

Fiscal Note

BILL # HB 2588

SPONSOR: Grantham

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TITLE: ~~state forester; legislative presentation; report S/E~~
subject: online instruction; hours

STATUS: As Amended by Senate APPROP

Description

HB 2588 would allow Arizona online instruction (AOI) schools to use the funding formula for local education agencies (LEAs) with an instructional time model (ITM).

Estimated Impact

The Arizona Department of Education (ADE) estimates that the change to the AOI funding formula would cost about \$8.2 million annually. This assumes weighted Average Daily Membership (ADM) of 59,504 for full-time AOI programs and 5,419 for part-time AOI programs. We concur with ADE's estimate. The actual cost could be higher or lower if actual student counts are different from these assumptions.

ADE also notes that the bill could generate increases in ADM due to the bill's elimination of daily logs for AOI programs. ADE believes this change may result in some time spent on academic tasks, which is currently unreported for ADM purposes, being reported under the bill. We concur with ADE's assessment, but the additional fiscal impact is difficult to determine due to lack of data.

Analysis

Base support level (BSL) funding is calculated by multiplying the weighted ADM of the LEA by the per-pupil base level amount. Currently, a full-time AOI student's BSL is 95% of BSL for a full-time student in a brick-and-mortar school, and a part-time AOI student's BSL is 85% of BSL for a part-time student in a brick-and-mortar school.

Under an ITM, brick-and-mortar schools may provide up to 40% of total instructional time in a remote setting without any impact to the LEA's funding. For any instructional time in a remote setting above 40%, the LEA receives funding at 95% of funding for in-person instruction.

Under HB 2588, BSL for AOI students would be calculated in the same manner as for LEAs with an ITM. At AOI schools, 100% of instruction occurs in a remote setting. As a result, BSL would be calculated at 100% for the first 40% of total instructional time and 95% for the remaining 60% of total instructional time, which effectively equates to funding at 97%. Funding at 97% for AOI students would be a 2 percentage point increase relative to current law for full-time AOI programs and a 12 percentage point increase relative to current law for part-time AOI programs.

According to ADE, weighted ADM is currently 59,504 for full-time AOI schools and 5,419 for part-time AOI schools, or a total of 64,923. ADE estimates that the AOI base level increases under HB 2588 would cost about \$8.2 million. We concur with ADE's estimate.

ADE also notes that there could be additional impacts if the bill results in AOI programs generating additional ADM due to the elimination of daily logs. Under current law, calculations of ADM generated for students enrolled in AOI programs are

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based on a daily log for each pupil that reports the number of minutes spent on certain academic tasks. According to ADE, AOI programs may automatically track time spent on academic tasks through online platforms, which means that time spent on academic tasks outside of the platform (e.g., studying, working on a project, etc.) may not always be reported for ADM calculations.

Under the bill, daily logs would be eliminated. ADE believes that the bill as drafted is unclear on how instructional hours would be calculated. If the bill is interpreted to include time spent on direct instruction, project-based learning, independent learning, and mastery-based learning as authorized under an ITM, ADE believes there would likely be increases in AOI ADM because some academic tasks that are not currently reported for ADM purposes, as noted above, would be reported under the bill. ADE does not have an estimate of the magnitude of this impact.

We concur with ADE's assessment that there may be an increase in ADM under the bill, but we lack data on what share of AOI academic tasks are currently being unreported for ADM purposes. In general, every 1% increase in AOI ADM that would occur under the bill could result in a fiscal impact of approximately \$3.0 million, above the \$8.2 million impact from the BSL increases discussed above.