

Department of Planning and Budget 2003 Fiscal Impact Statement

1. Bill Number HB1760

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Amundson

3. Committee Appropriations

4. Title Standards of Quality; apportionment of state and local share.

5. Summary/Purpose: This bill directs the General Assembly, in apportioning the state and local share for the costs of meeting the Standards of Quality, beginning July 1, 2003, to annually increase the state share by four percent of the total costs, so that, by July 1, 2008, the local share shall not exceed 60 percent and the state share shall be equal to at least 40 percent of the total costs for localities whose local share is greater than or equal to 65 percent of the total costs in any fiscal biennium.

6. Significant Fiscal Impact
Fiscal Impact Estimates are:

6a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2002-03			
2003-04	\$46 million	0.0	General Fund (SOQ accounts)
2004-05	\$70 -100 million	0.0	General Fund (SOQ accounts)

7. Budget amendment necessary: Yes. Item 147, SOQ accounts.

8. Fiscal implications: Beginning July 1, 2003, the state share of SOQ programs would be increased by four percent annually so that, by July 1, 2008, the local share shall not exceed 60 percent and the state share shall be equal to at least 40 percent of the total costs for those localities whose local share is greater than or equal to 60 percent of the total costs in any fiscal biennium.

Based on a methodology that reduces the composite index cap from 8000 to 6000 over a five-year period, the cost to the state is estimated to be \$46 million in FY 2004 (the methodology uses the SOQ model results for FY 2004 and then adjusts the composite index cap from 8000 to 7600). By FY 2008, when phase -in of the composite index reduction is complete, the state cost (in FY 2004 dollars) is estimated to be \$168 million. Once phase -in of the bill is complete, the composite index cap would be set at 6000.

This bill affects only schools divisions whose composite index is between .8000 and .6000. All other schools divisions are unaffected. There is no overall effect on the nominal state share (55 percent) that would affect all divisions.

9. Specific agency or political subdivisions affected: local schools divisions, Department of Education

10. Technical amendment necessary: No.

11. Other comments: None.

Date: 01/15/03/acd

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cc: Secretary of Education
Secretary of Finance