 14. Nothing in this subsection  
25 shall be construed to allow a person who holds an online  
26 teaching license to perform services as a practitioner  
27 anywhere other than online as provided in section 256.7,  
28 subsection 7, paragraph "c", unless the person also holds an  
29 initial, standard, professional teacher, master educator, two-  
30 year exchange, or permanent professional license.

31 EXPLANATION  
32 This bill permits a school district that fails to employ a  
33 qualified teacher, after making every reasonable effort to  
34 employ such a teacher, to enter into a contract with an  
35 accredited postsecondary educational institution located in

1 the state for delivery of curriculum via the internet. The  
2 bill authorizes the board of educational examiners to issue an  
3 online teaching license to a person certified by the  
4 institution as meeting the institution's academic standards.

5 Faculty and professional development standards for online  
6 teachers shall be those currently adhered to by the  
7 institution, or standards agreed to by an institution and the  
8 board of educational examiners. Applicants shall be  
9 disqualified if the board finds that the person has been  
10 convicted of a crime or that there has been a founded report  
11 of child abuse against the person. The bill prohibits a  
12 person who holds only an online teaching license from teaching  
13 that would otherwise require a regular teaching license.

14 If the online curriculum is delivered to students at a  
15 school district attendance center, the district must provide  
16 adequate supervision by a licensed teacher.

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S-3113

1 Amend Senate File 383 as follows:

2 1. By striking everything after the enacting  
3 clause and inserting the following:

4 "Section 1. Section 256.7, Code 2003, is amended  
5 by adding the following new subsections:

6 NEW SUBSECTION. 26. Adopt rules setting forth the  
7 academic policies and operational procedures for the  
8 Iowa virtual academy established pursuant to section  
9 256.24 and identifying the responsibilities of the  
10 school districts that utilize the academy.

11 NEW SUBSECTION. 27. Adopt rules and establish a  
12 policy for students enrolled in kindergarten through  
13 grade six relating to the use of instructional  
14 technology in meeting the minimum educational  
15 standards for accreditation.

16 Sec. 2. NEW SECTION. 256.24 IOWA VIRTUAL  
17 ACADEMY.

18 1. If funds are sufficient from a source other  
19 than the general fund of the state, an Iowa virtual  
20 academy is established within the department of  
21 education to provide secondary students with access to  
22 quality courses delivered through instructional  
23 technology including, but not limited to, web-based  
24 and Iowa communications network applications. The  
25 academy shall serve as a central resource,  
26 clearinghouse, and provider of on-line and interactive  
27 video learning opportunities for students, educators,  
28 school districts, and accredited nonpublic schools.  
29 The department is responsible for the development,  
30 regulation, and improvement of the academy. The  
31 academy shall collaborate with school districts,  
32 accredited nonpublic schools, area education agencies,  
33 and Iowa accredited higher education institutions in  
34 order to provide quality learning opportunities for  
35 secondary students who are located anywhere in the  
36 state, and who have a variety of educational needs, to  
37 prepare them for postsecondary academic or vocational-  
38 technical pursuits. For purposes of this section,  
39 "secondary students" means students in grades seven  
40 through twelve.

41 2. The director shall appoint the administrator of  
42 the academy in accordance with section 256.9,  
43 subsection 4. The administrator, subject to approval  
44 by the director, may do the following:

45 a. Establish a review process for approval of  
46 academy courseware providers. The state board shall  
47 approve and prescribe by administrative rule the  
48 process by which courseware and providers may be  
49 obtained.

50 b. Secure services through a variety of education

S-3113

1 providers to provide teachers and curriculum for  
2 academy courses. The administrator may also secure  
3 services through an area education agency for staff  
4 development opportunities for academy teachers.

5 c. Develop evaluation procedures that will measure  
6 the effects of instruction provided by means of the  
7 academy on student achievement.

8 d. Except as authorized in section 261C.4 and  
9 section 257.11, subsection 3, establish enrollment  
10 fees school districts and accredited nonpublic schools  
11 are responsible for paying on behalf of their  
12 students. The administrator may waive all or part of  
13 the enrollment fee for school districts and accredited  
14 nonpublic schools that offer courses through the  
15 academy.

16 e. Provide for determination of student grade  
17 percentages and grades and award credits and grades to  
18 students participating in the academy. The provider  
19 shall cooperate with the resident school district or  
20 accredited nonpublic school of enrollment to provide  
21 or assign the appropriate credit or grade to  
22 participating students. This paragraph shall apply  
23 only to those courses for which a student may earn  
24 credit toward high school graduation.

25 3. Curriculum authorized for credit or grades  
26 through the academy shall be taught by a teacher  
27 licensed under chapter 272 who is responsible for  
28 teaching, assignments, and assuring all coursework is  
29 completed.

30 4. A school district or accredited nonpublic  
31 school may access courses delivered through the use of  
32 instructional technology to meet up to twenty percent  
33 of the course offerings required to meet the  
34 educational standards for secondary schools as  
35 provided in section 256.11. Except as otherwise  
36 specified under a contract entered into in accordance  
37 with subsection 2, the school district, or the  
38 accredited nonpublic school, as appropriate, is  
39 responsible for, at a minimum, supervising students  
40 enrolled in the school district, or in the accredited  
41 nonpublic school, who participate in a course offered  
42 through the academy, providing a student receiving  
43 courseware through the academy with access to student  
44 services the school district or accredited nonpublic  
45 school provides to its general student population, and  
46 providing a student with access to a computer with  
47 internet connectivity during the school day or with  
48 access to other electronic equipment as the academy  
49 deems necessary.

50 5. Accredited higher education institutions

1 located in Iowa offering courses authorized under  
2 section 261C.4, or classes offered through a sharing  
3 agreement between a school district and a community  
4 college pursuant to section 257.11, subsection 3, may  
5 be listed in the academy course catalog at no cost to  
6 the institution. Nothing in this section shall be  
7 construed to prohibit a school district or accredited  
8 nonpublic school from using telecommunications as an  
9 instructional tool in accordance with section 256.7,  
10 subsection 7, or delivering its own web-based courses  
11 to students or schools located within or without this  
12 state.

13 6. Academy courseware utilized by a school  
14 district or accredited nonpublic school shall be  
15 included in the district's or school's comprehensive  
16 school improvement plans and meet the district's or  
17 school's school improvement goals developed in  
18 accordance with section 256.7, subsection 21.

19 7. The state board shall set enrollment fees by  
20 rule, in accordance with section 256.7, subsection 26.  
21 The department may retain fees collected to administer  
22 the Iowa virtual academy and the fees retained are  
23 appropriated to the department for the purposes of  
24 administering this section. Notwithstanding section  
25 8.33, fees that remain unexpended at the end of the  
26 fiscal year shall not revert to the general fund of  
27 the state but shall be available for use for the  
28 following fiscal year to administer the academy.

29 8. Not later than January 15, annually, the  
30 department shall submit to the chairpersons and  
31 ranking members of the senate and house committees on  
32 education a report of academy activities, fees  
33 collected and funds expended for the operation of the  
34 academy, and budget projections for the anticipated  
35 activities of the academy in subsequent years. The  
36 department shall investigate expansion of the  
37 activities of the academy to other state agencies and  
38 institutions, including, but not limited to, the  
39 department of corrections for purposes of meeting the  
40 requirements of section 904.516. Recommendations for  
41 expansion of the academy's activities shall be  
42 included in the annual report submitted pursuant to  
43 this subsection.

44 Sec. 3. Section 272.2, Code 2003, is amended by  
45 adding the following new subsection:

46 NEW SUBSECTION. 17. License individuals from  
47 Iowa, or another state, territory, federal district,  
48 or country, to teach courses delivered using  
49 instructional technology including, but not limited  
50 to, web-based and Iowa communications network

**S-3113**

Page 4

1 applications.

2     Sec. 4. EMERGENCY RULES. The state board of  
3 education may adopt emergency rules under section  
4 17A.4, subsection 2, and section 17A.5, subsection 2,  
5 paragraph "b", to implement the provisions of this Act  
6 and the rules shall be effective immediately upon  
7 filing unless a later date is specified in the rules.  
8 Any rules adopted in accordance with this section  
9 shall also be published as a notice of intended action  
10 as provided in section 17A.4.

11     Sec. 5. EFFECTIVE DATE. This Act, being deemed of  
12 immediate importance, takes effect upon enactment."

13     2. Title page, by striking lines 1 through 4 and  
14 inserting the following: "An Act authorizing the  
15 establishment of an Iowa virtual academy, authorizing  
16 the board of educational examiners to license  
17 instructors of internet courses, and providing an  
18 effective date."

**By** KEITH A. KREIMAN  
ROBERT E. DVORSKY

BOB BRUNKHORST  
NANCY BOETTGER

**S-3113** FILED APRIL 1, 2003

ADOPTED 4/1/03

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SENATE FILE **383**  
BY COMMITTEE ON EDUCATION

(SUCCESSOR TO SF 304)

(AS AMENDED AND PASSED BY THE SENATE APRIL 1, 2003)  
ALL New Language by the Senate

Passed Senate, Date Passed 4/1/03 Passed House, Date 4/25/03  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act authorizing the establishment of an Iowa virtual academy,  
2 authorizing the board of educational examiners to license  
3 instructors of internet courses, and providing an effective  
4 date.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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SENATE FILE 383

H-1393

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1 Amend the amendment, H-1373, to Senate File 383, as  
2 amended, passed, and reprinted by the Senate, as  
3 follows:  
4 1. Page 1, line 12, by inserting after the word  
5 "and" the following: ", until July 1, 2005,".  
6 2. Page 2, line 10, by inserting after the word  
7 "standard" the following: "for kindergarten through  
8 grade twelve".

By TYMESON of Madison  
STEVENS of Dickinson  
SCHICKEL of Cerro Gordo

H-1393 FILED APRIL 22, 2003

Adopted 4/25/03

S.F. 383

1 Section 1. Section 256.7, Code 2003, is amended by adding  
2 the following new subsections:

3 NEW SUBSECTION. 26. Adopt rules setting forth the  
4 academic policies and operational procedures for the Iowa  
5 virtual academy established pursuant to section 256.24 and  
6 identifying the responsibilities of the school districts that  
7 utilize the academy.

8 NEW SUBSECTION. 27. Adopt rules and establish a policy  
9 for students enrolled in kindergarten through grade six  
10 relating to the use of instructional technology in meeting the  
11 minimum educational standards for accreditation.

12 Sec. 2. NEW SECTION. 256.24 IOWA VIRTUAL ACADEMY.

13 1. If funds are sufficient from a source other than the  
14 general fund of the state, an Iowa virtual academy is  
15 established within the department of education to provide  
16 secondary students with access to quality courses delivered  
17 through instructional technology including, but not limited  
18 to, web-based and Iowa communications network applications.  
19 The academy shall serve as a central resource, clearinghouse,  
20 and provider of on-line and interactive video learning  
21 opportunities for students, educators, school districts, and  
22 accredited nonpublic schools. The department is responsible  
23 for the development, regulation, and improvement of the  
24 academy. The academy shall collaborate with school districts,  
25 accredited nonpublic schools, area education agencies, and  
26 Iowa accredited higher education institutions in order to  
27 provide quality learning opportunities for secondary students  
28 who are located anywhere in the state, and who have a variety  
29 of educational needs, to prepare them for postsecondary  
30 academic or vocational-technical pursuits. For purposes of  
31 this section, "secondary students" means students in grades  
32 seven through twelve.

33 2. The director shall appoint the administrator of the  
34 academy in accordance with section 256.9, subsection 4. The  
35 administrator, subject to approval by the director, may do the

1 following:

2 a. Establish a review process for approval of academy  
3 courseware providers. The state board shall approve and  
4 prescribe by administrative rule the process by which  
5 courseware and providers may be obtained.

6 b. Secure services through a variety of education  
7 providers to provide teachers and curriculum for academy  
8 courses. The administrator may also secure services through  
9 an area education agency for staff development opportunities  
10 for academy teachers.

11 c. Develop evaluation procedures that will measure the  
12 effects of instruction provided by means of the academy on  
13 student achievement.

14 d. Except as authorized in section 261C.4 and section  
15 257.11, subsection 3, establish enrollment fees school  
16 districts and accredited nonpublic schools are responsible for  
17 paying on behalf of their students. The administrator may  
18 waive all or part of the enrollment fee for school districts  
19 and accredited nonpublic schools that offer courses through  
20 the academy.

21 e. Provide for determination of student grade percentages  
22 and grades and award credits and grades to students  
23 participating in the academy. The provider shall cooperate  
24 with the resident school district or accredited nonpublic  
25 school of enrollment to provide or assign the appropriate  
26 credit or grade to participating students. This paragraph  
27 shall apply only to those courses for which a student may earn  
28 credit toward high school graduation.

29 3. Curriculum authorized for credit or grades through the  
30 academy shall be taught by a teacher licensed under chapter  
31 272 who is responsible for teaching, assignments, and assuring  
32 all coursework is completed.

33 4. A school district or accredited nonpublic school may  
34 access courses delivered through the use of instructional  
35 technology to meet up to twenty percent of the course

1 offerings required to meet the educational standards for  
2 secondary schools as provided in section 256.11. Except as  
3 otherwise specified under a contract entered into in  
4 accordance with subsection 2, the school district, or the  
5 accredited nonpublic school, as appropriate, is responsible  
6 for, at a minimum, supervising students enrolled in the school  
7 district, or in the accredited nonpublic school, who  
8 participate in a course offered through the academy, providing  
9 a student receiving courseware through the academy with access  
10 to student services the school district or accredited  
11 nonpublic school provides to its general student population,  
12 and providing a student with access to a computer with  
13 internet connectivity during the school day or with access to  
14 other electronic equipment as the academy deems necessary.

15 5. Accredited higher education institutions located in  
16 Iowa offering courses authorized under section 261C.4, or  
17 classes offered through a sharing agreement between a school  
18 district and a community college pursuant to section 257.11,  
19 subsection 3, may be listed in the academy course catalog at  
20 no cost to the institution. Nothing in this section shall be  
21 construed to prohibit a school district or accredited  
22 nonpublic school from using telecommunications as an  
23 instructional tool in accordance with section 256.7,  
24 subsection 7, or delivering its own web-based courses to  
25 students or schools located within or without this state.

26 6. Academy courseware utilized by a school district or  
27 accredited nonpublic school shall be included in the  
28 district's or school's comprehensive school improvement plans  
29 and meet the district's or school's school improvement goals  
30 developed in accordance with section 256.7, subsection 21.

31 7. The state board shall set enrollment fees by rule, in  
32 accordance with section 256.7, subsection 26. The department  
33 may retain fees collected to administer the Iowa virtual  
34 academy and the fees retained are appropriated to the  
35 department for the purposes of administering this section.

1 Notwithstanding section 8.33, fees that remain unexpended at  
2 the end of the fiscal year shall not revert to the general  
3 fund of the state but shall be available for use for the  
4 following fiscal year to administer the academy.

5 8. Not later than January 15, annually, the department  
6 shall submit to the chairpersons and ranking members of the  
7 senate and house committees on education a report of academy  
8 activities, fees collected and funds expended for the  
9 operation of the academy, and budget projections for the  
10 anticipated activities of the academy in subsequent years.  
11 The department shall investigate expansion of the activities  
12 of the academy to other state agencies and institutions,  
13 including, but not limited to, the department of corrections  
14 for purposes of meeting the requirements of section 904.516.  
15 Recommendations for expansion of the academy's activities  
16 shall be included in the annual report submitted pursuant to  
17 this subsection.

18 Sec. 3. Section 272.2, Code 2003, is amended by adding the  
19 following new subsection:

20 NEW SUBSECTION. 17. License individuals from Iowa, or  
21 another state, territory, federal district, or country, to  
22 teach courses delivered using instructional technology  
23 including, but not limited to, web-based and Iowa  
24 communications network applications.

25 Sec. 4. EMERGENCY RULES. The state board of education may  
26 adopt emergency rules under section 17A.4, subsection 2, and  
27 section 17A.5, subsection 2, paragraph "b", to implement the  
28 provisions of this Act and the rules shall be effective  
29 immediately upon filing unless a later date is specified in  
30 the rules. Any rules adopted in accordance with this section  
31 shall also be published as a notice of intended action as  
32 provided in section 17A.4.

33 Sec. 5. EFFECTIVE DATE. This Act, being deemed of  
34 immediate importance, takes effect upon enactment.

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SF 383 - School Internet Classes (LSB 1812 SV)

Analyst: Robin Madison (Phone: (515) 281-5270) (robin.madison@legis.state.ia.us)

Fiscal Note Version — As Amended and Passed by the Senate

Requested by Representative Bill Schickel

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**Description**

Senate File 383, as amended and passed by the Senate, authorizes the Department of Education to establish an Iowa Virtual Academy to provide secondary students (grades 7-12) with access to courses via instructional technology, including but not limited to web-based and Iowa Communications Network (ICN) applications. The authorization is subject to sufficient funding from a source other than the General Fund of the State.

The Bill, as amended and passed by the Senate, provides that the State Board of Education may set enrollment fees that school districts and accredited nonpublic schools are responsible for paying on behalf of their students. The fees may be retained by the Department of Education for purposes of administering the Academy and do not revert to the General Fund at the end of the fiscal year.

The Bill, as amended and passed by the Senate, further provides that Academy curriculum offered for credit or grades must be taught by a licensed teacher, and the Board of Educational Examiners is authorized to license individuals to teach courses delivered via instructional technology. Courses delivered through instructional technology may be used to meet up to 20.0% of the offerings required to meet educational standards for secondary schools. The Department must submit an annual report to the General Assembly regarding fees collected, funds expended, and budget projections.

**Background**

- The Department has indicated it does not intend to retain course fees from school districts. Rather, districts offering courses via the Academy may charge other districts a fee. The State Board of Education will establish the amount of that fee in administrative rules. The Department is proposing the fee be set at \$250 per student per course.
- The Department has received approval from the U. S. Department of Education to use approximately \$300,000 of the State's \$3.0 million FY 2004 Star Schools Grant for purposes of establishing the Academy.
- The Department estimates the ongoing cost of operating the Academy in FY 2005 and beyond at \$400,000 per year. The Bill does not provide this funding.
- On-line courses developed by the Academy for Iowa schools could be sold or licensed to other states, generating revenue for the Academy.

**Assumptions**

1. The Bill's authorization of the Academy, subject to sufficient funding from a source other than the General Fund of the State, covers funding for ongoing maintenance of the Academy, as well as start-up funding. No State funding will be provided to pay the Academy's ongoing expenses.
2. Only students enrolled in a public school or accredited nonpublic school will be permitted to enroll in Academy courses. Home-schooled students wishing to enroll in Academy courses will be required to dual enroll in a public school district.
3. The number of home-schooled students in the State who are not currently dual enrolled is unknown.

4. For purposes of funding, dual-enrolled students are weighted at one-tenth (0.1) of a full-time student.
5. Allowable growth will be 2.0% in FY 2004 and FY 2005.
6. Few, if any, courses will be offered through the Academy in FY 2004. Any resulting increase in the number of dual-enrolled students would be insignificant.
7. The Board of Educational Examiners will be able to absorb within its current budget the cost of establishing a new license category for teaching courses delivered via instructional technology.

#### **Fiscal Impact**

Senate File 383, as amended and passed by the Senate, will have no fiscal impact to the State General Fund in FY 2004. The fiscal impact in FY 2005 cannot be estimated because the number of home-schooled students not currently dual enrolled is unknown. There is the potential for an increase in the number of dual enrolled students due to home-schooled students wishing to take advantage of Academy courses. Each additional dual-enrolled student in FY 2005 would cost the State General Fund \$300 and generate \$170 in additional property tax revenue for the local school district in FY 2006.

#### **Sources**

Department of Education  
Board of Educational Examiners

/s/ Dennis C Prouty

April 16, 2003

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## Legislative Fiscal Bureau

### Fiscal Note

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SF 383 - School Internet Classes (LSB 1812 SV.1)

Analyst: Robin Madison (Phone: (515) 281-5270) (robin.madison@legis.state.ia.us)

Fiscal Note Version — As Amended and Passed by the Senate – Revised

Requested by Representative Bill Schickel

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#### **Description**

Senate File 383, as amended and passed by the Senate, authorizes the Department of Education to establish an Iowa Virtual Academy to provide secondary students (grades 7-12) with access to courses via instructional technology, including but not limited to web-based and Iowa Communications Network (ICN) applications. The authorization is subject to sufficient funding from a source other than the General Fund of the State.

The Bill, as amended and passed by the Senate, provides that the State Board of Education may set enrollment fees that school districts and accredited nonpublic schools are responsible for paying on behalf of their students. The fees may be retained by the Department of Education for purposes of administering the Academy and do not revert to the General Fund at the end of the fiscal year.

The Bill, as amended and passed by the Senate, further provides that Academy curriculum offered for credit or grades must be taught by a licensed teacher, and the Board of Educational Examiners is authorized to license individuals to teach courses delivered via instructional technology. Courses delivered through instructional technology may be used to meet up to 20.0% of the offerings required to meet educational standards for secondary schools. The Department must submit an annual report to the General Assembly regarding fees collected, funds expended, and budget projections.

#### **Background**

- The Department has indicated it does not intend to retain course fees from school districts. Rather, districts offering courses via the Academy may charge other districts a fee. The State Board of Education will establish the amount of that fee in administrative rules. The Department is proposing the fee be set at \$250 per student per course.
- The Department has received approval from the U. S. Department of Education to use approximately \$300,000 of the State's \$3.0 million FY 2004 Star Schools Grant for purposes of establishing the Academy.
- The Department estimates the ongoing cost of operating the Academy in FY 2005 and beyond at \$400,000 per year. The Bill does not provide this funding.
- On-line courses developed by the Academy for Iowa schools could be sold or licensed to other states, generating revenue for the Academy.

#### **Assumptions**

1. The Bill's authorization of the Academy, subject to sufficient funding from a source other than the General Fund of the State, covers funding for ongoing maintenance of the Academy, as well as start-up funding. No State funding will be provided to pay the Academy's ongoing expenses.
2. Only students enrolled in a public school or accredited nonpublic school will be permitted to enroll in Academy courses. Home-schooled students and nonpublic school students wishing to enroll in Academy courses will be required to dual enroll in a public school district.
3. The number of home-schooled students in the State who are not currently dual enrolled is unknown.

4. For purposes of funding, dual-enrolled nonpublic school students are treated as shared-time students and funded for the proportion of the school day the student spends in public school classes.
5. For purposes of funding, home-schooled students who dual enroll in grades 7 and 8 are weighted at one-tenth (0.1) of a full-time student. Home-schooled students in grades 9 through 12 who dual enroll to take secondary courses are treated as shared-time students and funded for the proportion of the school day the student spends in public school classes. The weighting for home-schooled students in grades 9 through 12 who dual enroll under the post-secondary enrollment option is determined by dividing the cost of the post-secondary course by the district's cost per pupil.
6. Allowable growth will be 2.0% in FY 2004, FY 2005, and FY 2006.
7. Few, if any, courses will be offered through the Academy in FY 2004. Any resulting increase in the number of dual-enrolled students would be insignificant.
8. The Board of Educational Examiners will be able to absorb within its current budget the cost of establishing a new license category for teaching courses delivered via instructional technology.

### **Fiscal Impact**

Senate File 383, as amended and passed by the Senate, will have no fiscal impact to the State General Fund in FY 2004. The fiscal impact in FY 2005 cannot be estimated because the number of home-schooled students not currently dual enrolled is unknown.

There is the potential for an increase in the number of dual-enrolled students due to home-schooled and nonpublic school students wishing to take advantage of Academy courses. Each additional dual-enrolled home-schooled student in grades 7 and 8 in FY 2005 will cost the State General Fund \$300 and generate \$200 in additional property tax revenue for the local school district in FY 2006. Funding for dual-enrolled nonpublic school students and for dual-enrolled home-schooled students in grades 9 through 12 taking secondary courses will vary by student, depending upon the percentage of the student's day spent in public school courses. Funding for dual-enrolled home-schooled students in grades 9 through 12 taking post-secondary courses will vary by student depending upon the number of courses taken and the district's cost per pupil.

### **Sources**

Department of Education  
Board of Educational Examiners

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/s/ Dennis C Prouty

April 16, 2003

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SENATE FILE 383

H-1373

1 Amend Senate File 383, as amended, passed, and  
2 reprinted by the Senate, as follows:

3 1. By striking everything after the enacting  
4 clause and inserting the following:

5 "Section 1. Section 256.7, subsection 7,  
6 unnumbered paragraph 5, Code 2003, is amended to read  
7 as follows:

8 For the purpose of the rules adopted by the state  
9 board, telecommunications means narrowcast  
10 communications through systems that are directed  
11 toward a narrowly defined audience, ~~and~~ includes  
12 interactive live communications, and includes internet  
13 web-based applications.

14 Sec. 2. Section 256.7, Code 2003, is amended by  
15 adding the following new subsection:

16 NEW SUBSECTION. 26. Adopt rules establishing a  
17 course catalog and a clearinghouse for courses offered  
18 through internet web-based and Iowa communications  
19 network applications. The rules shall establish  
20 quality standards for internet web-based courses and  
21 an approval process for nonprofit and private  
22 providers of internet web-based courses. School  
23 districts, accredited nonpublic schools, and area  
24 education agencies are encouraged to meet the quality  
25 standards. Nonprofit and private providers approved  
26 by the department shall meet the quality standards.  
27 Upon request and at no cost to the course provider,  
28 the department shall include in the course catalog  
29 those courses provided by a school district,  
30 accredited nonpublic school, area education agency,  
31 accredited higher education institution providing  
32 courses under section 261C.4 or section 257.11,  
33 subsection 3, accredited higher education institution  
34 providing internet web-based advanced placement  
35 courses, or any other provider approved by the  
36 department. In addition, the rules shall allow the  
37 department, if funds are available from a source other  
38 than the general fund of the state, to act as a  
39 clearinghouse to assist school districts and area  
40 education agencies in the development of courseware,  
41 provide preliminary information on the copyright of  
42 courses developed, recommend appropriate course fees,  
43 assist providers in securing appropriately licensed  
44 teachers, and assist school districts and accredited  
45 nonpublic schools in scheduling.

46 Sec. 3. VIRTUAL ACADEMY STUDY.

47 1. The department of education shall conduct a  
48 study regarding the feasibility of establishing a  
49 state-sponsored virtual academy for students in grades  
50 seven through twelve. The study shall address

H-1373

1 curriculum qualifications; scheduling; appropriate  
2 licensure of individuals, other than teachers licensed  
3 under chapter 272, to teach courses using internet  
4 web-based and Iowa communications network  
5 applications; responsibilities of the district or  
6 accredited nonpublic school seeking to access courses  
7 from the state-sponsored virtual academy; and the  
8 conditions under which the department may grant a  
9 waiver to permit a district to meet an accreditation  
10 standard through telecommunications. The study shall  
11 include a review of other private and publicly  
12 sponsored virtual academies. The study shall also  
13 include a five-year implementation and fiscal  
14 estimate. The fiscal estimate shall include  
15 operational costs of the prospective state-sponsored  
16 virtual academy and any potential impact on the  
17 general fund of the state through the state school  
18 foundation program.

19 2. The director of the department shall convene a  
20 group of education stakeholders who may provide input  
21 into the study and its recommendations. The  
22 stakeholders group shall include, at minimum, a  
23 representative from a public and private accredited  
24 postsecondary institution providing courses under  
25 section 261C.4 or section 257.11, subsection 3; an  
26 accredited higher education institution providing  
27 internet web-based advanced placement courses; the  
28 Iowa association of school boards; the school  
29 administrators of Iowa; the Iowa state education  
30 association; area education agencies; accredited  
31 nonpublic schools; the board of educational examiners;  
32 and others deemed appropriate by the department.

33 3. The department shall submit its findings and  
34 recommendations in a report to the chairpersons and  
35 ranking members of the senate and house standing  
36 committees on education and the joint appropriations  
37 subcommittee on education by December 15, 2003."

38 2. Title page, by striking lines 1 through 4 and  
39 inserting the following: "An Act relating to the use  
40 of telecommunications as an instructional tool,  
41 authorizing the state board of education to adopt  
42 rules establishing a course catalog and a  
43 clearinghouse for courses offered through internet  
44 web-based and Iowa communications network  
45 applications, and directing the department of  
46 education to conduct a virtual academy study."

By TYMESON of Madison  
STEVENS of Dickinson  
SCHICKEL of Cerro Gordo

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SF 383 - School Internet Classes (LSB 1812 SV.2)

Analyst: Robin Madison (Phone: (515) 281-5270) (robin.madison@legis.state.ia.us)

Fiscal Note Version — Amendment H-1373

Requested by Representative Jodi Tymeson

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### **Description**

Amendment H-1373 to SF 383 strikes everything after the enacting clause and provides for the following:

- The State Board of Education is directed to adopt rules establishing a course catalog and clearinghouse for courses offered via the Internet or the Iowa Communications Network (ICN). The rules are to allow the Department of Education to act as a clearinghouse to assist school districts and area education agencies in developing and offering such courses, provided that the necessary funds are available from a non-General Fund source.
- The Department of Education is directed to conduct a study regarding the feasibility of a State-sponsored virtual academy for students in grades 7-12. The Director of the Department of Education is to convene a group of education stakeholders to provide input. The findings of the study are to be reported to the General Assembly by December 15, 2003.

### **Assumptions**

1. The Department's costs to develop rules and to conduct the study will be minimal. Current staff will perform the work.
2. Expenses related to the study, including expenses reimbursed to members of the education stakeholders group, will not exceed \$10,000.

### **Fiscal Impact**

Amendment H-1373 to SF 384 is estimated to have a fiscal impact of up to \$10,000 to the Department of Education for expenses related to the study of a virtual academy. However, this will not be an additional General Fund expense but will be absorbed within the Department's existing budget.

### **Source**

Department of Education

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/s/ Dennis C Prouty

April 23, 2003

**HOUSE AMENDMENT TO  
SENATE FILE 383**

**S-3320**

1 Amend Senate File 383, as amended, passed, and  
2 reprinted by the Senate, as follows:

3 1. By striking everything after the enacting  
4 clause and inserting the following:

5 "Section 1. Section 256.7, subsection 7,  
6 unnumbered paragraph 5, Code 2003, is amended to read  
7 as follows:

8 For the purpose of the rules adopted by the state  
9 board, telecommunications means narrowcast  
10 communications through systems that are directed  
11 toward a narrowly defined audience, ~~and~~ includes  
12 interactive live communications, and, until July 1,  
13 2005, includes internet web-based applications.

14 Sec. 2. Section 256.7, Code 2003, is amended by  
15 adding the following new subsection:

16 NEW SUBSECTION. 26. Adopt rules establishing a  
17 course catalog and a clearinghouse for courses offered  
18 through internet web-based and Iowa communications  
19 network applications. The rules shall establish  
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46 Sec. 3. VIRTUAL ACADEMY STUDY.

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**S-3320**

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6 accredited nonpublic school seeking to access courses  
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8 conditions under which the department may grant a  
9 waiver to permit a district to meet an accreditation  
10 standard for kindergarten through grade twelve through  
11 telecommunications. The study shall include a review  
12 of other private and publicly sponsored virtual  
13 academies. The study shall also include a five-year  
14 implementation and fiscal estimate. The fiscal  
15 estimate shall include operational costs of the  
16 prospective state-sponsored virtual academy and any  
17 potential impact on the general fund of the state  
18 through the state school foundation program.

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