

Department of Planning and Budget 2004 Fiscal Impact Statement

1. Bill Number HB392

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Amundson

3. Committee Education

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, 2004, to annually increase the state share by five percent of the total costs, so that, by July 1, 2008, the local share shall not exceed 65 percent and the state share shall be equal to at least 35 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. Fiscal Impact: See Item 8.

7. Budget amendment necessary: Yes. Direct Aid – Items 145, 146.

8. Fiscal implications: Beginning July 1, 2005, the state share of SOQ programs would be increased by 5 percent annually so that, by July 1, 2008, the local share shall not exceed 65 percent and the state share shall equal at least 35 percent of the total costs for those localities whose local share is greater than or equal to 65 percent of the total costs in any fiscal biennium.

Based on a methodology that reduces the composite index cap from .8000 to .6500 over a three-year period, the cost to the state is estimated to be \$62.0 million in FY2006. By FY2008, when phase-in of the composite index reduction is complete, the state cost (in FY2006 dollars) is estimated to be \$126.5 million. Once phase-in of the bill is complete, the composite index would be capped at .6500.

This bill affects only school divisions whose composite index is between .8000 and .6500. All other school divisions are unaffected. There is no overall effect on the nominal state share (55 percent) that would affect all divisions.

Note: The estimated fiscal impact does not include additional costs resulting from changes to the composite index as they relate to the K-3 Primary Class Size Program, the Regional Tuition Program, and the Homebound Program.

9. Specific agency or political subdivisions affected: Local school divisions, Department of Education, Board of Education

10. Technical amendment necessary: No.

11. Other comments: This bill is similar to HB1760 from the 2003 session.

Date: 01/27/04 / acd

Document: H\ bos\k12 legislation\2004 session\completed bills\HB392.doc.

cc: Secretary of Education
Secretary of Finance